

ANNEX 4.

2019 Budget Proposal

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1. INTRODUCTION

The 2019 budget is presented as a forecast of the Balance Sheet and Profit & Loss Account, as anticipated for 2019. This document includes a cash flow forecast as a result of the above.

The Operating Account forecast proposes the revenues and expenses for 2019, comparing them with the forecast for 2018-end. This forecast is structured in line with the General Chart of Accounts, to a three-digit level, and is analysed per cost centre or business unit generating the revenue or expense.

The Foundation sets its goals annually in the strategic plan, transferring these goals to the budget and using the basis for forecasting at the end of the previous year, prior to approval of the final annual accounts.

The budget proposed for financial year 2019 is presented below, along with its approval by the Board of Trustees during the meeting held on 14 November 2018.

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2. PRIOR CONSIDERATIONS

Since it was established in 2012, Fundació Barcelona Mobile World Capital Foundation (hereinafter known as “the Foundation”) has been able to strengthen its role as an organisation promoting the mobile sector and to make Barcelona a world famous digital hub. Thanks to the different programmes and initiatives in which it has been involved, the Foundation has had a positive impact on its three areas: innovation, transformation and education.

MWCapital is working towards turning Barcelona into a digital transformation hub for the different sectors of society and business, helping improve the lives of people and, therefore, fulfil its founding mission.

To meet this challenge, the Foundation is to obtain cumulative revenues of 125 million euros (forecast for 2018 end), which have funded expenses to the value of 120 million euros and investments of 3 million euros. Over the past 7 years, this has generated a budget surplus that, at the end of 2018, stands at 4.2 million euros. By the end of financial year 2019, it is calculated that it will amount to 4.4 million euros, as can be seen in the attached figure. This will enable the Foundation to deal with any prior year losses that involve financial liabilities up to the amount of the budget surplus accumulated to date.

<i>In thousands of euros (000s)</i>	2012	2013	2014	2015	2016	2017	2018	2019	Accumulated
Revenue	6,001	19,025	21,373	17,687	20,308	21,420	18,941	20,763	145,518
Expenses	-7,161	-17,062	-20,367	-17,039	-18,802	-21,268	-18,805	-20,562	-141,066
Investments	-1,045	-1,622	-45	-49	-108	-88	-15	-15	-2,987
Surplus for the year	-1,160	1,963	1,006	648	1,506	152	136	200	4,451
Cumulative surplus	-1,160	803	1,809	2,457	3,963	4,115	4,251	4,451	

In terms of methodology, the budget is produced through financial appropriation for the activities included in the operating plans of the programmes and areas of the Foundation:

- Innovation Hub (previously 4YFN)
- Going Digital
- d.Lab
- Digital Future Society
- Digital Talent
- Observatorio Nacional 5G

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- 5G Barcelona
- Marketing and Communication
- European Projects
- Corporate Services

With regard to revenues, it must be noted that the €2M (as a donation concept) we indicate in the budget are at a significant risk of not coming to fruition if the Trustees do not make donations to the projects included in this budget. Hence, total revenues for 2019 amount to €20,763 k, with €17,076 k in subsidies, €1,687 k in revenues from the activities of the programmes themselves and €2M from donations through the appointing of new members to the Board of Trustees or new contributions from the actual Board of Trustees members.

In terms of expenses, in 2019 the Foundation is to devote €9,530 k of the €15M received from the Public Authorities to pay for the Annual Contribution established in the Host City Parties Agreement and €588 k to pay for activities supporting the Mobile World Congress, also included in the above Agreement.

These amounts are included under the independent professional services entry, in operating expenses, which account for a total 63% of the year's expenses and the most significant entry in the budget.

Personnel expenses, including wages and salaries and Social Security contributions, stand at €2,716 k and represent around 15% of total expenses budgeted by the Foundation for this financial year. The workforce is formed by 29 permanent and 15 temporary employees.

Insofar as investments, the Foundation does not foresee using any of the budget for this purpose. Only investments to the sum of €15k are foreseen to maintain I.T. equipment.

The Profit & Loss Account offers positive results of €200 k and the Balance Sheet gives a solid equity situation. Furthermore, the forecasted cash flow amounts to €8,831 k for the end of financial year 2019. It must be remembered that this forecast includes €2,000 k from donations through possible new trustees or contribution from the actual ones.

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3. PROFIT & LOSS ACCOUNT

3.1. 2019 Budget

<i>In thousands of euros (000s)</i>		2018 end forecast	2019 budget	Difference	Diff. %
Revenues from activities		18,942	20,763	1,821	10%
Sale of goods	700	178	16	(162)	-91%
Services rendered, promotions, sponsors	705	1,712	219	(1,493)	-87%
Revenues from promotions, sponsors and collaborations	723	1,706	1,453	(253)	-15%
Operating subsidies, donations and contributions	740	15,190	17,076	1,886	12%
Other subsidies, donations and contributions	747	150	2,000	1,850	1233%
Exchange gains	768	1	-	(1)	-100%
Other non-operating and ordinary income	778	6	-	(6)	-100%
Personnel expenses		(2,307)	(2,716)	409	18%
Wages, salaries and similar expenses	640	(1,746)	(2,153)	407	23%
Indemnities	641	(133)	-	(133)	-100%
Employee welfare expenses	642	(417)	(563)	146	35%
Other personnel expenses	649	(12)	-	(12)	-100%
Other operating expenses		(16,400)	(17,751)	1,351	8%
Outside services		(16,400)	(17,751)	1,351	8%
Rental and levies	621	(946)	(933)	(13)	-1%
Repairs and maintenance	622	(136)	(78)	(58)	-43%
Independent professional services	623	(12,346)	(12,883)	516	4%
Insurance premiums	625	(13)	(6)	(8)	-58%
Banking services	626	(3)	-	(3)	-100%
Advertising, propaganda and public relations	627	(1,555)	(2,015)	459	30%
Supplies	628	(120)	(123)	3	3%
Other services	629	(1,280)	(1,714)	434	34%
Taxes	631	(1)	-	(1)	-100%
9. Amortisation/depreciation of fixed assets		(59)	(65)	7	11%
Amortization/depreciation of tangible fixed assets	680	(3)	0	(3)	-100%
Amortization/depreciation of intangible fixed assets	681	(56)	(65)	9	16%
12. Loss and income from the sale of fixed assets		(5)	-	(5)	-100%
Losses from tangible fixed assets	671	(5)	0	(5)	-100%
OPERATING INCOME (LOSS)		170	0	(170)	-100%
15. Financial expenses		(30)	(30)	-	0%
Other financial expenses	669	(30)	(30)	-	0%
17. Exchange rate differences		(4)	-	(4)	-100%
FINANCIAL INCOME (LOSS)		(34)	(30)	(4)	-12%
FINANCIAL YEAR INCOME (LOSS)		137	200	63	46%

3.2. Summary of variations in the budget vs. 2018-end forecast

2019 revenues in relation to the forecast year end have increased by 10% (€1,821 k), due primarily to the fact that the Foundation foresees receiving donations, through the appointing of possible trustees to promote programmes to the sum of €2M.

In terms of personnel expenses, expenditure is to increase by 18% in 2019 in comparison with the forecast 2018 end. This increase is associated with the income from subsidies that are expected to be received to execute the programs: Digital Future Society, Observatory 5G and 5GBarcelona. The size of the new workforce was ratified by the Board of Trustees at its meeting on the 11th of July of 2018. In this way, the organizational structure and the list of job positions of the Foundation were approved (up to a maximum of 10 temporary contracts).

Operating expenses increased by 8% in comparison with the forecast 2018 end, due to the start of programmes such as Digital Future Society, 5GBarcelona and Observatorio 5G, which account for almost 30% of total expenses in the operating account. The transfer of 4YFN has led to a significant drop in operating expenses, but the creation of the new Digital Talent and Digital Future Society programmes and the maintaining of programmes such as d-LAB and GoingDigital have resulted in an increase of €1,300 k in total expenditure (more detail in page 9)

The 11% increase in fixed assets is due to the need to purchase certain computer equipment in 2019, given the foreseen increase in the workforce in 2019.

Finally, the €5 k change in loss and income from the sale of fixed assets is a result of the writing off of fixed assets following the transfer of the Mobile World Centre on 30 September 2017.

3.3. Details of revenues

Revenues from subsidies and donations account for 92% of the Foundation's available funds (revenues) for financial year 2019.

In thousands of euros (000s)	2018 end forecast	2019 Budget	DIFF.	% DIFF
1. Revenues from activities	18,942	20,763	1,821	10%
Sale of tickets	178	16	(162)	-91%
Services rendered, promotions, sponsors	1,262	219	(1,043)	-83%
Innovation Hub (previously 4YFN)	1,143	0	(1,143)	-100%
Going Digital	52	104	52	100%
d-lab	0	80	80	100%
MarComm	31	0	(31)	-100%
Corporate Services	36	35	(1)	-3%
Promotions, sponsors, collaborations	1,706	1,453	-253	-15%
Innovation Hub (previously 4YFN)	870	275	595	-68%
Going Digital	28	0	28	100%
d-lab	60	0	60	-100%
Digital Talent	0	100	(100)	100%
MarComm	747	1,077	(329)	44%
Operating subsidies, donations and contributions	15,640	17,076	1,436	9%
Other subsidies and donations	150	2,000	1,850	1233%
Other non-operating and ordinary income	7	0	(7)	-100%

Foreseen resources for financial year 2019 amount to €20,763 k, from public subsidies and donations, as well as those generated by the economic activity of the Foundation, which accounted for just 8% of total revenues.

Revenues in this budget are 10% higher than those foreseen in the 2018 end forecast because we expect to receive (2) two million as a donation, given that renewal of “Barcelona Mobile World Capital” as an Event of Exceptional Public Interest has been confirmed for the period between 1 January 2018 and 31 December 2020. Along these lines, we are aware of the importance of attracting new trustees to obtain the revenues required to undertake all the programmes included in this budget. Of the €15,000 k received from the three public authorities, €9,530 k are aimed entirely at paying for the commitments acquired under the Host City Parties Agreement.

Sale of tickets and services rendered, promotions, and sponsors and subsidies

A 91% reduction (€162 k) in revenues from the sale of tickets and an 83% reduction for services rendered is foreseen in 2019, mostly due to the transfer of the 4YFN programme to GSMA. This results in a loss of revenues of around €1 M. In terms of the sale of tickets, revenues of around € k are foreseen for 2019 for the sale of tickets to Mobile Lunch, and services rendered include revenues from the Mobile World Congress inventory.

In both 2018 and 2019, an annual €450 k was foreseen to develop the Observatorio Nacional 5G, and €1,500 k as a subsidy to implement the Digital Future Society programme. This entry also includes the €125 k of subsidies for the five European projects currently active, and the €15 M provided as a subsidy from the three public authorities (Barcelona City Council, Generalitat de Catalunya (Regional Government of Catalonia) and Ministry of Economy and Business)

Lastly, “other subsidies” includes donations for 2019 due to the possibility of new members joining the board of Trustees or from the actual ones, to the sum of €2,000 k. Only one donation was received in 2018, which was from Vodafone and amounted to €150 k.

No non-operating and ordinary revenues are foreseen in 2019 like the €7 k that are included in the 2018 end forecast.

Of all the revenues received by the Foundations, the funds committed under the Host City Parties Agreement amount to €10,118 k in 2019. These funds include the Annual Contribution, according to the Host City Parties Agreement (HCPA), for the sum of €9,500 k that includes €588 k for other contractual obligations to support the Mobile World Congress and €30 k as interest due to deferred payment to GSMA.

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3.4. Details of expenses

The detailed report of the resources to be used by the Foundation to undertake its activities during financial year 2019 is given below.

The expenses are itemised in each chapter of the operating account:

1. Personnel expenses
2. Other operating expenses (outside services)
 - Rental and levies
 - Repairs and maintenance
 - Independent professional services
 - Advertising, propaganda and public relations
 - Supplies
 - Other Services

Personnel Expenses

Foreseen personnel expenses account for 15% of total expenditure in the 2019 budget.

In terms of personnel expenses, expenditure is to increase by 18% in 2019 in comparison with the forecast 2018 end. This increase is associated with the income from subsidies that are expected to be received to execute the programs: Digital Future Society, Observatorio 5G and 5GBarcelona. The size of the new workforce was ratified by the Board of Trustees at its meeting on the 11th of July of 2018. In this way, the organizational structure and the list of job positions of the Foundation were approved (up to a maximum of 10 temporary contracts).

In thousands of euros (000s)	2018 end forecast	2019 Budget	DIFF.	% DIFF
Personnel expenses	2,307	2,716	409	18%
Wages, salaries and similar expenses	(1746)	(2153)	407	23%
Indemnities	(133)	0	(133)	-100%
Employee welfare expenses	(417)	(563)	146	35%
Other personnel expenses	(12)	(0)	(12)	-100%

By 2019, it is expected that the workforce will be formed by 29 permanent employees and 15 temporary employees. Permanent employees will account for 75% of total personnel expenses and temporary personnel for 25%.

Other Operating Expenses:

In thousands of euros (000s)	2018 end forecast	2019 Budget	DIFF.	% DIFF
Outside Services	(-16,400)	(-17,751)	1,351	8%
Digital Future Society	(328)	(2,651)	2,323	708%
Innovation Hub (previously 4YFN)	(2423)	(272)	(2,151)	-89%
Going Digital	(205)	(103)	(102)	-50%
d-lab	(367)	(371)	4	1%
Digital Talent	(254)	(360)	106	42%
Observatorio Nacional 5G	(177)	(450)	273	154%
5G Barcelona	(196)	(310)	114	58%
MarComm	(1,253)	(1,859)	606	48%
European Projects	(142)	(152)	10	7%
Corporate Services	(1,025)	(1,135)	110	11%
Host City Parties Agreement	(10,030)	(10,088)	58	1%

Leaving the Foundation's obligations regarding the holding of the Mobile World Congress and those resulting from the Host City Parties Agreement to one side, expenditure in Outside Services, which primarily includes the Digital Future Society, Marcomm, Observatorio Nacional 5G and 5GBarcelona programmes, has increased total expenditure by 8% (€1,351 k) due to:

In 2018, the 4YFN programme was transferred to GSMA and had an impact on the budget, with lower revenues and fewer expenses. In return, we included the Digital Future Society programme, partly subsidised by the Ministry of Economy and Business, and Observatorio Nacional 5G. This led to an increase of 8% in operating expenses (€1,351 k). Expenses from the 4YFN programme amounted to €2,323 k (4YFN Barcelona event, Shanghai, Americas, Investor's Club, among others), which represented 14% of total operating expenses. These expenses disappear in 2019, yet the Digital Future Society programme is joining the organisation, which accounts for 18% of total operating expenses. Not only will there no longer be fewer expenses, but these will see an increase of €300 k.

Observatorio Nacional 5G, 5G Barcelona and Digital Talent programs require more resources to those endowed in 2018 (an increase of €500 k). This

increase is due to in the closing forecast for 2018 only includes the costs for the last quarter of the year while in the 2019 budget the entire annuity is included.

On the other hand, the increase in the cost of MarComm (€606 k) is due to the new purchasing law of the public sector, which creates the obligation to tender for services whose accumulated amount is greater than €15 k. For that reason, this cost variates due to the different tenders which have been considered in the 2019 budget.

Rental and levies

This entry includes a relatively insignificant 1% (€13 k) reduction in rental expenses in the 2019 budget, primarily because the 4YFN@MWCBarcelona event will not be managed this year, as it has been transferred to GSMA. All other expenditure continues along the same lines as before in terms of office rental in the Mediatic building and Red.es, and only includes an increase in CPI of 2.5%. The entry also includes the rental of computer equipment (General Services) and of spaces and equipment for the GoingDigital training programmes to hold a community event, as well as spaces and materials for the different events of the Digital Future Society.

Repairs and upkeep

This entry includes the expenses associated to the maintenance and cleaning of the Foundation's offices in the Mediatic building and cleaning at the Mobile World Congress Summit events within the Digital Future Society programme. This entry included a significant 43% (€58 k) reduction in 2018, due to the fact that the 4YFN@MWCBarcelona event was not budgeted for, which included expenses for the cleaning of the Fira de Barcelona trade fair centre.

Independent Professional Services

This entry includes the work performed by other professional companies, such as communications agencies, corporate marketing of both creativity and design and of production support, strategic consultancies, IT services, consulting and audits, legal and employment services. The Annual Contribution of €9,500 k paid to GSMA under the Host City Parties Agreement is also included.

In thousands of euros (000s)	2018 end forecast	2019 Budget	DIFF.	% DIFF
Independent professional services	(12,346)	(12,883)	538	4%

Digital Future Society	(145)	(726)	581	401%
Innovation Hub (previously 4YFN)	(771)	(140)	(631)	-82%
Going Digital	(117)	(70)	47	-40%
d-lab	(282)	(46)	(236)	-84%
Digital Talent	(223)	(120)	(103)	-46%
Observatorio Nacional 5G	(177)	(380)	203	115%
5G Barcelona	(146)	(60)	(86)	-59%
MarComm	(540)	(1,220)	680	126%
European Projects	(83)	(99)	16	19%
Corporate Services	(361)	(521)	160	44%
Host City Parties Agreement	(9,500)	(9,500)	0	0%

The 4% (€538k) increase in comparison with the 2018 end forecast is in line with the increase in the activity of the programmes. Transferring the 4YFN event has meant that expenditure from “independent professional services” has dropped by around €700k, although the inclusion of the new Digital Future Society and Observatorio Nacional 5G programmes into the Foundation means that expenditure has increased by €83 k in comparison with the 2018 end forecast.

Moreover, the new regulations regarding public tenders has meant a change in criteria for awarding minor contracts and, more specifically, having to tender out all services over €15 k. Therefore, this change in tendering criteria has meant that we must tender out a lot of the marketing and communication services, as well as cleaning, reception and IT.

Insurance premiums

This entry includes expenses relating to public liability insurance and the insurance for the Mediatic building.

The 58% (€8k) drop in the 2019 budget in comparison with the 2018 end forecast is because no travel insurance has been taken out for the 4YFN events, given its transfer to GSMA Ltd.

Advertising and public relations

In thousands of euros (000s)	2018 end forecast	2019 Budget	DIFF.	% DIFF
Advertising and Public Relations	(1,555)	(2,0145)	459	30%
Digital Future Society	(150)	(468)	318	212%
Innovation Hub (previously 4YFN)	(868)	(78)	(790)	-91%
Going Digital	(34)	(7)	(27)	-79%
d-lab	(43)	(314)	271	630%
Digital Talent	(24)	(232)	208	867%
Observatorio Nacional 5G	0	(70)	70	100%
5G Barcelona	(26)	(233)	207	796%
MarComm	(374)	(572)	198	53%
European Projects	(32)	(38)	6	19%
Corporate Services	(4)	(2)	(2)	-50%

This entry includes expenses relating to advertising, sponsorship and promotion of the Foundation, its programmes and its projects. Also included are architecture and decoration expenses relating to the construction of stands and areas for events, as well as registration and membership fees. These have increased by 30% (€459 k) in comparison with the 2018 end forecast, as the newly created programmes, such as Digital Future Society, Observatorio Nacional 5G, 5G Barcelona and Digital Talent, have a more substantial increase in advertising and marketing expenses.

The new programmes have a greater need for sponsorship and for the dissemination of their contents at all levels (local, nationwide and internationally). The consolidated programmes, however, are in a position of maturity and do not need as much diffusion.

Utilities

These include electricity and telecommunications expenses, as well as the utilities associated to office rental in the Mediatic building, and of Red.es.

The 3% (€3 k) increase in expenditure in 2019 is due to a rise in the price of electricity according to recent news.

Other services

In thousands of euros (000s)	2018 end forecast	2019 Budget	DIFF.	% DIFF
Other Services	1,280	1,714	434	34%
Digital Future Society	(6)	(833)	827	13783%
Innovation Hub (previously 4YFN)	(236)	(53)	(183)	-78%
Going Digital	(33)	(25)	(8)	-24%
d-lab	(42)	(11)	(31)	-74%
Digital Talent	(8)	(8)	0	0%
5G Barcelona	(22)	(18)	(4)	-18%
MarComm	(246)	(63)	(183)	-74%
European Projects	(26)	(14)	(12)	-46%
Corporate Services	(147)	(100)	(47)	-32%
Host City Parties Agreement	(514)	(588)	74	14%

This entry includes travelling expenses, catering, translations and prizes and donations for the different events, as well as office consumables. It also includes related expenses to pay for supporting activities at Mobile World Congress, as included in the Host City Parties Agreement.

The increase in expenses in the 2019 budget is due to the fact that 2019 sees the start of the Digital Future Society programme. This programme includes travelling expenses, catering, translations, and prizes and donations to the sum of €833 k. Unlike this programme, the cost of all others will have dropped considerably thanks to the optimisation of expenses following the appointing of a purchasing technician for the organisation in 2018.

4. CASH FLOW FORECAST FOR FINANCIAL YEAR 2019.

The cash flow forecast for financial year 2019 includes no impact, as there is a surplus cumulative cash flow with a significant balance at forecasted year end on 31 December 2019 of €8,831k.

As indicated above, this cash flow forecast includes donations for the sum of €2M and, should these not come to fruition, the cash flow situation would be less favourable.

	CASH FLOW FORECAST CHART											
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	June-19	July-19	Aug-19	Sept-19	Oct-19	Nov-19	Dec-19
INITIAL BALANCE	9,280,943	8,273,650	9,343,240	9,445,163	9,539,386	11,383,908	10,747,276	10,315,974	9,953,029	8,027,858	8,776,253	7,396,886
<u>Change in balance</u>	-1,007,292	1,069,590	101,922	94,223	1,844,521	-636,631	-431,302	-362,944	-1,925,171	748,395	-1,379,366	1,434,361
END BALANCE	8,273,650	9,343,240	9,445,163	9,539,386	11,383,908	10,747,276	10,315,974	9,953,029	8,027,858	8,776,253	7,396,886	8,831,248

5. 2019 BUDGET P&L FOR PROGRAMMES AND ACTIVITIES

In thousands of euros (000s)	2019 Budget
Revenues from activities	20,763
Sale of goods	700
Services rendered, promotions, sponsors	705
Revenues from promotions, sponsors and collaborations	723
Operating subsidies, donations and contributions	740
Other subsidies, donations and contributions	747
Exchange gains	768
Other non-operating and ordinary revenues	778
Personnel expenses	(2,716)
Wages, salaries and similar expenses	640
Indemnities	641
Employee welfare expenses	642
Other personnel expenses	649
Other operating expenses	(17,751)
Outside services	(17,751)
Rental and levies	621
Repairs and maintenance	622
Insurance premiums	625
Banking services	626
Independent professional services	623
Advertising, propaganda and public relations	627
Supplies	628
Other services	629
Taxes	631
9. Amortisation/depreciation of fixed assets	(65)
Amortization/depreciation of tangible fixed assets	680
9. Amortization/depreciation of intangible fixed assets	681
12. Loss and income from the sale of fixed assets	-
Income from sales and others	671
OPERATING INCOME	230
15. Financial expenses	(30)
Other financial expenses	669
17. Negative exchange rate differences	-
FINANCIAL INCOME	(30)
FINANCIAL YEAR INCOME	200

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5.1. Innovation Hub (previously 4YFN)

Innovation Hub		
Revenues activities	from	€275 k
Expenses activities	from	-€272 k

*Not including personnel expenses

Innovation Hub promotes the development of the technological innovation and local business ecosystem, highlighting its connection with other international hubs. Its activity focuses on the exchange of knowledge and resources to promote synergies among the different players and the development of new digital services, creating value for the industry.

The programme is divided into 5 areas:

1- Training in open innovation and change in mentality for corporations, SMEs and traditional industries, at different sessions and tours around local events locales (IOT World Congress, MWC). This entry is given a budget of €44 k for 2019, summarised as follows:

- Session contents: (€3 k)
- Tour coordination: (€3 k)
- Speakers' fees: (€10 k)
- Translations: (€10 k)
- Travel associated to third parties (€9 k)

2- Identification of startups, technologies and trends through direct search and the announcing of awards (Travel Innovation Startup Awards). The budget associated to this entry is €20 k for scouting work.

3- International connection by attending events and the organisation of visits-missions to international hubs (events in Europe, MWC Shanghai, MWC Americas).

4- Generating of ecosystem reports and specific knowledge by vertical sectors, distributed in digital formats (Spanish Startup Ecosystem Report, Travel Startup Report), with an associated budget of €40 k. This budget is summarised into expenses associated to third-party travelling expenses (€9 k), catering (€7 k) and the organisation of delegations (€12 k).

5- Organisation of activities, exhibiting and contents at benchmark events in the innovation/technology sector: 4YFN, MWC, BTravelPro, and others. With space to show knowledge and analysis of the ecosystem, teach good practice and indicate the results of the activities undertaken at the Innovation Hub.

The associated expenses for the 2019 budget stand at €115 k for the stand at 4YFN BCN, Mobile World Congress, Third Parties event, and sponsorship at the B-Travel event.

5.2. DIGITAL FUTURE SOCIETY

DIGITAL FUTURE SOCIETY	
Revenues from subsidy	€1,830 K
Expenses from activities	-€3,111 K

*Not including personnel expenses

A global programme that places experts, policymakers, municipal organisations and entrepreneurs in touch with each other to identify, understand and discuss ethical and legal problems of society. As well as this, the challenges and opportunities of inclusion that may arise as a result of digital transformation and technological development.

Digital Future Society is a think tank and a specification programme based on the idea that together we can build a more inclusive, fair and sustainable future in the digital age, governed by citizens. DFS will help define the scope of a Charter of Human Rights in the Digital Age and promote its implementation.

This programme is to rest on three mainstays:

1. Research
2. Experimentation
3. Empowerment

The funds required to undertake the activities in 2019 amount to €3,111 k, which include a forum. Part of the cost will be paid by revenues in the form of a €1,500 k subsidy from the Spanish Ministry and €330 k in sponsorship to hold Mobile Week Barcelona.

The expenses associated to the different mainstays of the programme are given below in detail:

1. **“Think Tank” research:** This is a transnational initiative that focuses on requesting, organising and interconnecting research, the exchange of knowledge and sensitisation to ethical, legal and inclusion-related challenges arising from the use and governance of digital technologies. This initiative will bring together key international experts who are already working on solving this type of challenge.

An entry of €628 k has been provided for this part of the programme, for:

- Rental of spaces and audio equipment (€48k)
- Catering (€16k)
- Contents and reporting (€96k)
- Travel expenses and expense forms from participants: (€468 k)

2. **“CivicLab” experimentation:** Creation of tutorials, toolkits, prototypes, guidelines and publications to educate citizens on effectively dealing with the challenges arising from the breakthrough of digital technology.

A context in which to experiment, test and try new citizen empowerment solutions and tools and build a fairer society.

An entry of €194 k has been provided for this part of the programme, for:

- Rental of spaces and audio equipment (€48k)
- Catering (€14k)
- Contents and reporting (€96k)
- Speakers’ fees: (€22 k)
- Prizes: (€48 k)
- Sponsorships/collaboration agreements: (€72 k)
- Travelling expenses and expense notes associated to third parties: (€12 k)

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3. “**Citizen involvement**” empowerment: Share knowledge, tools and solutions with citizens. Invite citizens to become involved in the challenges arising as a of the breakthrough of digital technology, both on line and at events.
- Citizens and engagement: “TED Talks” in all channels and digital platforms, with contents prepared by the Think Tank and the LCivicLab. This entry has a budget of €389 k.
 - Mobile Week: An event that reflects on the impact of digital transformation connecting the entire city through talks, exhibitions, workshops and tours related to art, science and technology. This entry has a budget of €459 k, paid for by revenues from sponsors of €330 k.
 - Events and summits: For 2019, the budget for DFS to take part in Smart City Expo World, and (€350 k) for it to take part in Mobile World Congress.
 - DFS Forum: Annual international congresses. The event will last three days and will bring together a great many experts from different areas to help develop the Charter of Human Rights in the Digital Age. This entry includes related expenses of €1,000 k for the organisation of this great event which is subject to the contribution of new members to be incorporated on the Board of Trustees or the actual ones.

5.3. DIGITAL TALENT

DIGITAL TALENT	
Revenues from activities	€100 K
Expenses from activities	-€360 K

*Not including personnel expenses

A programme that begins in 2019 to place Barcelona as the capital city of digital talent and ensure its competitiveness as a technological city.

This programme is based on four initiatives:

-Matchmaking: An on-line platform that will publish the training programmed relating to market demand, as well as information on top employers. The funds required for this entry stand at €165k, summarised into the following expenses:

- Contracting and management of advertising space: (€76 k)
- Photographers and advertising material: (€5 k)
- Leaflets and catalogues: (€3 k)
- Evolution, videos and texts for the website: (€65 k)
- Communications agencies: (€6 k)
- Physical elements for speed-dating: (€10 k)

-Fill the gap (new training): Training programmes that respond to gaps identified in the market related to technologies and consolidated skills in the market and to hype technologies (quantum simulation). €45 k in funds are required for this training programme, which can be summarised into the following entries:

- Diagnosis of talent needs and opportunities: (€30 k)
- Printouts and illustrations from the diagnosis: (€15 k)

- Work in Barcelona (international): This seeks to attract international talent to Barcelona to place it as an attractive ecosystem for the development of careers and training in the following areas: Awareness and Fast track.

This entry includes €92 k in related expenses for 2019, summarised into the following entries:

- Contracting and management of off-line/on-line advertising space: (€63 k)
- Diagnosis and identification of improvements in the landing process: (€25 k)

- **Vocations:** Campaign promoting technology vocations, encouraging children to take an interest in digital professions.

This entry includes €60 k in related expenses used in off-line and on-line advertising campaigns and (€2 k) in travelling expenses and expense notes.

To pay for some of these expenses, revenues to the sum of €100 k in sponsorships are foreseen in 2019.

5.4. GoingDigital

GoingDigital

Revenues from activities	€104 K
Expenses from activities	-€103 K

* Not including personnel expenses

GoingDigital is a programme that focuses on accompanying non-native digital companies in their understanding of the new challenges of the digital economy, social changes and new business models.

Through innovative programmes based on experience, the GoingDigital programme provides an understanding of the impact of the digital transformation on the value change in each business sector. It helps visualise the potential of each company, providing it with the necessary tools for its digital transformation.

It brings together the most noteworthy players in the digital ecosystem in a network in which to collaborate, establish partnerships and connect to speed up this change.

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The budget for GoingDigital amounts to €103 k, although the €104 k of revenues pay for the entire cost of the programme and is used for the following activities:

- **Programmes:** the creation of contents, the contracting of agencies to analyse strategic studies, catering, speakers and translation services for the courses account for €91 k in expenses
- **Opens:** expenses relating to the providing of an experience focusing on a specific sector. An emphasis is placed on digital trends and innovations with most impact. Related expenses amount to €11k.
- **Community:** a group of relevant players in the digital ecosystem to promote business collaboration, connection and interaction. The related expenses (€28 k) are from travelling expenses involving in bringing experts in Digital Transformation and share their experience, and from the hire of a room to hold the community event.

5.5. d-LAB

d-LAB		
Revenues	from	€80 k
activities		
Expenses	from	-€371 k
activities		

*Not including personnel expenses

The goal of this programme is to implement solutions that solve social challenges to improve people's quality of life.

2 new projects are to be piloted in 2019, with an average expenditure per project of €85k and a total programme cost (not including personnel expenses) of €371k to be able to launch and implement the challenges. At present, no model of funding or sustainability has been defined, although donations are expected from GSMA for a value of around €80k (considered in the budget).

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5.6. 5GBarcelona

5GBarcelona		
Expenses from activities	from	-€310 k

*Not including personnel expenses

The goal of the programme is to convert the region into a benchmark in the deployment of 5G services and infrastructures, with the support of the public and private sectors of Barcelona, Catalonia and Spain.

5GBarcelona is a public-private initiative to work on transforming the metropolitan area of Barcelona into an open laboratory for the validation and adopting of 5G technologies and apps in a real-life environment.

These activities seek to help towards standardisation and innovation, the alignment of synergies and the sharing of existing knowledge on 5G technology. This programme is aligned with the National 5G Plan and the GSMA Future Networks programme.

The expenses related to the 5GBarcelona programme account for €310 k, summarised into the following entries:

- Marketing: 5G contents within the framework of the Mobile World Congress, along with costs associated to design and desktop publishing. (€67 k).
- Pilot projects with different universities (€180 k)
- 5G Startup Hub: Agreement with Telefónica (€45 k)
- Travelling expenses and expense notes for in-house personnel (€18 k)

5.7. Observatorio Nacional 5G

OBSERVATORIO NACIONAL 5G		
Revenues	from	€450 k
Subsidy		
Expenses	from	-€450 k
activities		

*Not including personnel expenses

Observatorio Nacional 5G promotes a relational model that shares the entire ecosystems in order to find 5G solutions to coordinate, encourage and implement joint action. ON5G activities include sharing experiences from the pilot projects and case studies relating to 5G that are undertaken nationwide, combining international experiences and helping towards their standardisation and innovation.

This programme also seeks to assist the National 5G Plan Technical Office in its coordinating of public-private synergies and in the deployment of 5G networks and services.

The 2019 budget for Observatorio Nacional 5G amounts to €450 k, which is fully paid for by public contributions in the form of a subsidy from the Spanish Ministry.

The costs are explained in the following entries:

- Studies and reports: (€187 k)
- Seminars and Conferences (€202 k)
- Communication and Diffusion (€61 k)

5.8. Marketing and Communications

MarComms	
Revenues from activities	€763 k
Expenses from activities	-€1,399

*Not including personnel expenses

A key part of the diffusion and positioning of the Mobile World Capital Barcelona brand, as well as of the programmes implemented by the Foundation. As well as recurrent activity costs, such as Press, Public Relations and Corporate Marketing, the costs of the following events are also included:

- Mobile World Congress
- Mobile World Congress Shanghai
- Mobile World Congress Americas
- Mobile Talks
- Mobile Lunch

It is worth noting that, under the Host City Parties Agreement, the Foundation has certain financial rights from the sale of advertising inventory within the framework of Mobile World Congress. Given the conditions for the exercising of these rights and the Foundation's lack of capabilities, an agreement was signed in 2014 with GSMA to sell the inventory and share any earnings from these spaces.

The forecast included in the 2019 budget is for shared revenues amounting to €682k (as in 2018, awaiting further information). In total, revenues are forecasted to stand at €763k, including (€682k, MWC BCN advertising, €15 k Shanghai, €25 k Americas and €31 k Mobile Lunch).

Total expenditure associated to this programme of activities amounts to €1,399 k, including:

Mobile World Congress: €379k was budgeted in 2019 for the stand and the activities of the Foundation during MWC, somewhat higher than the previous year (€34 k up) due to the increase in activity regarding the programmes. The Foundation's stand shows the activities undertaken over the year and ensures the collaborating organisations and Trustees are able to showcase their activity. We also propose tours, workshops, conferences and others.

The Foundation is to have its own space at 4YFN, where it will show the business community its activities and will welcome activities aimed at MWC visitors interested in discovering, understanding and collaborating with the startups at the event.

The Foundation helps pay for the expenses involved in the gala dinner held the day before the inauguration of MWC, which is offered by the City Council and GSMA to a maximum of 150 representatives from companies and authorities around the world and that is presided over by the King of Spain. The budget for this activity is €38 k.

Press and Public Relations: the budgeted expenditure is €329 k, corresponding to communications agency services, the contracting of clipping services and materials and association fees, such as Ametic or Barcelona Tech City.

Corporate Marketing: the €356 k budgeted in 2019 include expenses for creative marketing agencies (€140 k), digital marketing (€140 k), desktop publishing and design (€5 k), creation of corporate videos (€20k), print outs, campaigns in digital media (€7 k), and studies or reports on the ecosystem (€20 k).

Mobile World Congress Shanghai: the expenditure budgeted for the presence of the Foundation at this event is €40 k, which includes the stand for €40 k. Revenues pay for 38% of the cost, with around €15 k being received through GSMA sponsorship.

Mobile World Congress Americas: the expenditure budgeted for the presence of the Foundation at this event is €50 k. Revenues amount to €25 k through GSMA sponsorship, which helps pay for 50% of the cost.

Mobile Talks: Events encouraging reflection and exchange of knowledge regarding the challenges posed by the digital transformation. It brings together the most famous international experts and proposes a new framework for debate and interaction to tackle the digital challenge with certainty. The budgeted expenditure foreseen for these activities is €108k, and no revenues are foreseen at present to fund this.

Mobile Lunch: A relational space aimed at the business community within the framework of GSMA Mobile World Congress and 4YFN. Mobile Lunch Barcelona is the meeting point to explore business opportunities at the most important event of the world mobile industry.

Aimed at institutions, corporations, SMEs and entrepreneurs, Mobile Lunch is to bring together the Mobile World Capital Barcelona community for the fourth year running to share knowledge on the digital sector.

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The budget for the event stands at €83 k, in line with last year's budget. The sale of tickets (around €31 k, according to last year) helps pay for this cost.

Travelling expenses and expense notes: €54 k has been budgeted for travelling expenses and expense notes to meet the needs of personnel who must travel to the different international events in 2019.

5.9. European Projects

STRATEGY OFFICE		
Revenues activities	from	€126 k
Expenses activities	from	-€126 k

*Not including personnel expenses

Standing before the European Commission as a relevant player requires being visible to it by taking part in European Consortiums. Taking part in European projects enables us to become influencers in its policies regarding the digitalisation of Europe and to be a second-generation mediating organisation. These projects represent net revenues for the Foundation of €126 k. Some of these were already started in 2018 and will be completed between 2019 and 2021.

- IMPACT Connected Car - 30 September 2019
- RobotUnion - January 2021
- I4MS - 29 February 2020
- L4MS - 31 March 2021

Erring on the side of caution, the 2019 budget only includes the gross revenues from the projects already awarded, although we are expecting to obtain additional funds (25% overheads). It must be noted that all costs explained below in each project are paid for entirely by revenues.

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IMPACT Connected Car: acceleration programme with 2.1 million euros in equity-free capital to support, connect and fund startups and SMEs from the smart mobility sector. These startups include technological solutions, such as: cybernetic security for connected cars, wireless chargers and software for smart driving, etc.

The programme provides a direct link between business owners and major corporations, offers access to technical facilities and acts as a possible solution to the existing fragmentation in the car industry that has, to date, not permitted its digital transformation.

At present, the first acceleration round of the IMPACT Connected Car project includes 15 companies and new proposals are currently being accepted for the second and last acceleration round until 18 October.

This project has received funding from the European Commission within the framework of the Horizon 2020 research and innovation programme. Implementation of this project involves costs of around €30 k.

L4MS EU Project: a European project that seeks to reduce the installation cost and time of mobile robots by a factor of 10. Robotics applied to the manufacturing sector allows for the financial rollout of small, flexible logistics solutions that require no change in infrastructure, production downtime or in-house experience.

The L4MS project seeks to create an open IoT industrial platform known as OPIL (Open Platform for Innovations in Logistics) and a 3D simulator to virtualise the in-house logistics automation of the factory and drastically speed up the innovation process in this area.

For the project, costs of around €7 k are estimated for 2019 in project dissemination, travelling expenses, allowances and accommodation.

I4MS EU Project: an initiative promoted by the European Commission to encourage digital innovation of manufacturing SMEs in Europe in order to increase their competitiveness in the digital age. With an overall budget of 33 million euros, this initiative includes four projects (AMable, CloudiFacturing, L4MS and MDIH) which offer technological and financial support to SMEs to experiment with different ITC-enabling technologies (IoT, CPS, HPC, cloud-based simulation and robotics). They also offer services to improve the innovation skills of SMEs.

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Costs of around €43 k are estimated for this project, under the following headings:

-Diffusion and communications: -€17 k

-Participation in international events: -€26 k

Robot Union: a remote pan-European acceleration programme focusing on the robotics sector. It primarily promotes startups and SMEs from the areas of manufacturing, health, agrifoods, civil engineering and open and disruptive innovation.

The project has an equity-free capital of 4 million euros that is distributed over two calls. The first round of participation ended in July 2018 and included 204 companies from 32 different countries, assessed and selected in September 2018.

The 20 companies selected are to take part in a premium acceleration programme lasting 12 months, headed by leading international organisations from the technology research and development sector, as well as entrepreneurs and professionals from the digital ecosystem. The second call is to open in Spring 2019.

Implementation of this project involves related expenses to the value of €39 k for diffusion, travelling expenses and allowances, within the framework of the different workshops held.

The Foundation receives many different requests for collaboration that must be considered in order to respond. Some of these pass to a testing phase, which means that they are assigned a budget (minimal) to perform the concept test and propose, where applicable, the development of a new activity or of a new programme.

5G Croco: this seeks to validate and optimise 5G technology and its architecture in cases of connected and autonomous vehicle use, thus reducing the uncertainties related to the commercial rollout of eV2X communications between the border areas of Europe.

The budget associated to this project amounts to €7.5 k.

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5.10. Corporate Services

CORPORATE SERVICES	
Revenues from activities	€35 k
Expenses from activities	-€1,135 k

*Not including personnel expenses

“Corporate Services” include all activities required for the correct running of the Foundation and the implementation of its programmes. The total budget for Corporate Services amounts to €1,135k.

The following entries are included:

- **Legal Services:** Total costs of around €62k are estimated, which include costs involved in civil and commercial advice, trademark registration, specific advice on public tenders, secretarial services of the Executive Committee and Board of Trustees, and all activities to be performed before Notaries Public and other Official Bodies
- **HR:** This entry accounts for estimated costs of €141 k for 2019, which include personnel training expenses, legal/labour advice, and process consulting.
- **IT:** Total costs of €265 k are estimated, which include ERP costs, various platforms, holiday management tools, etc., as well as website costs and those involved in the IT support service.
- **Finances:** This entry includes administration-accountancy management costs, auditing, the filing of business activities tax and the translations of official documents required over the year. Total costs for 2019 amount to €89 k.
- **Facilities:** This entry accounts for the highest budget of corporate services, as it includes all costs for rental, utilities, cleaning and recycling, insurance and office consumables. The budget for each one is indicated in detail below:

- **Rental:** This includes expenses for the rental of Mediatic office space in Barcelona (€324 k) and Red.es in Madrid (€9 k). It also includes €1.5 k expenditure for the rental of a warehouse where the materials for all the Foundation's programmes are stored.
- **Expenses related to rental:** These include water, lift maintenance and communal areas in the Mediatic building, which accounts for an annual cost of €31 k.
- **Cleaning and recycling:** This has a budget of €25 k, including office cleaning expenses and recycling services.
- **Maintenance:** This includes maintenance expenses for the Mediatic building facilities and fire protection material. This entry has a budget of €13 k.
- **Utilities:** Total annual expenditure for 2019 amounts to €91 k and includes expenses for optical fibre, mobile data consumption, electricity and land-line telephones.

The General Utilities budget includes revenues for the rental of one of the spaces in the Mediatic offices to the company Avant Studio, which accounts for annual revenues of €35 k.

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6. BALANCE SHEET:

6.1. 2019 Budget

	2018 end Forecast	2019 Budget	Difference	%
Intangible fixed assets	9,773	7,205	-2,568	-26%
Tangible fixed assets	133,284	83,017	-50,267	-38%
Investment in Group Organisations	4,243,842	3,480,903	-762,939	-18%
Long-term Financial Investments	39,584	39,584	0	0%
Non-current assets	4,426,483	3,610,709	-815,774	-18%
Accounts receivable	107,831	107,880	49	0%
Public Authorities	0	1,200,000	1,200,000	100%
Cash and other equivalent liquid assets	9,280,943	8,831,249	-449,695	-5%
Current Assets	9,388,775	10,139,129	750,354	8%
TOTAL ASSETS	13,815,258	13,749,838	-65,420	-0,5%
Public funds	60,000	60,000	0	0%
Income (losses) from prior years	4,114,358	4,251,161	136,804	3%
Subsidies, donations and contributions received	4,243,842	3,480,903	-762,939	-18%
Financial year income(loss)	136,804	200,255	63,452	46%
Net worth	8,555,004	7,992,320	-562,684	-7%
Public Authorities	65,000	30,000	-35,000	-54%
Trade and other payables	4,990,254	5,571,088	580,834	12%
Short-term accruals	205,000	156,430	-48,570	-24%
Current Liabilities	5,260,254	5,757,518	497,264	9%
TOTAL LIABILITIES AND NET EQUITY	13,815,258	13,749,838	-65,420	-0,5%

6.2. Non-current assets

1. Intangible fixed assets

The 7k balance corresponds to the contracting of Big Data software in 2015.

2. Tangible Fixed Assets

Investments are planned in computer equipment to the value of €15 k in the 2019 budget. Therefore, the balance at 31 December of this financial year corresponds to the elements already activated during the previous year, minus the 2019 provision.

3. Investment in Group Organisations

Financial investments in Group Organisations correspond to the investment made in the organisation wholly owned by the Foundation, Barcelona Mobile Ventures, S.L., since it was created. The value of investment planned for 2019 is €3,480 k, impaired by the losses that this company foresees in 2018.

4. Long-term Financial Investments

The balance corresponding to long-term securities for lease agreements stands at €39k for the offices in the Mediatic building.

6.3. Current assets

1. Accounts receivable

This entry represents the amounts owing from clients for ordinary operations. There are only two invoices: Avant Studio (rental of room in Mediatic building) and Fira de Barcelona

2. Public Authorities

Amount pending offsetting for VAT at 31/12/2019

3. Cash and banks

In terms of this budget, no impact on cash and banks is foreseen for financial year 2019 (see cash flow forecast chart)

6.4. Net worth

Net worth remains balanced, with a positive balance at the end of financial year 2019 of €7,992 k.

The value of equity includes impairment for the share in Barcelona Mobile Ventures, S.L. Due to accumulated losses foreseen at 31 December 2018. However, this involves no risk of equity imbalance.

1. Income (losses) from prior years

The increase corresponds to the foreseen income at 2018 year end of €137 k.

2. Subsidies, donations and contributions

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The balance corresponds to the subsidies received and used for investment in Barcelona Mobile Ventures, S.L., with €4M from Barcelona City Council, €3M from the Spanish Government, €700k from Generalitat de Catalunya and €200k from Fira de Barcelona. The total amount is reduced by the impairment of shares calculated based on the losses of Barcelona Mobile Ventures at 31 December 2018.

3. Financial year income(loss)

Financial year 2019 is expected to end with an income of €200 k, continuing along the lines of favourable years.

6.5. Current liabilities

1. Public Authorities

The balance corresponds to debts with the Public Authorities for Social Security and personal income tax.

2. Trade and other payables

The balance includes ordinary debt with Suppliers, primarily with GSMA Ltd, according to the payment schedule established in the Host City Parties Agreement.