
SPENDING CUTS

I'm going to start by making a confession. Until now, even though we repeated it over and over again, we know that there is no one blinder than the one who does not want to see. But numbers are numbers, and they have always been provided and explained. At this moment, I feel like I'm in a Wes Anderson movie.

Shall we start from the beginning or the end?

Although less interesting, let's start from the beginning, disregarding the inverted pyramid structure.

In 2020, when the former director left, he forwarded all communications and matters with Smart Belgium to me. In that conversation, he told me that everything he had done was to avoid disappointing them, and he always felt threatened that if he didn't do it, they would withdraw their support. At that moment, I didn't want to believe him, but now, you can draw your own conclusions.

Here, on the screen, there are a series of expenses totaling 690,000 Euros. The final decision was made by Smart Ibérica, in this case by the former director. We will not defend how the decisions were made, but it is important to understand the reason behind them. Smart Belgium communicated the following advice:

- Increase investment in personnel for growth - the structure grew by 15 people.
- Have our own space where coffee can be served and members can gather: Granada Space.
- Diversify the business model: studies, investments, and pilot projects.(riders...)
- Sponsor festivals and events to increase visibility.
- Hire a strong communication department to facilitate growth.
- Outsource the labor department to reduce structural expenses.
- Develop our own tool from scratch.

Decisions that we had to revoke in 2020 because the return on investment was zero euros. It would be easy to blame Smart Ibérica for not managing it properly, but if we are not capable of handling such tasks, why give that advice?

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Although the problem was with Smart Ibérica, the responsibility is shared. But we are not here to talk or judge; we are here to show that we continue moving forward, and as great entrepreneurs say, "you learn more from mistakes than successes." That is what we have done. Before making a hasty decision, we study it and find a way to implement it to generate a positive return on investment.

In February 2020, when I took over the presidency, I found that Smart Ibérica had an annual expense of €822,590.08. In 2020, we managed to reduce the annual structural expenses to €547,107.15 by:

- Closing unprofitable offices.
- Reducing personnel.
- Terminating contracts with external services.

Keeping only what is necessary.

As we have progressed over the years, we have continued reducing personnel, the only expense that could be further reduced, and by 2022, we reached expenses of €543,955.72. In 2023, the budgeted expenses are €438,362.88.

On the other hand, Smart Ibérica is growing every year. We cannot ignore the Spanish context, its economy, and especially the pandemic. Our deviation from the income budget presented at the General Assembly 2022, which was approved by Smart Belgium as a member of the Board of Directors, was 0.7%.

Looking at Smart Ibérica's income statement, we can see the situation in 2019 when, although there were higher revenues, the expenses were also higher, resulting in the worst outcome in history. Therefore, at this point, it is important not only to know the revenues but also the expenses because it is clear here. It can also be seen how we have improved economically in each fiscal year.



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This is reflected in the significant reduction in the amount requested from Smart Belgium:

2019 - €450,000

2020 - €0

2021 - €341,972

2022 - €176,228

I will close this chapter with a question:

June 2023: Maximum activity at Smart Ibérica - revenue of €400,000 €

- Preparation for the General Assembly
- Preparation of all the documentation,
- and part of the team on vacation for one week.

How was it possible to manage?

- a) We are highly automated and can handle the workload.
 - b) We are not automated at all, but we are the automation because we are machines.
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