

substrate **AI**

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28006 Madrid

BME - GROWTH

Stock Exchange Palace
Plaza de la Lealtad, 1
28014 Madrid

Madrid, October 28, 2022

COMMUNICATION- OTHER RELEVANT INFORMATION - SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A.

Dear Sirs/Madam,

Pursuant to the provisions of Article 17 of Regulation (EU) No 596/2014 on market abuse and Article 227 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and concordant provisions, as well as BME Growth Circular 3/2020 of BME MTF Equity, we inform you of the following information regarding the company **SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A.** (hereinafter ("Substrate AI" or "the Company" interchangeably).

- I. Introduction to the evolution of the Consolidated Interim Financial Statements for the six-month period ended June 30, 2022.
- II. Limited Review Report corresponding to the Consolidated Interim Financial Statements for the six-month period ended June 30, 2022.
- III. Consolidated Interim Financial Statements for the six-month period ended June 30, 2022 together with their explanatory notes.
- IV. Individual Interim Financial Statements for the six-month period ended June 30, 2022.
- V. Degree of compliance with forecasts for 2022 as of June 30, 2022.

In compliance with the provisions of Circular 3/2020 of the BME Growth segment of BME MTF Equity, it is expressly stated that the information communicated herein has been prepared under the sole responsibility of the Company and its administrators.

We remain at your disposal for as many clarifications as you deem appropriate.

Kind regards

Lorenzo Serratosa Gallardo

Chairman

I. Introduction to the evolution of the Consolidated Interim Financial Statements for the six-month period ended June 30, 2022.

In euros	Profit and loss account		
	30.06.2022	30.06.2021	Dif. (%)
Total revenue	1.252.055	561.804	123%
EBITDA	(1.162.584)	(406.146)	186%

In euros	Balance		
	30.06.2022	31.12.2021	Dif. (%)
Total assets	20,575,963	32,185,729-36	%
Total liabilities	2,695,397	5,553,254-51	%
Total Equity	17,880,566	26,632,475-33	%

The most relevant aspects of these accounts are:

1. The Group has grown in revenues by **123%** compared to the same period of the previous year.
2. The Group has exceeded the figures projected in the Business Plan for the six-month period ended June 30, 2022 by 7% in revenue and 9% in **Ebitda**.
3. The Group closed the period with a negative EBITDA of 1,162,632 euros in line with the investments made to underpin growth.
4. The Group has reduced current liabilities associated with the purchase of companies from the 4,840,555 euros at the end of 2021 to 339,497 euros at the end of June 2022.
5. The Group has long-term debts with banks of 596,403 euros related to the purchase of Cuarta Dimensión Médica S.L. at the end of June 2022.
6. The Group has made an enormous effort to create a team with high experience capable of making the Business Plan a reality. This has placed personnel costs as of June 30, 2022 at an amount of 1,293,100 euros.
7. These are the first financial statements in which the company Cuarta Dimensión Médica S.L. acquired in March 2022 is consolidated.

In addition to all this, it should be noted that the Panel has recorded the following deteriorations:

- A. 2,210,059 euros of goodwill generated by the purchase of the cash generating unit (UGE) Summon Press. This deterioration is linked to the breach of the obligations acquired by the sellers in the contract of sale, which has resulted in the request for the resolution of the legal transaction or, alternatively, in the satisfaction of a compensation equivalent to the amount that is initially considered impaired, which would be a percentage never less than 30% of its acquisition value.
- B. €9,324,072 in consolidation goodwill related to the Zone merger Value, S.L. and Substrate AI LLC which resulted in the creation of the group Substrate Artificial Intelligence, S.A. The Council has taken this decision given the macroeconomic context in which we find ourselves and following the recommendations of ESMA (European Supervisory Markets Advisory) in its resolution of 12 May 2022. This decision is aligned with the Business Plan update published on July 18, 2022.

II. Limited Review Report for the Consolidated Interim Financial Statements for the six-month period ended June 30, 2022

Limited Review Report

**SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SOCIETIES
DEPENDENT**

Consolidated Interim Financial Statements
for the six-month period ending on
June 30, 2022

LIMITED REVIEW REPORT ON FINANCIAL STATEMENTS CONSOLIDATED INTERMEDIATES

To the shareholders of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A., on behalf of the Board of Administration:

Introduction

We have conducted a limited review of the consolidated interim financial statements attachments of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. (the Parent Company) and Companies Subsidiaries (the Group), comprising the consolidated balance sheet as at 30 June 2022, the consolidated profit and loss account, the statement of changes in equity Consolidated, the consolidated statement of cash flows and the corresponding explanatory notes to the six-month period ending on that date. The directors of the Parent Company are responsible for the preparation of those consolidated interim financial statements, compliance with the regulatory framework for financial reporting applicable to the entity in Spain, identified in footnote 2 to the accompanying explanatory notes and internal control consider necessary to enable the preparation of consolidated interim financial statements free from material incorrectness, due to fraud or error. Our responsibility is to express a Conclusion on these consolidated interim financial statements based on our review Limited.

Scope of the review

We have made our limited revision in accordance with the International Standard for Work of Revision 2410, "Review of Interim Financial Information by the Auditor Independent of the Entity". A limited review of interim financial statements Consolidated consists of asking questions, mainly to the staff responsible for the financial and accounting matters, and in the application of analytical and other procedures Review procedures. A limited review has a substantially smaller scope than the of an audit carried out in accordance with the regulations governing the audit of accounts in force in Spain and, therefore, does not allow us to ensure that they have reached our Knowledge of all important matters that may have been identified in an audit. Therefore, we do not express an audit opinion on the financial statements. Consolidated intermediate adjuncts.

Conclusion

As a result of our limited review, it can at no time be understood as An audit of accounts, nothing has come to our attention that makes us conclude that the Accompanying consolidated interim financial statements do not express, in all respects significant, the true picture of the financial situation of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. and Subsidiaries as of June 30, 2022, as well as their results and flows effective for the six-month period ending on that date, in accordance with the framework applicable financial reporting regulations and, in particular, with the principles and Accounting criteria contained therein.

Emphasis paragraph

We draw attention to the provisions of footnote 5 of the explanatory notes to the states attached consolidated intermediate financial institutions indicating that under the heading "Fund of Consolidation trade" of the consolidated balance sheet as at 30 June 2022 attached Includes goodwill emerged in the previous year whose cost amounts to 23,402 thousand of euros, having been recorded under the heading "Impairment and result from disposals of the fixed assets", from the consolidated profit and loss account for the period of six months ended June 30, 2022, a valuation correction for impairment thereof Amount of 9,324 thousand euros. As indicated in note 2.c of the Explanatory Notes attached, the estimates made to carry out the deterioration test are subject to uncertainty and any changes in future assumptions may affect the recoverable value of this asset. This question does not change our conclusion.

Other issues paragraph

On April 8, 2022, other auditors issued their audit report on the Consolidated financial statements for the financial year 2021 in which they expressed a favourable opinion.

This report has been prepared at the request of SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. en relation to the publication of the half-yearly financial report required by Circular 3/2020 of Bolsas y Mercados Españoles Sistemas de Negociación, S.A (BME Growth) on "Information to supply by companies listed in the BME Growth segment of BME MTF Equity".

ERNST & YOUNG, S.L.

(Registered in the Official Register of Auditors of Accounts with NO SO530)



Amparo Ruiz Genovés

(Registered in the Official Register of Auditors of Accounts with the N° 05220)

October 28, 2022



III. **Consolidated Interim Financial Statements for the six-month period ended June 30, 2022 together with their explanatory notes .**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO
30 JUNE 2022**

SUBSTRATE GROUP

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- Statement of Cash Flows for the six-month period ended June 30, 2022
- Explanatory notes to the consolidated interim financial statements for the six-month period ended June 30, 2022

SUBSTRATE AI GROUP**Consolidated balance sheet at 30 June 2022 (Expressed in Euros)**

ACTIVE	Notes to States Financial Intermediate	30/06/2022	31/12/2021 (restated)
NON-CURRENT ASSETS		18.120.029,54	30.864.173,90
Intangible fixed assets		17.317.043,32	29.460.938,17
Consolidation goodwill	5	12.902.697,54	22.313.754,00
Other intangible fixed assets	7	4.414.345,78	7.147.184,17
Property, plant and equipment	8	149.552,04	116.898,73
Land and buildings		4.858,53	5.408,55
Technical installations, and other property, plant and equipment		127.460,01	94.256,68
Current fixed assets and advances		17.233,50	17.233,50
Long-term investments in group and associated companies		30.000,00	30.000,00
Equity instruments	10.1	30.000,00	30.000,00
Long-term financial investments	10.1	358.393,83	954.346,39
Equity instruments		-	800.000,00
Credits to third parties		333.619,19	140.024,75
Other financial assets		24.774,64	14.321,64
Deferred tax assets	13	265.040,36	301.990,61
CURRENT ASSET		2.455.933,39	1.321.554,99
Stock		298.848,12	198,44
Commercial		211.953,63	-
Advances to suppliers		86.894,49	198,44
Trade receivables and other receivables		1.094.207,37	638.118,90
Customers for sales and services	10.1	659.575,64	247.652,28
Miscellaneous debtors	10.1	18.718,45	5.207,41
Personnel	10.1	6.427,92	3.707,52
Current tax assets	13	15.752,90	15.752,90
Other credits with the Public Administrations	13	393.732,46	365.798,79
Short-term investments in group and associated companies	10.1	200,00	6.636,08
Short-term loans to group companies		200,00	6.636,08
Short-term financial investments	10.1	29.650,90	407.890,43
Loans to companies		18.096,90	386.337,69
Other financial assets		11.554,00	21.552,74
Periodifications		1.000,00	1.000,00
Cash and cash equivalents	10.1	1.032.027,00	267.711,14
Treasury		1.032.027,00	267.711,14
TOTAL ASSETS		20.575.962,93	32.185.728,89

SUBSTRATE AI GROUP**Consolidated balance sheet at 30 June 2022 (Expressed in Euros)**

LIABILITIES AND NET WORTH	Notes to States Financial Intermediate	30/06/2022	31/12/2021 (restated)
EQUITY		17.880.565,84	26.632.474,89
OWN FUNDS	11	17.636.732,57	26.473.843,11
Capital		2.206.882,80	2.028.976,80
Deeded capital		2.206.882,80	2.028.976,80
Share premium		34.142.267,20	26.655.923,20
Reserves		(1.846.260,30)	33.119,28
Legal and statutory		600,00	600,00
Other bookings		(1.379.315,53)	32.519,28
Reserves in consolidated companies		(467.544,77)	-
Shares and participations of the parent company		(600.411,15)	6.000,00
Results of previous years		(1.643.405,05)	(472.604,78)
Profit or loss for the financial year attributed to the parent company		(14.622.340,93)	(1.777.571,39)
GRANTS, DONATIONS AND BEQUESTS RECEIVED	15	153.380,90	178.841,25
EXTERNAL PARTNERS	6	90.452,37	(20.209,47)
TOTAL NON-CURRENT LIABILITIES		1.075.095,81	429.964,00
Long-term provisions		59.455,02	-
Other provisions		59.455,02	-
Long-term debts	10.2	1.011.678,74	429.964,00
Debentures and other negotiable securities		4.000,00	-
Debts to credit institutions		596.403,03	-
Leasing creditors		3.795,71	-
Other financial liabilities		407.480,00	429.964,00
Deferred tax liabilities	13	3.962,05	-
TOTAL CURRENT LIABILITIES		1.620.301,28	5.123.290,01
Short-term provisions		399.780,84	-
Short-term debts	10.2	454.401,98	4.855.423,70
Debts to credit institutions		23.404,57	14.868,70
Leasing creditors		91.499,44	-
Other financial liabilities		339.497,97	4.840.555,00
Short-term debts owed to group companies and associates		-	1.585,73
Trade creditors and other accounts payable		766.118,46	266.280,58
Short-term suppliers	10.2	297.339,43	123.627,77
Suppliers, group companies and associates	10.2	-	500,10
Miscellaneous creditors	10.2	49.130,26	33.640,84
Staff (unpaid remuneration)	10.2	101,52	(286,63)
Current tax liabilities	13	94.758,51	234,98
Other debts owed to general government	13	290.205,89	115.093,38
Customer advances	10.2	34.582,85	(6.529,86)
TOTAL EQUITY AND LIABILITIES		20.575.962,93	32.185.728,89

Madrid, 27 October 2022

SUBSTRATE AI GROUP**Consolidated Profit and Loss Account for the six-month period ended June 30, 2022****(expressed in euros)**

PROFIT AND LOSS ACCOUNT	Notes to States Financial Intermediate	30/06/2022 (6 months)	* Unaudited 30/06/2021 (6 months)
Net turnover	14	1.245.762,77	438.530,89
Sales		265.827,10	426,33
Provision of services		979.935,67	438.104,56
Supplies		(118.565,73)	-
Work carried out by other companies		(118.565,73)	-
Other operating income		6.292,41	123.273,53
Ancillary and other revenue from current management		6.292,41	123.273,53
Staff costs	14	(1.293.100,53)	(511.813,20)
Wages, wages and the like		(1.103.821,55)	(429.000,83)
Social security contributions		(189.278,98)	(82.812,37)
Other operating expenses	14	(1.028.433,45)	(456.137,19)
External services	14	(1.004.249,29)	(448.866,45)
Tributes		(9.682,07)	(7,64)
Losses, impairment and variation of provisions for business operations		-	(7.260,00)
Other day-to-day management costs		(14.502,09)	(3,10)
Depreciation of fixed assets	5, 7 and 8	(1.830.647,25)	(24.538,55)
Allocation of non-financial fixed assets and other subsidies		25.460,35	-
Impairment and result from disposals of fixed assets	5 and 7	(11.534.130,74)	-
Other results		(48,06)	365,70
Negative difference in business combinations		-	94.994,37
OPERATING RESULT		(14.527.410,24)	(335.324,55)
Financial expenses	10.2	(7.092,33)	(4.819,06)
For debts with third parties		(7.092,33)	(4.819,06)
Change in fair value in financial instruments		(3.145,09)	75.692,97
Trading book and others		(3.145,09)	75.692,97
Exchange differences	12	25.622,22	(1.744,89)
Impairment and profit or loss on disposals of financial instruments		7.405,63	12.255,39
FINANCIAL RESULT		22.790,44	81.384,41
PROFIT BEFORE TAXES		(14.504.619,80)	(253.940,14)
Taxes on profits		(99.430,26)	-
PROFIT FOR THE YEAR		(14.604.050,06)	(253.940,14)
Profit or loss attributed to the parent company	11	(14.622.340,93)	(253.940,14)
Result attributed to external partners	6	18.290,87	-

Madrid, 27 October 2022

SUBSTRATE AI GROUP**Statement of changes in consolidated equity for the six-month period ended June 30, 2022**

(expressed in euros)

A) Consolidated statement of recognized income and expenditure for the six-month period ended June 30, 2022

	Notes to States Financial Intermediate	30/06/2022	30/06/2021
Profit and loss account result		(14.604.050,06)	(253.940,14)
Income and expenses directly charged to equity Grants, gifts and bequests received	15	-	-
Total income and expenses directly charged to consolidated equity		-	-
Transfers to the consolidated profit and loss account Grants, gifts and bequests received		(25.460,35)	-
Total transfers to the consolidated profit and loss account		(25.460,35)	-
TOTAL CONSOLIDATED INCOME AND EXPENDITURE RECOGNISED		(14.629.510,41)	(253.940,14)
Total income and expenses attributed to the parent company (14,647,801.28)	(253,940.14)
Total revenue and expenditure attributed to external partners		18,290.87	-

SUBSTRATE AI GROUP**Statement of changes in consolidated equity for the financial years ended December 31, 2022 and 2021
(Expressed in Euros)****B) Total statement of changes in consolidated equity for the six-month period ended June 30, 2022**

	Capital Writing	Premium of emission	Reserves	Own shares and participations	Results of previous years	Profit for the year attributed to the parent company	Grants, donations and bequests received	External partners	TOTAL
Balance, end of year 2020 (Parent company)	3.450,00	999.700,00	19.038,48	-	(435.231,99)	(37.372,79)	-	-	549.583,70
Total income and expenditure recognised	-	-	-	-	-	(253.940,14)	-	-	(253.940,14)
Capital increases (Note 11)	330,00	499.670,00	-	-	-	-	-	-	500.000,00
Other changes in net worth	-	-	14.080,80	-	(37.372,79)	37.372,79	-	-	14.080,80
Balance as of June 30, 2021 (unaudited)	3.780,00	1.499.370,00	33.119,28	-	(472.604,78)	(253.940,14)	-	-	809.724,36
Total income and expenditure recognised	-	-	-	-	-	(353.433,67)	178.841,25	(20.809,28)	(195.401,70)
Capital increases (Note 11)	2.025.196,80	25.156.553,20	-	-	-	-	-	-	27.181.750,00
Other changes in net worth	-	-	-	6.000,00	-	-	-	599,81	6.599,81
Balance, end of year 2021	2.028.976,80	26.655.923,20	33.119,28	6.000,00	(472.604,78)	(607.373,81)	178.841,25	(20.209,47)	27.802.672,47
Adjustment for errors (Note 2.e)	-	-	-	-	-	(1.170.197,58)	-	-	(1.170.197,58)
Adjusted balance, beginning of 2022	2.028.976,80	26.655.923,20	33.119,28	6.000,00	(472.604,78)	(1.777.571,39)	178.841,25	(20.209,47)	26.632.474,89
Total income and expenditure recognised	-	-	-	-	-	(14.622.340,93)	(25.460,35)	18.290,87	(14.629.510,41)
Capital increases (Note 11)	177.906,00	7.486.344,00	-	-	-	-	-	-	7.664.250,00
Other changes in net worth	-	-	(711.685,12)	-	(1.170.800,27)	1.777.571,39	-	92.370,97	(12.543,03)
Treasury transactions (net) (note 11)	-	-	(964.367,32)	(606.411,15)	-	-	-	-	(1.570.778,47)
Other movements	-	-	-	-	-	-	-	-	(203.327,14)
Balance as of June 30, 2022	2.206.882,80	34.142.267,20	(203.327,14) .846.260,30)	(600.411,15)	(1.643.405,05)	(14.622.340,93)	153.380,90	90.452,37	17.880.565,84

Madrid, 27 October 2022

SUBSTRATE AI GROUP

Consolidated Statement of Cash Flows for the six-month period ended June 30, 2022 (Expressed in euros)

	Notes to States Financial Intermediate	30/06/2022	* Unaudited 30/06/2021 (6 months)
CASH FLOWS FROM OPERATING ACTIVITIES Profit for the year before tax		(14.504.619,80)	(253.940,14)
Result adjustments		13.316.527,21	(144.580,13)
Depreciation of fixed assets	5, 7 and 8	1.830.647,25	24.538,64
Valuation adjustments for impairment	5 and 7	11.534.130,74	7.260,00
Allocation of grants		(25.460,34)	-
Results from disposals and disposals of fixed assets (+/-)		(7.405,63)	(12.255,39)
Financial expenses		7.092,33	4.819,06
Exchange differences		(25.622,22)	1.744,89
Change in fair value in financial instruments		3.145,09	(75.692,97)
Other income and expenditure		-	(94.994,37)
Changes in current capital		(213.899,44)	1.117.512,87
Stock		(298.649,68)	-
Receivables and other receivables		(456.088,47)	(630.104,59)
Other current assets		-	(469.648,89)
Creditors and other accounts payable		499.837,88	213.327,43
Other current liabilities		41.000,83	1.003.938,92
Other non-current assets and liabilities		-	1.000.000,00
Other cash flows from operating activities		(7.092,33)	(6.563,95)
Interest payments		(7.092,33)	(6.563,95)
Cash flows from operating activities		(1.409.084,37)	712.428,65
CASH FLOWS FROM INVESTMENT ACTIVITIES Payments for investments		(1.172.064,52)	(1.418.782,40)
Intangible fixed assets	7	(7.449,80)	(1.170.410,46)
Property, plant and equipment	8	(64.614,72)	(123.650,30)
Other financial assets	5	(1.100.000,00)	(124.721,64)
Cash flows from investment activities		(1.172.064,52)	(1.418.782,40)
CASH FLOWS FROM FINANCING ACTIVITIES Collections and payments for equity instruments		2.660.350,00	1.030.545,22
Issuance of equity instruments	11	2.660.350,00	1.030.545,22
Collections and payments for financial liability instruments		685.114,75	58.235,18
Emission:		700.000,00	58.235,18
Debts to credit institutions		700.000,00	58.235,18
Debts with group companies and associates		-	-
Return and amortization of:		(14.885,25)	-
Debts to credit institutions		(14.885,25)	-
Cash flows from financing activities		3.345.464,75	1.088.780,40
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		764.315,86	382.426,66
Cash or equivalent at the beginning of the financial year		267.711,14	-
Effect or equivalents at year-end		1.032.027,00	382.426,66

Madrid, 27 October 2022

SUBSTRATE AI GROUP

Explanatory notes to the consolidated interim financial statements for the six-month period ended June 30, 2022 Note 1. Constitution of the Group and activity.

1.1 Activity.

Substrate Artificial Intelligence, S.A, hereinafter "Parent Company", was incorporated as a limited company, for an indefinite period of time on December 9, 2010, with the name "Kau Finanzas, S.L.", being its current registered office, at Calle María de Molina nº41 Oficina 506, Madrid. The company is registered in the Mercantile Registry of Madrid, Volume 43321, Book 0, Folio 89, Page M-765355.

The parent company, by public deed, changed its initial corporate name, dated March 23, 2018, acquiring the name of Zona Value, S.L. In deed dated July 20, 2021, it changed its legal form to a public limited company, and in deed dated July 28, 2021, it has changed its corporate name to Substrate Artificial Intelligence, S.A.

In May 2022, the parent company was listed on the BME Growth trading segment of 100% of the Company's shares. This incorporation into the market gives you valuable tools to obtain the necessary financing based on your growth plan.

Substrate Artificial Intelligence, S.A. and Subsidiaries (hereinafter, the "Group" or "Substrate AI Group"), have as their corporate purpose:

- The provision of information society services aimed at providing knowledge tools in the financial area and others related to it, in order to facilitate access to third parties interested in acquiring financial culture and instruments that allow interpreting such information through the learning modality called e-learning.
- Acquisition, holding and administration management of share securities
- Acquisition, possession, marketing, rental and exploitation of all types of rural or urban properties
- Preparation of investment reports and financial analysis.
- Financial mediation services
- Computer programming activities, design of structures and content, writing computer code to implement program for systems, computer applications, databases and web pages.
- Customization of computer programs, including configuration and modification of existing programs.
- Marketing and after-sales service of diagnostic imaging machinery (radiology, resonances and computed tomography).

The main activity of the Substrate Group consists of the creation and development of state-of-the-art artificial intelligence systems and their application in various sectors, such as energy, livestock, health and finance, among others. The Group has developed its own technology that allows it to address the problems faced by companies in the digitalization and rationalization of processes. This activity is supported by the study "Integrated Multi-Task Agent Architecture with Affect-Like Guided Behavior", carried out by external collaborators of the Group, presented at the Biologically Inspired Cognitive Architectures 2021 and by the patents in progress of development and registration detailed in section 5 of the explanatory notes. The geographical operational scope of the Substrate Group is currently mainly Spain.

Substrate Artificial Intelligence, S.A. is the head company of the Group. The Directors of the parent company formulate the consolidated interim financial statements of the Group, in order to present the true and fair view of the financial situation and results of the same for the 6-month period and comply with the requirement established by BME Growth.

2. Basis for presentation of consolidated interim financial statements and principles of consolidation

(a) True and fair view and normative frame of reference

The consolidated interim financial statements as of June 30, 2022 have been obtained from the accounting records of the parent company and the subsidiaries included in the consolidation perimeter in accordance with the regulatory framework for financial reporting applicable to the Group, which is established in:

- a) Commercial Code and other commercial legislation.
 - b) Rules for the formulation of consolidated accounts, approved by Royal Decree 1159/2010, of 17 September, modified by Royal Decree 602/2016 of 2 December.
 - c) General Accounting Plan approved by Royal Decree 1514/2007 together with Royal Decree 1159/2010 amending certain aspects of the PGC, modified by Royal Decree 602/2016 of 2 December and Royal Decree 1/2021 of 12 January.
 - d) The mandatory standards published by the Institute of Accounting and Auditing of Accounts in development of the General Accounting Plan.
- a) The rest of Spanish accounting regulations that are applicable.

The accompanying consolidated interim financial statements are presented in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained therein, so that they give a true and fair view of the consolidated equity and financial position of the group as of June 30, 2022 and of the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the six-month period ended on that date.

The accompanying consolidated interim financial statements have been prepared by the Board of Directors of the parent company.

(b) Non-mandatory accounting principles applied

The accounting principles and criteria applied for the preparation of these consolidated interim financial statements are summarized in Note 3 to these explanatory notes. All mandatory accounting principles with an impact on consolidated equity, financial position and consolidated results have been applied in the preparation of these consolidated interim financial statements.

(c) Critical aspects of uncertainty assessment and estimation

The information contained in these consolidated interim financial statements is the responsibility of the directors of the parent company.

In preparing these consolidated interim financial statements, estimates made by the directors of the parent company have been used to measure some of the assets, liabilities, income, expenses and commitments recorded therein. Basically, these estimates refer to:

- The useful life of intangible and tangible assets (see Notes 3.3 and 3.4).
- Recoverable value of consolidation goodwill and other intangibles (see Notes 5 and 7).

The management body has made these estimates based on the best information available as of June 30, 2022, and it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years. Given the predictive nature of any estimate based on future expectations in the current economic environment and by the activity carried out by the Group, differences between projected and actual results could be revealed.

Preparation of the financial projection

The Directors of the Parent Company, in order to carry out the corresponding impairment test of consolidation goodwill and other intangible assets, have prepared a financial projection for the coming years based on the context of rising inflation rates and interest rates, rising energy prices and the possibility of a recession due to the war in Ukraine and its consequences. These projections reflect an estimate based on the fulfillment of certain milestones, variables and hypotheses, which, despite being based on the worst scenarios, are subject to uncertainty and could be substantially modified based on the occurrence of future events considered in these estimates. Any change in the main future assumptions may significantly affect the recoverable value of certain assets (see notes 5 and 7). The main features are:

- The value in use based on future flows has been used and not the market value of the company taking into account the short period of time in which it is listed and its high volatility as a result of low liquidity and the adverse economic environment.
- The projections have a duration of 5 years, until the year 2026.
- The development or sale of various products are in an incipient phase.
- Forecasts based, among other factors, on the knowledge and expected development of the various verticals in which the Group operates and will operate and on the expectations of its future evolution.
- Expectation of obtaining new relevant contracts with clients in a reasonable period of time (2 years).
- Increase in average sales prices with the application of artificial intelligence.
- Average EBITDA considered based on estimates and comparable, as there is no historical information for a part of the revenues.
- Increase in the number of customers, in business lines that already have activity.

Going concern principle

The directors of the parent company have prepared these consolidated interim financial statements, assuming the continuity of the Group's activity, stating that the Group's results are negative as of June 30, 2022, as are the 2023 budgets, values characteristic of any startup. The Strategic Plan prepared by the Group until 2026 is based on the effective application of the artificial intelligence systems developed by the Group.

Based on the above, together with the new financing described in note 17, the Directors of the parent company have prepared the consolidated interim financial statements under the going concern principle.

(d) Comparison of information

In accordance with commercial legislation, it is presented, for comparative purposes with each of the items of the Balance Sheet and the Statement of Change in Equity, in addition to the figures for the six-month period ended June 30, 2022, those corresponding to the Annual Accounts Audited in that year. In the case of the interim Statement of Cash Flows and the interim Profit and Loss Account, the six-month period ended June 30, 2021 (unaudited) is included as comparative information. The same criteria have been applied with respect to the breakdowns included in the Notes to this document relating to these Interim Financial Statements.

(e) Correction of errors

The Directors of the parent company have determined that the effective date of the business combination described in Note 5 was June 30, 2021. Therefore, goodwill of first consolidation should be subject to amortization from that moment, which was not recorded in the annual accounts for the year 2021. Based on the above, an amortization expense corresponding to the second part of 2021 has been recorded.

The figures restated in the consolidated financial statements for the year ended 31 December 2021 are as follows:

(expressed in euro)	Substrate Group CCAA formulated 2021	Substrate Group States Financial Restated intermediates 2021	Differences
NON-CURRENT ASSETS	32.034.371,48	30.864.173,90	(1.170.197,58)
Intangible fixed assets	30.631.135,75	29.460.938,17	(1.170.197,58)
Consolidation goodwill	23.483.951,58	22.313.754,00	(1.170.197,58)
TOTAL ASSETS	33.355.926,47	32.185.728,89	(1.170.197,58)
EQUITY	27.802.672,47	26.632.474,89	(1.170.197,58)
Own funds	27.644.040,69	26.473.843,11	(1.170.197,58)
Profit for the year attributed to the parent company	(607.373,81)	(1.777.571,39)	(1.170.197,58)
TOTAL EQUITY AND LIABILITIES	33.355.926,47	32.185.728,89	(1.170.197,58)

This correction has also been included in the Statement of Changes in Consolidated Equity for the six-month period ended June 30, 2022 and the comparative figures of the affected notes have been restated.

(f) Consolidation perimeter

In preparing the consolidated interim financial statements, the Group has aggregated the interim financial statements of the parent and its subsidiaries, adding items representing assets, liabilities, equity, income and expenses of similar content. In order for the consolidated interim financial statements to present the Group's financial information, the carrying amount of the parent company's investment in each of the subsidiaries has been eliminated, in addition to having eliminated in its entirety the intra-group balances, transactions, income and expenses.

The subsidiaries included in the consolidation perimeter are the following:

- ZONA VALUE GLOBAL, S.L.
 - o Main activities:
 - Acquisition, holding and administration management of share securities
 - Acquisition, possession, marketing, rental and exploitation of all types of rural or urban properties
 - o Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
 - o Percentage of effective participation in Parent Company: 100%
 - o Integration Method: Global Integration
 - o Unaudited
 - o Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends Distributed
30.06.2022	82.750,84	81.356,67	(655,83)	-
31.12.2021	82.366,92	1.936,37	(304,50)	-

- SUBSTRATE AL SPAIN, S.L.

o Main activities:

- Computer programming activities, design of structures and content, writing computer code to implement program for systems, computer applications, databases and web pages.
- Customization of computer programs, including configuration and modification of existing programs.

- o Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
- o Percentage of effective participation in Parent Company: 100%
- o Integration Method: Global Integration
- o Unaudited
- o Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends distributed
30.06.2022	1.351.367,57	440.901,81	304.147,83	-
31.12.2021	1.038.070,81	138.122,08	(215.939,89)	-

- KAU MARKET EAFI, S.L.

o Main activities:

- Preparation of investment reports and financial analysis.
- Financial mediation services
- Purchase and sale of real estate and furniture for the realization of the corporate purpose

- o Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
- o Percentage of effective participation in Parent Company: 100%
- o Integration method: Global Integration
- o Company regulated by the CNMV
- o Audited by Capital Auditors and Consultants, S.L.
- o Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends Distributed
30.06.2022	344.698,32	245.753,72	56.106,70	-
31.12.2021	281.272,76	189.647,02	14.652,65	-

- AIREN AI FOR RENEWABLE ENERGY, S.L.
- o Main activities:
 - Computer programming activities.
 - Design of structures and content, and/or writing the computer code necessary to create and implement programs for computer systems, and applications
- o Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
- o Percentage of effective participation in the Parent Company: 90%
- o Integration Method: Global Integration
- o Unaudited
- o Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends distributed
30.06.2022	245.951,48	(404.833,17)	(192.443,23)	-
31.12.2021	419.881,35	(205.920,92)	(208.920,92)	-

- BOALVET AI, S.L.
- o Main activities:
 - Computer programming activities.
 - Design of structures and content, and/or writing the computer code necessary to create and implement programs for computer systems, and applications
- o Registered office: Calle de la plazuela 43, 41370 Sevilla (Spain)
- o Percentage of effective participation in the Parent Company: 90%
- o Integration Method: Global Integration
- o Unaudited
- o Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends distributed
30.06.2022	110.455,57	(12.000,52)	(15.705,47)	-
31.12.2021	14.361,36	3.828,16	828,16	-

- SUBSTRATE AI USA INC.
- o Main activities:
 - Miscellaneous business, activities or functions
 - Engage in any other lawful activity in connection with the foregoing, or incidental to it.
- o Registered office: Gunsmoke Dr.Bailey, Colorado, 80421, USA
- o Percentage of effective participation in Parent Company: 100%
- o Integration Method: Global Integration

- Unaudited
- Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends distributed
30.06.2022	430.791,81	113.819,85	(1.973,41)	-
31.12.2021	67.530,41	(150.884,54)	(110.630,12)	-

- AI SAIVERS LLC

- ○ Main activities:
 - Miscellaneous economic activities or Registered office: SW 6th Terrace, Miami, FL 33130, USA
- Percentage of effective participation in Parent Company: 100%
- Integration Method: Global Integration
- Unaudited
- Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends distributed
30.06.2022	40.681,01	27.562,42	(145.176,89)	-
31.12.2021	24.944,39	(19.745,42)	(114.147,05)	-

- CUARTA DIMENSIÓN MÉDICA, S.L. (integrated for the first time in 2022 – see note 5)

- ○ Main activities:
 - Marketing and after-sales service of diagnostic imaging machinery (radiology, resonances and computed tomography).
- Registered office: Carrer Baronessa Santa Bàrbara, 28, 46740 Carcaixent, Valencia (Spain)
- Percentage of effective participation in the Parent Company: 70%
- Integration method: Global or Unaudited integration
- Financial information:

(expressed in euro)	Total Assets	Total own funds	Result	Dividends distributed
30.06.2022	1.136.574,98	390.391,08	178.365,05	-

Note 3. Accounting principles and valuation criteria.

3.1. Homogenization of items in the individual accounts of companies included in the consolidation perimeter

The period of all the companies of the group includes from January 1, 2022 to June 30, 2022, therefore, there is temporal homogeneity and homogenization has been made in the principles and accounting standards applied. No adjustment or elimination should be applied for homogenisation,

with the exception of those relating to functional currency. Cuarta Dimensión Médica S.L. has been integrated since the date of its acquisition (see Note 5).

3.2. Transactions between companies included in the scope of consolidation

The transactions between the parent company and dependents correspond to the provision of services and therefore reciprocal credits and debits, loan of non-commercial credits, development and disposals of fixed assets.

These transactions have been eliminated from the consolidated profit and loss account and the consolidated balance sheet for the amount thereof.

All significant accounts and transactions between consolidated companies have been eliminated in the consolidation process.

3.3. Intangible assets

Computer applications

Purchased software licences are capitalised on the basis of the costs incurred for their acquisition and for the use of the specific software.

Costs associated with software development or maintenance are recognized as an expense as software is incurred. Expenses directly related to the production of unique and identifiable software controlled by the Group, and likely to generate economic benefits in excess of costs for more than one year, are recognised as intangible assets. Direct costs include the costs of the staff developing the software and an appropriate percentage of overhead.

Goodwill

Goodwill represents the advance payment made by the acquiring entity for future economic benefits from assets that could not be individually identified and recognised separately following a business combination.

Goodwill is amortized over a period of 10 years, which ends on June 30, 2031. At the end of each financial year, the Group carries out an assessment of the recoverability of goodwill, repaying in advance the part of it that, where appropriate, it does not consider recoverable.

Goodwill is allocated to one or more cash-generating units (hereinafter referred to as "GUs") that are expected to be the beneficiaries of synergies arising from business combinations. The GUs represent the smallest identifiable asset groups that generate cash flows in favor of the Group and are mostly independent of the flows generated by other assets or other groups of assets of the Group.

Each GU/GUs to which goodwill is allocated:

- It represents the lowest level at which the entity manages goodwill internally.
- It is no larger than a business segment.

The GUs to which goodwill has been attributed are analysed (including in their carrying amount the part of goodwill allocated) to determine whether they have been impaired. This analysis is performed at least annually, or whenever there are signs of deterioration. For the purpose of determining the impairment of a GER to which goodwill has been allocated, the carrying amount of that unit - adjusted for the amount of goodwill attributable to external partners, where minority interests have not been valued at fair value - is compared with its recoverable amount.

The recoverable amount of a GER is equal to the greater of the fair value minus costs to its value in use. The value in use is calculated as the discounted value of the cash flow projections estimated by the management of the unit and is based on the latest available budgets for the coming years. The main assumptions used in its calculation are: the cash flows themselves, a growth rate to extrapolate cash flows in perpetuity and a discount rate to discount cash flows; which is equal to the cost of capital allocated to each cash-generating unit and is equivalent to the sum of the risk-free rate plus a premium reflecting the risk inherent in the business assessed.

If the carrying amount of a GER exceeds its recoverable amount, the Group recognises an impairment loss; whereas it is distributed by reducing, firstly, the carrying amount of goodwill

attributed to that unit and, secondly, and if there are losses to be imputed, reducing the carrying amount of the remaining assets; allocating the remaining loss in proportion to the carrying value of each of the assets existing in said UGE. In the event that it had been chosen to value minority interests at fair value, the impairment of goodwill attributable to these external partners would be recognized. Impairment losses related to goodwill will never be reversed.

Development

An intangible asset arising from the development (or development phase in an internal project) will be recognized as such if, and only if, the entity can demonstrate all of the following:

- (a) Technically, it is possible to complete the production of the intangible asset so that it can be available for use or sale.
- (b) Your intention to complete the intangible asset in question, to use or sell it.
- (c) Your ability to use or sell the intangible asset.
- (d) How the intangible asset will generate likely economic benefits in the future. Among other things, the entity may demonstrate the existence of a market for production that generates the intangible asset or for the asset itself, or, if it is to be used internally, the usefulness of the market to the entity.
- (e) The availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to reliably assess the outlay attributable to the intangible asset during its development.

The intangible asset shall initially be measured at cost, including import duties and non-recoverable taxes on the acquisition, after deduction of trade discounts and rebates; and any costs directly attributable to preparing the asset for its intended use.

Industrial property

Industrial property rights are valued by their acquisition price or production cost. Capitalized development expenses will be accounted for in this concept when the corresponding patent or similar is obtained, including the cost of registration and formalization of industrial property, without prejudice to the amounts that could also be accounted for by reason of acquisition of the corresponding rights from third parties. These include patents for inventions, utility model protection certificates, industrial designs and introductory patents.

Other intangible fixed assets

In addition to the intangible elements mentioned above, there are others that will be recognized as such on the balance sheet, provided that they meet the criteria contained in the Conceptual Framework of Accounting and the requirements specified in these recording and valuation standards. Such elements include: administrative concessions, commercial rights, intellectual property or licenses.

Subsequent assessment

After its initial recognition, an intangible asset will be accounted for at cost less accumulated depreciation and the cumulative amount of impairment losses (see Note 3.5).

The Group depreciates its intangible fixed assets using the linear method to allocate the difference between the cost and its residual values over the estimated useful lives, which are indicated below:

	% Amortization
Development	20%

Industrial property	10%
Goodwill	10%
Computer applications	33%
Other intangible fixed assets	10%

3.4. Property, plant and equipment

Property, plant and equipment, all of which are for own use, are recognised at cost less depreciation and corresponding accumulated impairment losses, except in the case of land that is presented net of impairment losses.

The historical cost includes expenses directly attributable to the acquisition of the items, as well as any other costs directly related to the commissioning of the asset for the use for which it is intended. In the case of components included as technical installations, which require their replacement in a different time exercise than the main good, they are recorded and depreciated separately according to their specific useful life. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as applicable, only where it is likely that the future economic benefits associated with the items will flow into the Group and the cost of the item can be reliably determined. The carrying amount of the replaced part is derecognized in the accounts. All other repair and maintenance expenses are charged to the income statement during the period in which the income statement is incurred.

The Group depreciates its property, plant and equipment using the linear method to allocate the difference between the cost and its residual values during the estimated useful lives, which are indicated below:

	% Amortization
Constructions	20%
Machinery	15%
Other facilities	10% - 12% - 15%
Furniture	10 – 12%
Information processing equipment	25%
Other property, plant and equipment	10%

3.5. Impairment

At the end of each financial year, the Group analyzes whether there are indications of impairment of its assets or cash-generating units to which goodwill or other intangible assets have been allocated and, if so, it verifies them through the so-called "impairment test" for the possible existence of losses in value that reduce the recoverable value of said assets to an amount lower than their value in books. When it is not possible to estimate the impairment of assets, they are grouped under Cash Generating Units considering that it is the minimum unit of income generation.

The recoverable amount is the greater of the market value, minus selling costs, and the use value, meaning the present value of estimated future cash flows. For the calculation of use value, the assumptions used include discount rates, growth rates and expected changes in sales prices and costs. The Directors of the companies estimate the discount rates that reflect the value of money over time and the risks associated with the asset. Growth rates and changes in prices and costs are based on internal and sectoral forecasts and future experience and expectations, respectively.

Likewise, the Group carries out the corresponding sensitivity analyses on its projection studies, modifying the variables that have the greatest impact on cash flows; specifically discount rates and expected growth.

In the event that the recoverable amount is less than the net carrying amount of the asset, the corresponding impairment loss would be recorded for the difference under the heading "Impairment and profit or loss on disposal of fixed assets" in the consolidated profit and loss account and credited to "Property, plant and equipment" or "Intangible fixed assets", in each case, the consolidated balance sheet.

Impairment losses recognized on an asset in prior periods are reversed, except for goodwill, when there is a change in the estimates of its recoverable amount, increasing the value of the asset to the limit of the carrying amount that the asset would have had if the write-down had not been carried out.

The hypotheses considered to analyze the recoverability of goodwill and other intangibles have been broken down in Notes 5 and 7, respectively.

3.6. Operating Leases

In operating lease transactions, ownership of the leased property and substantially all risks and rewards on the property remain with the lessor.

In operating lease contracts, income and expenses will be considered as income and expense of the year in which they accrue, being charged to the profit and loss account. Receipts or advance payments for the lease will be charged to profit or loss over the lease period as the economic benefits of the leased asset are divested or received.

When the Company acts as lessee, the lease expenses are charged linearly to the profit and loss account based on the agreements and the life of the contract.

3.7. Financial instruments

Financial assets

1. Financial assets at amortised cost

A financial asset shall be included in this category, even when admitted to trading on an organised market, if the enterprise maintains the investment for the purpose of receiving the cash flows arising from the performance of the contract, and the contractual terms of the financial asset give rise, on specified dates, to cash flows which are only principal and interest charges on the amount of outstanding principal.

In general, this category includes credits for commercial operations and credits for non-commercial operations:

- a) Credits for commercial operations: are those financial assets that originate in the sale of goods and the provision of services for traffic operations of the company with deferred collection, and
- b) Credits for non-commercial operations: are those financial assets that, not being equity instruments or derivatives, have no commercial origin and whose collections are of a determined or determinable amount, which come from loan or credit operations granted by the company.

Financial assets classified in this category shall initially be measured at fair value, which, unless evidenced otherwise, shall be the transaction price, which shall be equal to the fair value of the consideration delivered, plus any transaction costs directly attributable to them.

However, claims on commercial transactions with a maturity not exceeding one year and which do not have an explicit contractual interest rate, as well as staff receivables, dividends receivable and required disbursements on equity instruments, the amount of which is expected to be received in the short term, may be measured at face value where the effect of not updating cash flows is not material.

Subsequent valuation: Financial assets included in this category will be valued at amortised cost. Accrued interest shall be entered in the profit and loss account using the effective interest rate method.

However, loans with a maturity not exceeding one year which, in accordance with the provisions of the preceding paragraph, are initially valued at their nominal value, shall continue to be valued at that amount, unless they have deteriorated.

2. Financial assets at cost.

Investments in equity in group, multi-group and associated companies will initially be measured at cost, which shall be equal to the fair value of the consideration plus any transaction costs directly attributable to them. Subsequently, they will be valued at cost, reduced, where appropriate, by the accumulated amount of valuation adjustments for impairment. This valuation correction is quantified as the difference between its book value and the recoverable amount. Unless there is better evidence of the recoverable amount of the investments, the equity of the investee is taken into account in the estimation of the impairment of this asset class, corrected for the tacit capital gains existing at the valuation date. Valuation adjustments for impairment and, where applicable, their reversal, are recorded as an expense or income, respectively, in the profit and loss account. The impairment reversal is capped at the original carrying value of the investment. Dividends accrued after the time of acquisition are recognized as income in the profit and loss account when the entitlement to receive them is declared.

Impairment

At least at the end of the financial year, the necessary valuation adjustments shall be made whenever there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics measured collectively, has deteriorated as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in estimated future cash flows, which may be motivated by the insolvency of the debtor.

The impairment loss of these financial assets shall be the difference between their carrying amount and the present value of future cash flows, including, where applicable, those arising from the enforcement of collateral and personal security, which are expected to be generated, discounted at the effective interest rate calculated at the time of their initial recognition. For financial assets at a variable interest rate, the effective interest rate corresponding to the date of closure of the annual accounts shall be used in accordance with the contractual conditions. Models based on statistical formulas or methods may be used in the calculation of impairment losses for a group of financial assets.

Impairment adjustments, as well as their reversal where the amount of such loss decreases for reasons related to a subsequent event, shall be recognised as an expense or income, respectively, in the profit and loss account. The impairment reversal shall be limited to the carrying amount of the asset that would be recognised on the reversal date if the impairment had not been recorded.

However, the market value of the instrument may be used as a substitute for the present value of future cash flows, provided that the instrument is sufficiently reliable to be considered representative of the value that the enterprise could recover.

Cash and other liquid media

Under this heading are recorded cash in cash and banks, demand deposits and other short-term investments of high liquidity that are quickly realizable in cash and that have no risks of change of value.

Financial liabilities

1. Financial liabilities at amortised cost.

All financial liabilities in this category shall be classified except when they are to be measured at fair value with changes in the profit and loss account. In general, debits for commercial transactions and debits for non-commercial transactions are included in this category.

- a) Debits for commercial operations: are those financial liabilities that originate in the purchase of goods and services for traffic operations of the company with deferred payment, and
- b) Debits for non-commercial operations: are those financial liabilities that, not being derivative instruments, do not have commercial origin, but come from loan or credit operations received by the company.

Financial liabilities included in this category shall initially be measured at fair value, which, unless otherwise evidenced, shall be the transaction price, which shall be equal to the fair value of the consideration received adjusted for the transaction costs directly attributable to them.

However, debts for commercial transactions maturing not exceeding one year and not having a contractual interest rate, as well as required disbursements by third parties on shares, the amount of which is expected to be paid in the short term, may be measured at face value, where the effect of not updating cash flows is not material.

Subsequently, they will be valued at their amortized cost. Accrued interest shall be entered in the profit and loss account using the effective interest rate method.

However, debts with a maturity not exceeding one year that, in accordance with the provisions of the previous paragraph, are initially valued at their nominal value, will continue to be valued at that amount.

Write-down of financial assets and liabilities

The Group decommissions a financial asset, or part thereof, when contractual rights to the cash flows of the financial asset expire or have been transferred, and the risks and rewards inherent in its ownership have been substantially transferred. When the financial asset is written off, the difference between the consideration received net of attributable transaction costs and the carrying amount of the financial asset, plus any accumulated amount that would have been recognised directly in equity, determines the gain or loss arising from the write-off of the financial asset and forms part of the profit or loss for the period in which it occurs.

The Group writes off the balance sheet a previously recognised financial liability in any of the following circumstances:

- The obligation has been extinguished because payment has been made to the creditor to cancel the debt (through payments in cash or other goods or services), or because the debtor is legally relieved of any liability for the liability.
- Own financial liabilities are acquired, even with the intention of relocating them in the future.
- An exchange of debt instruments takes place between a lender and a borrower, provided that they have substantially different conditions, recognizing the new financial liability that arises; In the same way, there is a substantial modification of the current conditions of a financial liability, as indicated for debt restructurings.

The write-down of a financial liability is carried out as follows: the difference between the carrying amount of the financial liability (or the part thereof that has been written off) and the consideration paid, including attributable transaction costs, and in which any assets transferred other than the cash or liability assumed must also be collected, It is recognised in the profit and loss account for the period in which it takes place.

Criteria used in determining revenue or expenditure from different categories of financial instruments:

Interest and dividends on financial assets and liabilities accrued after the time of acquisition have been recognized as income or expense in the profit and loss account. The effective interest method has been used for the recognition of interest. Dividends are recognized when the member's right to receive it is declared.

3.8. Foreign currency transactions

Transactions carried out in foreign currency are recorded in the Group's functional currency (euros) at the exchange rates in force at the time of the transaction. During the period, differences between the exchange rate recorded and the exchange rate in effect at the date of collection or payment are recorded as financial results in the income statement. The company has not changed the functional currency that is the euro during the year.

As of June 30, 2022, monetary assets and liabilities determined in foreign currency shall be measured by applying the closing exchange rate existing on that date. Exchange differences, both positive and negative, arising from this process shall be recognised in the profit and loss account for the period in which they occur.

3.9. Share capital

Ordinary holdings are classified as equity.

The incremental costs directly attributable to the issuance of new units or options are presented in equity as a deduction, net of tax, from the amounts obtained.

Own shares

The derivative acquisition of shares or own interests classified as equity instruments shall be recorded in equity at fair value, as a change in equity.

3.10. Stocks

Stocks are valued at their purchase price. The purchase price includes the amount invoiced by the seller, after deduction of any discount, price reduction or other similar items, and all additional expenses incurred until the goods are located for sale, such as transportation, customs duties, insurance and others directly attributable to the acquisition of stock.

Since the Company's stock does not need a period of time exceeding one year to be able to be sold, no financial expenses are included in the acquisition price.

The Group uses the weighted average cost for the allocation of value to stocks.

When the net realisable value of inventories is lower than their purchase price, appropriate valuation adjustments are made, recognizing them as an expense in the profit and loss account.

3.11. Income tax

Income tax expense or income includes the portion relating to current tax expense or income and the portion of deferred tax expense or income.

Current tax is the amount that the Group pays as a result of income tax assessments for a financial year. Deductions and other tax advantages in the amount of tax, excluding withholdings and payments on account, as well as compensable tax losses from previous years and actually applied in this one, result in a lower amount of current tax.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences that are identified as those amounts that are expected to be payable or recoverable arising from differences between the carrying amounts of assets and liabilities and their tax value, as well as negative tax bases pending set-off and credits for non-tax deductions. These amounts are recorded by applying to the corresponding temporary difference or credit the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect either the tax result or the accounting result and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered likely that the Group will have future tax gains against which to realize them.

Likewise, at the consolidated level, the differences that may exist between the consolidated value of an investee and its tax base are also considered. In general, these differences arise from the accumulated results generated from the date of acquisition of the investee, from tax deductions associated with the investment and from the difference in conversion, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognised unless, in the case of taxable differences, the investor can control the timing of reversal of the difference and in the case of deductible differences, if the difference is expected to revert in the foreseeable future and the enterprise is likely to have sufficient future tax gains.

Deferred tax assets and liabilities, arising from transactions with direct charges or credits to equity accounts, are also accounted for as equity consideration.

At each accounting close, the deferred tax assets recorded are reconsidered, making appropriate corrections to them to the extent that there are doubts about their future recovery. In addition, deferred tax assets not recorded on the balance sheet are valued at each closing and are recognised to the extent that they are likely to be recovered with future tax benefits.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets against current tax liabilities and where deferred tax assets and deferred tax liabilities are derived from income tax applicable to the same taxing authority, that fall on the same tax entity or subject, or different entities or tax subjects, which intend to settle current tax assets and liabilities for their net amount.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities, regardless of the expected date of completion or settlement.

3.12. Revenue and expenditure

The Group recognizes revenues from the ordinary development of its activity when there is a transfer of control of goods or services committed to customers.

For the accounting record of income, the Group follows a process consisting of the following successive stages:

- a) Identify the contract (or contracts) with the client, understood as an agreement between two or more parties that creates enforceable rights and obligations for them.
- b) Identify the obligation or obligations to be fulfilled in the contract, representative of the commitments to transfer goods or provide services to a client.
- c) Determine the transaction price, or consideration of the contract to which the Group expects to be entitled in exchange for the transfer of goods or the provision of services committed to the customer.
- d) Assign the transaction price to the obligations to be fulfilled, which must be carried out according to the individual sale prices of each different good or service that have been committed in the contract, or, where appropriate, following an estimate of the sale price when it is not independently observable.
- e) Recognize income from ordinary activities when the Group fulfills a committed obligation through the transfer of a good or the provision of a service; fulfillment that takes place when the customer obtains control of that good or service, so that the amount of income from ordinary activities recognized will be the amount assigned to the contractual obligation satisfied.

Recognition

The Group recognises revenue derived from a contract when control over the goods or services committed (i.e. the obligation(s) to be fulfilled is transferred to the customer.

For each obligation to be fulfilled that is identified, the Group determines at the beginning of the contract whether the commitment assumed is fulfilled over time or at a certain time.

Revenues from commitments that are fulfilled over time are recognised based on the degree of progress or progress towards full compliance with contractual obligations provided that the Group has reliable information to mediate the degree of progress. With regard to income from training courses, being mostly recorded courses, they are recognized at the initial moment regardless of the moment in which they are viewed.

In the case of contractual obligations that are fulfilled at a given time, the income derived from their execution is recognized on that date.

Fulfilment of the obligation over time

The Group transfers control of an asset over time when one of the following criteria is met:

- a) The client simultaneously receives and consumes the benefits provided by the Group's activity as it is carried out.
- b) The Group produces or improves an asset that the client controls as the activity develops.
- c) The Group produces a customer-specific asset without alternative use and the Group has an enforceable right to payment for the activity that has been completed to date.

Indicators of compliance with the obligation at a point in time

To identify the specific moment when the client gains control of the asset, the Group considers the following indicators:

- a) The client assumes the significant risks and benefits inherent in the ownership of the asset.
- b) The Group transfers physical possession of the asset.
- c) The client receives the asset in accordance with the contractual specifications.
- d) The Group has a right of payment for transferring the asset.
- e) The client has ownership of the asset.

Assessment

Revenue from the sale of goods and services is valued at the monetary amount or, where appropriate, at the fair value of the consideration received or expected to be received. The counterparty is the agreed price for the assets to be transferred to the client, deducting: the amount of any discount, price reduction or other similar items that the Group may grant, as well as the interest incorporated into the nominal of the loans.

According to the accrual principle, revenue is recorded with the transfer of control and expenditures are recorded when they occur, regardless of the date of collection or payment. In general, the Group has concluded that it acts on its own account in its revenue agreements, because it normally controls the goods or services before transferring them to the customer.

3.13. Related Party Transactions

Commercial or financial transactions with related parties are generally accounted for at the initial time at fair value, and their subsequent valuation is carried out in accordance with the provisions of the general accounting rules. Additionally, transfer pricing is adequately supported, so the Board of Directors considers that there are no significant risks in this aspect from which significant liabilities may arise in the future. The Group carries out all its transactions linked to market values.

3.14. Grants, donations or bequests received

Non-refundable grants, gifts and legacies shall initially be accounted for, in general, as income directly charged to equity and shall be recognised in the profit and loss account as income on a systematic and rational basis in a manner correlated with the expenses arising from the grant, gift or legacy.

Grants, gifts and bequests of a monetary nature shall be measured at the fair value of the amount awarded.

The imputation to results of subsidies, donations and legacies that have the character of non-refundable will be made according to their purpose.

For the purposes of their allocation to the profit and loss account, a distinction shall be made between the following types of grants, gifts and bequests:

- a) Where granted to ensure minimum profitability or to compensate for operating deficits: they shall be charged as revenue for the financial year in which they are granted, unless they are intended to finance operating deficits for future financial years, in which case they shall be charged to those financial years.
- b) Where granted to finance specific expenditure: they shall be charged as revenue in the same financial year in which the expenditure they are financing is accrued.
- c) When granted to acquire assets or cancel liabilities, the following cases can be distinguished:

- Assets of intangible fixed assets, tangible assets and real estate investments: they will be imputed as income for the year in proportion to the provision for the amortization made in that period for the aforementioned elements or, where appropriate, when they are disposed of, valuation correction for impairment or deregistration in the balance sheet.
- Inventories that are not obtained as a result of a commercial rappel: they will be imputed as income of the year in which they are sold, valuation correction for impairment or reduction in the balance sheet.
- Financial assets: they will be imputed as income for the year in which they are disposed of, valuation adjustment due to impairment or deregistration in the balance sheet.
- Cancellation of debts: they will be charged as income of the year in which such cancellation occurs, except when they are granted in relation to specific financing, in which case the allocation will be made according to the element financed.

(d) Monetary amounts received without earmarking shall be charged as revenue for the period in which they are recognised.

3.15. Business combination

In business combinations, the acquisition method is applied. The date of acquisition is the date on which the Group gains control of the acquired business.

The cost of the business combination is determined at the date of acquisition by the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent consideration that depends on future events or the fulfilment of certain conditions in exchange for control of the acquired business.

The cost of the business combination excludes any outlay that is not part of the exchange for the acquired business. Acquisition-related costs are known as expense as they are incurred.

The Group recognizes at the date of acquisition the assets acquired and the liabilities assumed at fair value. Therefore, the initial capital gains and losses of the consolidated company are incorporated in the terms set out, without being limited to the amount attributable to the participation of the group. Assumed liabilities include contingent liabilities to the extent that they represent present obligations arising from past events and their fair value can be measured reliably.

Income and expenses and cash flows from the acquired business are included in the consolidated financial statements from the date of acquisition. The excess between the cost of the business combination, plus the value assigned to external partners, over the corresponding value of the identifiable net assets of the acquired business is recorded as goodwill, if the acquisition has been recognised in the individual financial statements of the consolidated companies or as consolidation goodwill, whether the acquisition has been made in the consolidated financial statements.

External partners

External partners in subsidiaries acquired as of the transition date are recorded at the acquisition date by the percentage of interest in the fair value of identifiable net assets. External partners are presented in the equity of the consolidated balance sheet separately from the equity attributable to the parent company. The share of external partners in profits or losses for the period is also presented separately in the consolidated profit and loss account.

The participation of the Group and the external partners in the profits or losses and in the changes in the equity of the subsidiaries, after considering the adjustments and eliminations derived from the consolidation, is determined from the percentages of participation existing at the end of the year, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, of preferred shares with cumulative rights that have been classified in equity accounts.

The results and the income and expenses recognized in equity of the subsidiaries are allocated to the equity attributable to the parent company and to the external partners in proportion to their

participation, even if this implies a debit balance of external partners. Agreements entered into between the Group and external partners are recognized as a separate transaction.

3.16. Provisions and contingencies

Liabilities that are uncertain as to their amount or the date on which they will be cancelled are recognised in the balance sheet as provisions when the Group has a current obligation (whether by law, contractual or implied or implied obligation) arising as a result of past events, which is considered likely to result in an outflow of resources for settlement and which is quantifiable.

Provisions are measured at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation to a third party, recording the adjustments arising from the update of the provision as a financial expense as they accrue. In the case of provisions with a maturity of less than or equal to one year, and the financial effect is not significant, no discount is made. Provisions are reviewed at the closing date of each balance sheet and are adjusted to reflect the current best estimate of the corresponding liability at any given time.

The compensation to be received from a third party at the time of settling the provisions is recognized as an asset, without reducing the amount of the provision, provided that there is no doubt that such reimbursement will be received, and without exceeding the amount of the obligation recorded. When there is a legal or contractual relationship externalizing the risk, by virtue of which the Group is not obliged to respond to it, the amount of such compensation is deducted from the amount of the provision.

On the other hand, contingent liabilities are considered to be those possible obligations, arising as a result of past events, whose materialization is conditioned on the occurrence of future events that are not entirely under the control of the Group and those present obligations, arising as a result of past events, for which it is not likely that there will be an outflow of resources for liquidation or that cannot be measured with sufficient reliability. These liabilities are not subject to accounting record, detailing them in the memory, except when the output of resources is remote.

3.17. Heritage elements of an environmental nature

Expenses related to the activities of decontamination and restoration of contaminated sites, waste disposal and other expenses derived from compliance with environmental legislation are recorded as expenses of the year in which they occur, unless they correspond to the cost of purchasing elements that are incorporated into the Group's assets in order to be used on a lasting basis, in which case they are accounted for in the corresponding items under the heading "Property, plant and equipment", being amortized with the same criteria.

Note 4. Consolidation of subsidiaries

The consolidated interim financial statements have been prepared by applying the global integration method determined in Chapter III of RD 1159/2010 of 17 September, which approves the Standards for the Formulation of Consolidated Annual Accounts and the amendments contained in RD 602/2016 of 2 December and RD 1/2021 of 12 January.

Note 5. Consolidation Goodwill

Acquisition of Zona Value Global, S.L., Substrate AI Spain, S.L. and Substrate AI USA Inc.

The consolidation goodwill arises from the acquisition of the subsidiaries Zona Value Global, S.L. and Substrate AI Spain, S.L. and Substrate AI USA Inc. for an amount of 23,800,000.00 euros, giving rise to a provisional consolidation goodwill for an amount of 23,483,951.58 euros as a result of the difference between the consideration transferred and the assets acquired and liabilities assumed at fair value on the date of acquisition. Since the different acquisitions are highly interrelated since one depended on the other and the determined price was conditional, everything

has been considered as a single business combination. There is no variable or contingent price on the amount of such a transaction.

The date of takeover was June 30, 2021, however, since transactions between that date and the beginning of the year were not considered significant for accounting purposes, except for the effect of depreciation that has been considered the acquisition date, January 1, 2021 was considered as the acquisition date.

After the 12-month period for adjusting values indicated at the lower point based on the accounting rules applicable to business combinations, goodwill is as follows as of June 30, 2022:

(Euros)	
Consideration for the acquisition (contribution other than in cash – see Note 11) (A)	23.800.000,00
Fair value of identified net assets acquired as of 01.01.2021 (B)	396.048,42
Goodwill (excess of the cost of the combination over the fair value of the net assets acquired) (A-B)	23.403.951,58

The Directors of the parent company considered that the fair market value of the assets and liabilities assumed in the business combination described above did not differ materially from their book values.

Acquisition of Kau Market EAFI, S.L. and AI Saivers LLC

The companies Kau Market EAFI, S.L. and AI Saivers LLC, were acquired at the end of 2021 for an amount of 80,000 and 16,731.41 euros respectively, arising from this sale a negative consolidation difference, which has been imputed within the Profit and Loss account for the year ended December 31, 2021 for an amount of 166,664.59 euros. The Directors of the parent company have considered that they are operations different from the one described above and have reassessed that the value of the net assets acquired are higher than the cost of the transaction, producing an advantageous purchase.

Acquisition of Cuarta Dimensión Médica, S.L.

On February 25, 2022, the parent company has acquired 70% of Cuarta Dimensión Médica, S.L. for an amount of 1,400,000.00 euros, of which 300,000.00 euros have been via non-monetary contribution, delivering shares of the parent Company. There is no variable or contingent price on the amount of such a transaction. However, since transactions between that date and 30 April 2022 were not considered significant for accounting purposes, 30 April 2022 has been considered as the acquisition date.

The Directors of the parent company have considered that the fair market value of the assets and liabilities assumed in the business combination described above does not differ materially from their book values. In any case, in accordance with the provisions of the accounting standard of "business combinations", the Group has a period of twelve months after the acquisition to adjust the value of the assets and liabilities acquired. However, the Directors of the parent company do not expect the value of goodwill recognised to differ significantly.

The quantification of this initial goodwill corresponds to the following calculations.

(Euros)	
Consideration for the acquisition (A)	1.400.000,00
Fair value of identified net assets acquired as of 30.04.2022 (B) – 70%	217.069,99
Goodwill (excess of the cost of the combination over the fair value of the net assets acquired) (A-B)	1.182.930,01

Based on all of the above, the movement of the year 2022 as well as the net book value of the consolidation goodwill is as follows:

(Euros)	Balance		Low	Balance
	31.12.21 (*)	Additions		30.06.22
Consolidation Goodwill	23.483.951,58	1.182.930,01	(80.000,00)	24.586.881,59
Accumulated Amortization	(1.170.197,58)	(1.189.914,46)	-	(2.360.112,04)
Deterioration	-	(9.324.072,01)	-	(9.324.072,01)
Net Book Value	22.313.754,00			12.902.697,54

(*) The figures for 31 December 2021 have been amended based on the restatement described in note 2(e).

During the first six months of 2022, there has been a progressive deterioration in general economic conditions as a result of persistently high inflation rates over time, which have led to a progressive increase in interest rates, supply chain tensions and rising energy costs, circumstances in many cases derived from a war in Ukraine, which seems to be prolonged in time, and that will very possibly lead to a scenario of economic recession in the coming months.

In this context and despite the fact that the Artificial Intelligence business mainly affects costs and therefore takes advantage of complex environments to grow, the Board of Directors of Substrate Artificial Intelligence, S.A has wanted to follow a principle of prudence, and has adopted the following decisions:

- A. Dismiss corporate acquisitions that enable the growth of the implementation of artificial intelligence in new verticals to focus the Group's work on organic growth in those areas in which it is already present.
- B. To approve new projections for 2022 and 2023 based solely on this organic growth as a result of the development of current businesses and the placing on the market of new Artificial Intelligence software as a service (Saas) services in which the Group is working, having also reevaluated the estimates for the following years.

Taking into account all of the above and in order to carry out the corresponding Impairment Test of Consolidation Goodwill, the Group has proceeded to update the financial projections of the businesses that gave rise to said Goodwill, using the cash flow discount method.

For this reason and following the principle of prudence, the parent company has decided, based on the update of the aforementioned projections, to deteriorate the goodwill arising from these corporate operations by 9,324 thousand euros despite the fact that recently and prior to the listing on the stock market, in March 2022 the firm Grant Thornton Advisory. S.L.P. prepared a valuation report of the shares of Substrate AI as of December 31, 2021 for an amount of 95,153 thousand euros, including in said valuation the capital increase for an amount of 7,664 thousand euros carried out in March 2022.

This decision will reduce by approximately 920 thousand euros the amount of goodwill that needs to be amortized annually and, therefore, will have an impact on a greater net profit once the business plan evolves as planned.

In general terms, the main assumptions considered by the Group for the calculation of the present value of the average expected flows for the period 2022 - 2026 have been the following:

Hypothesis	Goodwill for the acquisition of Zona Value Global, S.L., Substrate AI Spain, S.L. and Substrate AI USA Inc.	Goodwill for the acquisition of Cuarta Dimensión Médica, S.L.
Duration of screenings	2026	2026
Discount rate	12-20%	10-15%
Growth rate in perpetuity	1-3%	1-3%

In specific terms, the key assumptions for the calculation of value in use have been the following:

- Do not contemplate new corporate acquisitions or investments in relevant CAPEX.
- Sales / market share: Saas businesses are cumulative businesses, sales of one year generate revenue all other years through monthly usage licenses, that is, they are finally subscription businesses. Some businesses will be developed by the Group and others through the sale of licenses, which makes it easier to obtain customers quickly. Across all businesses, it is projected to achieve very low market shares, which will allow for ample future growth beyond 2026 as more share is gained.
- EBITDA: EBITDA margins are expected to be achieved in the medium term in line with the Saas services sector.
- Discount rate: Discount rates reflect Management's estimate of sector-specific risk. This is the benchmark used by management to evaluate operational development and future investment proposals.

Based on these estimates and considering the assumptions of both economic and financial developments and the forecasts of future cash flows, they would allow the resulting net book value of goodwill to be recovered as of June 30, 2022.

Note 6. External partners

The balance of external partners as of June 30, 2022 corresponds to the percentage of real participation of the same that amounts to 10% of the net assets of the Companies Airen Ai For Renewable Energy, S.L. and Boalvet AI, S.L as well as 30% of Cuarta Dimensión Médica, S.L. The movement of external partners is as follows:

(Euros)	30.06.2022	31.12.2021
Opening balance	(20.209,47)	-
Business combination effect (Note 5)	92.370,97	599,81
Results for the period attributable to external partners	18.290,87	(20.809,28)
Final balance	90.452.37	(20.209.47)

Note 7. Intangible fixed assets.

The movement in this chapter of the attached balance sheet is as follows:

(Euros)	Opening balance	Tickets	Outputs	Final balance
30.06.2022				
Cost				
Development	837.062,10	395.129,63	(103.427,14)	1.128.764,59
Industrial property	202.177,85	5.481,05	(44.395,53)	163.263,37
Goodwill	6.100.000,00	-	-	6.100.000,00
Computer applications	232.850,65	1.968,75	(122.215,58)	112.603,82
Other fixed assets	83.517,57		(83.517,57)	-
	83,517,57			-
Total cost	7.455.608,17	402.579,43		7.504.631,78
Accumulated depreciation				
Development	(8.357,74)	(262.766,63)	-	(271.124,37)
Industrial property	(11.087,05)	(9.551,72)	5.919,39	(14.719,38)
Goodwill	(203.333,00)	(304.999,98)	-	(508.332,98)
Computer applications	(81.468,62)	(19.515,12)	19.110,78	(81.872,96)
Other fixed assets	(4.177,59)	-	-	(4.177,59)
Total depreciation	(308.424,00)	(596.833,45)	25.030,17	(880.227,28)
Total deterioration	-	(2.210.058,72)	-	(2.210.058,72)
NET BOOK VALUE	7.147.184,17			4.414.345,78

(Euros)	Opening balance	Tickets	Outputs	Final balance
31.12.2021				
Cost				
Development	379.293,60	457.768,50	-	837.062,10
Industrial property	44.395,53	157.782,32	-	202.177,85
Goodwill	-	6.100.000,0	-	6.100.000,0
Computer applications	134.282,87	98.796,80	(229,02)	232.850,65
Other fixed assets -	-	83.517,57		83.517,57
Total cost	557.972,00	6.897.865,19	(229,02)	7.455.608,17
Accumulated depreciation				
Development	-	(8.357,74)	-	(8.357,74)
Industrial property	-	(11.087,05)	-	(11.087,05)
Goodwill	-	(203.333,00)	-	(203.333,00)
Computer applications	(23.868,36)	(57.900,26)	-	(81.468,62)
Other fixed assets		(4.177,59)		(4.177,59)
Total depreciation	(23.568,36)	(284.855,64)		(308.424,00)
NET VALUE	534.403,64			7.147.184,17

There have been no investments outside Spanish territory during the year 2022. During 2021, one of the Group's companies received a subsidy related to intangible fixed assets for an amount of 170,423.24 euros as detailed in note 15.

In 2022, acquisitions of intangible fixed assets have been made, amounting to 402,579.43 euros, of which 395,129.63 euros correspond to work carried out by the Group's companies for their assets.

The goodwill arose from the acquisition of two productive units by the Company Dominant in May 2021. The acquisition of these production units generated goodwill amounting to 5,500,000 and 600,000 euros respectively, with a liability for such acquisitions as of December 31, 2021 of 4,500,000 euros.

These acquisitions are considered two independent business combinations between them, with the fair value of the net assets at the time of acquisition being close to zero, having determined the price of the transaction based on future cash flows that could be generated by customers and web domains that these productive units already had. These goodwill have started to be amortized since September 30, 2021, at which time they have been put into operation and were in a position to do so.

The Parent Company has carried out an impairment test in accordance with the business plans and updated information on business performance and has decided:

- Record an impairment of 2,210 thousand euros in line with the performance of the business acquired from Summon Press and with the claims opened against the selling company, Summon Press SL whose breach of contract has generated damage to the value of goodwill.
- Not to register any impairment to goodwill arising from the acquisition of the Hexenebel production unit that has successfully passed the impairment test.

The main assumptions considered when determining recoverable value have been the following:

Hypothesis	Production unit A (intangible of 600,000.00 euros)	Productive unit B (intangible of 5,500,000.00 euros)
Duration of screenings	2026	2026
Discount rate	8 - 12%	8 - 12%
Growth rate in perpetuity	0,5 - 2%	0,5 - 2%

According to the estimates made, considering both conservative economic and financial evolution assumptions, the forecasts of future cash flows allow the net book value of said goodwill recorded as of June 30, 2022 to be recovered.

The patents in progress, which are pending registration as of June 30, 2022, are as follows:

Title	Status of the case
METHODS AND APPARATUS FOR AUTOMATING LIVESTOCK MANAGEMENT INTENSIVE MILK PRODUCER TO PRODUCE A PRODUCT CUSTOMIZED BASED ON END USE USING MACHINE LEARNING	Application prepared and under review
METHODS AND APPARATUS FOR ADAPTIVELY OPTIMISING THE MIXING OF FEED AND DRUG SELECTION THROUGH LEARNING AUTOMATIC TO OPTIMIZE THE REPRODUCTION RATE OF ANIMALS	Application prepared and under review
METHODS AND APPARATUS FOR ADAPTIVELY OPTIMISING THE MIXING OF FEED AND DRUG SELECTION THROUGH LEARNING AUTOMATIC TO OPTIMIZE MILK PRODUCTION AND ANIMAL HEALTH	Application prepared and under review
SYSTEMS AND METHODS FOR EFFICIENTLY IMPLEMENTING STATES HIERARCHICAL IN MACHINE LEARNING MODELS USING REINFORCEMENT LEARNING	Application prepared and under review
METHODS TO AUTOMATICALLY ADJUST HYPERPARAMETERS OF THE REINFORCEMENT LEARNING USING HYPERPARAMETER MODELS THAT THEY USE THE REWARD SIGNAL OF THE SHARPE RELATIONSHIP TO OPTIMIZE RISK-ADJUSTED RETURNS BY THE AGENT OVER TIME	Preparing application
METHOD FOR LEARNING THE AGENT'S BEHAVIOR REPERTOIRE REINFORCEMENT LEARNING USING OPTIONS	Ongoing development
APPARATUS AND METHODS FOR A LEARNING AGENT ARCHITECTURE OF INTEGRATED MULTIMODEL STRATEGIES WITH AFFECT-DRIVEN BEHAVIOR	Provisional expired *
METHOD FOR PRE-TRAINING THE REINFORCEMENT LEARNING AGENT FROM TABULAR DATA AND EXAMPLES OF IMPERFECT ACTIONS OF EXPERTS WHEN SIMULATED ENVIRONMENT IS NOT AVAILABLE	Under review

METHOD FOR CREATING A SYSTEM OF LEARNING IMAGINATION BY REINFORCEMENT THROUGH SYNTHETIC STATE-ACTION TRANSITIONS AND THEIR ASSOCIATED REWARD SIGNALS AND FACILITATE THE PLANNING OF THE AGENT AND THE CREATION OF OPTION CANDIDATES	Ongoing development
METHOD TO AUTOMATICALLY DETECT AND ADJUST BEHAVIOR OF THE REINFORCEMENT LEARNING AGENT BASED ON AN OBJECTIVE SIGNAL MULTIPLE INCLUDING THE VALUE OF THE BIAS SIGNAL	Ongoing development
METHOD FOR EXTRACTING OPTIONS FROM THE DEMO EXPERIENCE AND INITIALIZE AGENTS WITH THE OPTIONS LEARNED TO SUPPORT THE DEMONSTRATOR TRANSFER LEARNING	Ongoing development
METHOD FOR REDUCING MODEL DATA FOR INCLUSION IN THE DQN APPROXIMATOR BY CONSTRUCTING A STATISTICAL ESTIMATION OF EMPTY VALUES	Ongoing development
METHOD FOR PRE-TRAINING A REINFORCEMENT LEARNING AGENT BASED ON TABULAR DATA AND EXAMPLES OF IMPERFECT EXPERT ACTIONS WHEN A SIMULATED ENVIRONMENT IS NOT AVAILABLE	Ongoing development
APPARATUS AND METHOD FOR THE MANAGEMENT OF DATABASES OF MODELS OF MACHINE LEARNING	Interim draft sent to B. Worth for review

*Despite being expired, it is recoverable in the future

Note 8. Property, plant and equipment.

The movement in this chapter of the attached balance sheet is as follows:

(Euros)	Opening balance	Tickets	Outputs	Perimeter variation	Final balance
30.06.2022					
Cost					
Constructions	5.500,00	-	-	-	5.500,00
Machinery	1.152,14	-	-	7.205,00	8.357,14
Other facilities	90.290,98	37.415,91	(76.940,13)	-	50.766,76
Furniture	9.293,30	22.097,73	-	1.747,20	33.138,23
Information processing equipment	34.858,09	5.101,08	(7.534,63)	1.114,88	33.539,42
Other fixed assets	3.450,50	-	(487,88)	111.420,37	114.382,99
Fixed assets in progress	17.233,50	-	-	-	17.233,50
Total cost	161.778,51	64.614,72	(84.962,64)	121.487,45	262.918,04
Accumulated depreciation					
Constructions	(91,45)	(550,02)	-	-	(641,47)
Machinery	(650,56)	(86,64)	-	(1.368,95)	(2.106,15)
Other facilities	(22.957,39)	(6.557,35)	15.081,61	-	(14.433,13)
Furniture	(1.387,32)	(1.522,94)	-	(1.746,85)	(4.657,11)
Information processing equipment	(19.213,28)	(3.574,94)	-	(892,23)	(23.680,45)
Other fixed assets	(579,78)	-	232,93	(67.500,84)	(67.847,69)
Total depreciation	(44.879,78)	(12,291,89)	15,314,54	(71,508,87)	(113,366,00)
NET VALUE	116,898,73				149,552,04

(Euros)	Opening balance	Additions	Retreats	Final balance
31.12.2021				
Cost				
Constructions	-	5.500,00	-	5.500,00
Machinery	1.152,14	-	-	1.152,14
Other facilities	90.290,98	-	-	90.290,98
Furniture	26.495,23	6.109,07	(23.311,00)	9.293,30
Inf. processing equipment	23.277,46	13.340,49	(1.759,86)	34.858,09
Other fixed assets	566,95	2.883,55	-	3.450,50
		17.233,50	-	17.233,50
	141.782,76	45.066,61	(25.070,86)	161.778,51
Accumulated depreciation				
Constructions	-	(91,45)	-	(91,45)
Machinery	(477,27)	(173,29)	-	(650,56)
Other facilities	(10,665,56)	(12,291,83)	-	(22,957,39)
Furniture	(13,989,02)	(581,09)	13,182,79	(1,387,32)
Information processing equipment	(13,258,74)	(6,285,47)	330,93	(19,213,28)
Other fixed assets	(566,95)	(12,83)	-	(579,78)
Total depreciation	(38.957,54)	(19.435,96)	13.513,72	(44.879,78)
NET VALUE	102.825,22			116.898,73

There have been no investments outside Spanish territory during the year 2022. There have been no subsidies related to property, plant and equipment in 2022.

In 2022, acquisitions of property, plant and equipment have been made, amounting to 186,102.17 euros, of which 121,487.45 euros come from the acquisition of Cuarta Dimensión Médica, S.L. described in note 5.

In 2022, no valuation adjustment for impairment of property, plant and equipment has been recognised or reversed.

The companies of the group have contracted insurance policies to cover the risks that are subject to the assets of property, plant and equipment.

As of June 30, 2022, the companies of the group do not have fully amortized tangible fixed assets.

Note 9. Operating leases

The operating leases correspond to contracts for the rental of the offices in which the group carries out the activity for an amount of 60,745.26 euros as of June 30, 2022. During the 2021 financial year, the amount of the group's leases amounts to € 48,201.19, being at June 30, 2021 the amount of € 19,385.99.

The minimum future payments for offices and offices are broken down as follows:

(EUR)	1 year	From 1 to 5 years	+5 years
Minimum future payments	81.948,00	310.000,00	-

This information is obtained from the contracts in our possession and taking into account the current maturities and the agreed rents, being the intention of the company and the lessors to renew said contracts for periods similar to those initially contracted, provided that there is no cause that prevents it.

Note 10. Financial instruments

10.1 Categories of financial assets

The breakdown of current and non-current financial assets as of June 30, 2022 classified by category and maturities is as follows (loans with the Public Treasury are not included):

(Euros) Tuition	Long-term financial instruments		Short-term financial instruments	
Categories	Instrument equity	Credits, derivatives and other	Credits, derivatives and others	Total
30.06.2022				
Financial assets at amortised cost	-	358,393.83	714,572.91	1,072,966.74
Financial assets at cost	30,000.00	-		30,000.00
Total	30,000.00	358.393,83	714,572.91	1,102,966.74

31.12.2021

Financial assets at amortised cost	-	154.346,39	671.093,72	825.440,11
Financial assets at cost	830.000,00	-	-	830.000,00
Total	830.000,00	154.346,39	671.093,72	1.655.440,11

The category of financial assets at amortised cost is composed of:

(Euros)	30.06.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Loans disbursed	333,619.19	18,296.90	140,024.75	392,973.77
Customers for sales and provision of services	-	659,575.64	-	247,652.28
Miscellaneous debtors	-	18,718.45	-	5,207.41
Staff	-	6,427.92	-	3,707.52
Bonds and deposits and others	24.774,64	11.554,00	14.321,64	21.552,74
Total	358.393,83	714.572,91	154.346,39	671.093,72

The increase in the heading "customers for sales and provision of services" compared to December 31, 2021 comes mainly from the acquisition of Cuarta Dimensión Médica, S.L. described in note 5. Long-term bonds and deposits are due in 2024. The credits delivered are due in 2026.

There are no credits of which their collection is doubted.

The financial assets at cost as of December 31, 2021 correspond to the foundational endowment contributed for the constitution of the Zona Value Foundation for an amount of 30,000 euros and to the purchase of 10% of the Company Assistacasa S.L. for an amount of 3,600,000 euros, of which 2,800,000 euros were pending payment as of December 31, 2021, part of which have been offset in the capital increase in 2022 (see Note 11). In 2022, the purchase contract described above has been terminated, generating a loss of 323,160.80 euros, being recorded under the heading "Impairment and profit from disposals of financial instruments" of the consolidated profit and loss account as of June 30, 2022. Likewise, this heading records a financial income from the sale of shares to third parties amounting to 330,566.43 euros.

Cash and cash equivalents as of June 30, 2022 amount to €1,032,027.00 (€267,711.14 as of December 31, 2021).

10.2 Categories of financial liabilities

The breakdown of current and non-current financial liabilities at the end of the year classified by categories and classes is as follows (debts to the Public Treasury are not included):

(Euros)	Clases	Instrumentos financieros				TOTAL
		Instrumentos financieros a largo plazo		Instrumentos financieros a corto plazo		
Categorías	Derivados y otros	Deudas con entidades de crédito y entidades financieras	Derivados y otros	Deudas con entidades de crédito y entidades financieras	Derivados y otros	Deudas con entidades de crédito y entidades financieras
30.06.2022						
Pasivos financieros a coste amortizado	415.275,71	596.403,03	812.151,47	23.404,57	1.227.427,18	619.807,60
Total	415.275,71	596.403,03	812.151,47	23.404,57	1.227.427,18	619.807,60

31.12.2021

In 2022, the parent company has formalized a loan with a financial institution for an amount of 700,000.00 euros, maturing in 2029 and at an interest rate of 12 months Euribor + 3.25%. This loan

(Euros)	2024	2025	2026	2027	2028 and beyond	Total
<u>Debts owed to credit institutions</u>	<u>92.233,13</u>	<u>96.154,56</u>	<u>100.242,75</u>	<u>104.504,72</u>	<u>203.267,87</u>	<u>596.403,03</u>

The class derivatives and others presents the following detail:

(Euros)	30.06.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Deposits received for capital increases	-	-	-	-
Credits received	411.480,00	339.497,97	429.964,00	4.642,140,73
Grants awarded	-	-	-	200.000,00
Financial leases	3.795,71	91.499,44	-	-
Suppliers for purchases and provision of services	-	297.339,43	-	124.127,87
Other miscellaneous creditors	-	49.130,26	-	33.640,84
Personnel	-	101,52	-	(286,63)
Customer advances	-	34.582,85	-	(6.529,86)
	415.275,71	812.151,47	429.964,00	4.993.092,95

Loans received in the long term have a fixed maturity of 2026 while deposits received in the long term do not have an estimated date of realization.

Part of the short-term financial liabilities that appeared as at 31 December 2021 for the acquisition of a productive unit (see note 7) have been capitalized (see note 11).

Financial expenses from financial liabilities in the 6-month period ended June 30, 2022 amounted to €7,092.33 (€4,819.06 as of June 30, 2021).

The credits received reflected in current liabilities relate mainly to the purchase of the business units described in Note 7.

10.3 Information on the nature and level of risk from financial instruments:

- Credit risk: Credit risk represents the losses that the group would suffer in the event that any counterparty breaches its contractual payment obligations with it. This risk is reduced, due to the method of collection required of its customers.
- Liquidity risk: Liquidity risk in the Group's financial assets would exist in the event that the Group invested in small-cap securities or in financial markets with a small size and limited trading volume, which could deprive the investments of liquidity. Management regularly monitors the Group's liquidity forecasts based on expected cash flows. The Group is seeking alternative ways to obtain additional sources of funding if necessary (see footnote 17).
- Market risk: Market risk represents the Group's losses as a result of adverse movements in market prices. The most significant risk factors could be grouped into the following:
 - o Interest rate risk: Because both debts and interest rates on the group's indebtedness are low, interest rate risk is minimal.
 - o Exchange rate risk: the group at closing has no financial assets or liabilities in currencies other than the euro, so it is not exposed to risk from exchange rate fluctuations.
 - o Price risk of shares or stock indices: Investing in equity instruments means that the group's profitability could be affected by the volatility of the markets in which it could be invested. As the Group does not invest significantly in listed equity instruments, it is not exposed to this price risk.

10.4 Information on payment deferrals made to suppliers

In accordance with Law 15/2010, of July 5, there is the "Duty of information" in the annual accounts, on payment deferrals to suppliers and by Resolution of January 29, 2016 of the Institute of Accounting and Audit of Accounts is resolved on the information to be incorporated in the report of the annual accounts in relation to the average period of payment to suppliers in commercial operations.

This information is detailed below:

	30.06.2022	31.12.2021
	Days	Days
Average period of payment to suppliers	20	11
Ratio of paid trades	20	11
Ratio of operations pending payment	21	12
	<u>Amount (euros)</u>	<u>Amount (euros)</u>
Total payments made	3.483.474,82	16.892.432,55
Total outstanding payments	325.434,47	157.768,71

Note 11. Consolidated equity and equity.

The share capital of the parent company as of December 31, 2021 was €2,028,976.80, divided into 20,289,768 shares with a par value of €0.1 each, fully subscribed and paid-up. As of June 30, 2022, the share capital of the parent company amounts to €2,206,882.80 (€0.1 par value each). All shares are of the same class, grant the same rights and are subject to trading on BME Growth.

During 2021, the parent company carried out several capital increases through the monetary contribution and capitalization of debts for amounts of 500,000 euros and 27,181,750 euros, respectively. Of the debt capitalization, much of it was due to the acquisition described in Note 5. These increases have meant a total increase of 2,025,526.80 euros of capital and 25,656,223.20 euros of issue premium.

In March 2022, prior to the listing on the stock market, the shareholders of the parent company have carried out a capital increase of 177,906.00 euros, with an issue premium of 7,486,344.00 euros, of which 5,004,000.00 euros have been for credit compensation (see notes 10.1 and 10.2) and the rest, 2,660,250.00 euros of monetary contribution.

The capital increases described above are registered in the Commercial Register.

Taking into account the capital increases described above, the issue premium amounts to 34,142,267.20 euros (26,655,923.20 euros as of December 31, 2021) as of June 30, 2022).

Own shares

As of June 30, 2022, the parent company holds 391,233 shares at €1.55 per share, based on its listing value on the BME Growth at that date.

The difference between the quoted value at the time of its acquisition and at the close of the interim financial statements has meant a reduction in reserves amounting to 964,367.32 euros, having been recorded as of June 30, 2022.

Reserves dependent companies and other reserves

The composition of the reserves is as follows:

(Euros)	30.06.2022	31.12.2021
Legal reserve of the parent company	600,00	600,00
Other reserves of the parent company	(1.379.315,53)	32.519,28
<u>Reserves of subsidiaries</u>	<u>(467.544,77)</u>	-
<u>Total</u>	<u>(1.846.260,30)</u>	<u>33.119,28</u>

The amount reflected as "other movements" in the statement of changes in consolidated equity in the six-month period ended June 30, 2022 corresponds mainly to the non-activation of development expenses from the previous year.

The composition of the reserves of the subsidiaries is as follows:

(Euros)	30.06.2022	31.12.2021
Airen AI for renewable energy, S.L..	(193,850.95)	-
Substrate AL Spain, S.L.	(217.307,99)	-
AI Saivers, LLC	(59.305,78)	-
Substrate AI USA, Inc.	(12.138,79)	-
Zona Value Global, S.L.	(228,37)	-
Kau Markets EAFI, S.L.	14.652,65	-
<u>Boalvet AI, S.L.</u>	<u>634,46</u>	-
<u>Total</u>	<u>(467.544,77)</u>	<u>-</u>

The item Negative results of previous years amounting to 1,643,405.05 euros (negative at 472,604.78 euros as of December 31, 2021), corresponds to the losses attributable to the parent company of previous years.

According to the Consolidated Text of the Capital Companies Law, a figure equal to 10% of the profit for the year must be allocated to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may be used to increase the capital by the part of its balance that exceeds 10% of the capital already increased.

The legal reserve, as long as it does not exceed the limit indicated, may only be used to compensate for losses if there are no other reserves available sufficient for this purpose.

As of June 30, 2022, the legal reserve of the parent company is not fully constituted in accordance with the previous paragraph.

Result by company

The contribution of each company included in the scope of consolidation to the profit attributed to the parent company is as follows:

(Euros)	30.06.2022	30.06.2021
Substrate Artificial Intelligence, S.A. (including consolidation adjustments)	(14,363,447.37)	(253,940.14)
Airen AI for renewable energy, S.L.	(173,198.91)	-
Substrate AL Spain, S.L.	(71,107.03)	-
AI Saivers, LLC	(145,176.89)	-
Substrate AI USA, Inc.	(1,973.41)	-
Zona Value Global, S.L.	(655,83)	-
Kau Markets EAFI, S.L.	56,106.70	-
Boalvet AI, S.L.	(14.134,92)	-
Cuarta Dimensión Médica, S.L.	91.246,73	-
<u>Totals</u>	<u>(14,622,340.93)</u>	<u>-</u>

Note 12. Foreign currency

As of June 30, 2022, the Group had expenses in foreign currency of 149,995.99 US dollars, equivalent to 143,512.00 euros, being at June 30, 2021 59,016.95 US dollars, equivalent to 47,898.16 euros. As of June 30, 2022, the total sales in foreign currency made by the group amount to 10,889.01 US dollars, 937.08 Mexican dollars, and 248,911.39 Colombian pesos, equivalent to 10,519.78 euros.

Positive exchange differences in the result for the year amounting to 25,622.22 euros have been recognized.

Note 13. Fiscal situation

13.1. The balances with public administrations as of June 30 are as follows:

(Euros)	30.06.2022		31.12.2021	
	Not current	Stream	Not current	Stream
Deferred tax assets	265.040,36	-	301.990,61	-
Current tax assets	-	15.752,90	-	15.752,90
Other credits with the Public Administrations	-	393.732,46	-	365.798,79
Total	265.040,36	409.485,36	301.990,61	381.551,69
Deferred tax liabilities	3,962,05	-	-	-
Current tax liabilities	-	94.758,51	-	234,98
Other debts owed to general government	-	290.205,89	-	115.093,38
Total	3,962,05	384.964,40	-	115,328,36

The balance reflected as "other credits with the Public Administrations" of current assets corresponds mainly to the concept of VAT and a subsidy maintained by a dependent company pending collection as of June 30, 2022.

The balance reflected as "other debts with the Public Administrations" of current liabilities corresponds mainly to Personal Income Tax and Social Security.

In relation to deferred taxes, the detail and movement produced during the year is as follows:

(Euros)	30.06.2022	31.12.2021
Deferred tax assets		
Deductible temporary difference assets	8.345,31	108.863,54
Right of deduction	-	-
Loss claims to be offset	256.695,05	193.990,61
Total	265.040,36	301.990,61
Deferred tax liabilities		
Temporary differences	3.962,05	-
Total	3.962,05	-

The negative tax bases generated by the parent company in 2022, by a prudential criterion, have not been capitalized, considering that the conditions for this are not met.

Note 14. Income and expenditureBusiness segments

The Group is developing the implementation of artificial intelligence in different lines of business, but to date it is in an incipient phase, so the information by segments is not relevant.

Net turnover

The composition of this item of the profit and loss account for the six-month period ended 30 June is as follows:

(Euros)	30.06.2022	30.06.2021
National business	974.649,35	368.717,92
Intra-Community business	252.961,22	55.253,60
Business export	18.152,20	14.559,37
Total	1.245.762,77	438.530,89

Staff costs

The composition of this item of the profit and loss account for the six-month period ended 30 June is as follows:

(Euros)	30.06.2022	30.06.2021
Wages, wages and the like	1.103.821,55	429.000,83
Social security at the expense of the company and other social expenses	189.278,98	82.812,37
Total	1.293.100,53	511.813,20

External services

The composition of this item of the profit and loss account for the six-month period ended 30 June is as follows:

(Euros)	30.06.2022	30.06.2021
Leases and royalties	62.117,82	19.627,19
Repairs and maintenance	10.249,86	108,79
Independent Professional Services	346.780,79	207.343,70
Transport	8.412,02	405,90
Insurance premiums	2.457,36	424,23
Bank fees	5.947,94	1.195,35
Advertising, propaganda and public relations	204.708,77	150.096,14
Supplies	21.316,04	12.181,15
Other operating expenses	342.258,69	57.484,00
Total	1.004.249,29	448.866,45

Note 15. Grants, donations and bequests

The Group obtained subsidies during the year in 2021 amounting to 170,423.24 euros and 14,030 euros granted by the Institute of Foreign Trade and by the Ministry of Finance and Economic Model of the Generalitat Valenciana, respectively. These grants are financing a development project, being charged to the profit and loss account annually based on the amortization criterion of the associated asset. The amount as of June 30, 2022 amounts to 153,380.90 euros (178,841.25 euros as of December 31, 2021).

Note 16. Related parties.

All significant balances held at year-end between consolidated entities and the effect of transactions between them over the period have been eliminated in the consolidation process.

However, the Group maintains significant balances in the consolidated balance sheet with related parties. Related parties are considered to be shareholders and direct partners of the Group (including minority shareholders) as well as the Directors of the Parent Company and the key management personnel of the Group and relatives close to the aforementioned and related companies to them, and those investee companies consolidated by the participation method.

(Euros)	SALDOS DEUDORES			
	Instrumento de patrimonio	Créditos entregados	Cientes	Crédito ampliación de capital
30.06.2022				
FUNDACIÓN ZONA VALUE (Empresa del grupo)	30.000,00	-	-	-
SUBSTRATE UNIPESSOAL (Otra parte vinculada)	-	100.983,93	60.000,00	-
IJANA FILMS (Otra parte vinculada)	-	11.000,00	26.504,00	-
KAU SITUACIONES ESPECIALES (Otra parte vinculada)	-	50.034,82	-	-
TOTAL	30.000,00	162.018,75	86.504,00	-
31.12.2021				
FUNDACIÓN ZONA VALUE (Empresa del grupo)	30.000,00	-	-	-
SUBSTRATE UNIPESSOAL (Otra parte vinculada)	-	68.989,93	60.000,00	-
IJANA FILMS (Otra parte vinculada)	-	11.000,00	26.504,00	-
KAU SITUACIONES ESPECIALES (Otra parte vinculada)	-	50.034,82	-	336.500,00
TOTAL	30.000,00	130.024,75	86.504,00	336.500,00
(Euros)	SALDOS ACREEDORES			
	Instrumento de patrimonio	Créditos recibidos	Proveedores	Crédito ampliación de capital
30.06.2022				
FUNDACIÓN ZONA VALUE (Empresa del grupo)	-	-	-	-
SUBSTRATE UNIPESSOAL (Otra parte vinculada)	-	-	-	-
IJANA FILMS (Otra parte vinculada)	-	-	3.251,74	-
KAU SITUACIONES ESPECIALES (Otra parte vinculada)	-	-	-	-
TOTAL	-	-	3.251,74	-
31.12.2021				
FUNDACIÓN ZONA VALUE (Empresa del grupo)	-	-	-	-
SUBSTRATE UNIPESSOAL (Otra parte vinculada)	-	20.000,00	-	-
IJANA FILMS (Otra parte vinculada)	-	-	-	-
KAU SITUACIONES ESPECIALES (Otra parte vinculada)	-	-	-	-
TOTAL	-	20.000,00	-	-

There have been no relevant income and expense transactions with related parties as of June 30, 2022.

Administrators and senior management

The breakdown of the remuneration accrued by the members of the Board of Directors and senior management of the parent company is as follows:

(Euros)	30.06.22	30.06.21
Administrators		
Salaries	217.096,01	53.103,84
Diets	-	-
Senior management		
Salaries	172.648,99	8.680,80
Option Plans	-	-
Contributions to pension plans	-	-
Total	390.096,00	61.784,64

As of June 30, 2022 and December 31, 2021, the Group had no pension and life insurance obligations in respect of former or current members of the Board of Directors.

The company maintains an active incentive plan for workers and investors approved by the meeting of March 14, 2022 that, in any case, does not exceed 4% of the company's capital, a limit imposed by the aforementioned shareholders' meeting. There is no impact on the income statement as of June 30, 2022.

At 30 June 2022 and 31 December 2021, there were no advances or credits granted to senior management or members of the Management Board, nor were there any obligations assumed on their behalf as collateral.

During the period of the first six months of 2022, no civil liability insurance premiums of the administrators have been paid.

In relation to article 229 of the Capital Companies Law, the directors of the parent company have communicated that they do not have situations of conflict with the interest of the Company.

The amount reflected in Directors' salaries includes both the remuneration for the position they hold in the administrative body and their remuneration for their employment relationship.

Note 17. Post-closure events

Since June 30, 2022, no relevant facts, circumstances and/or information have been disclosed or occurred that would require amendments to the Consolidated Interim Financial Statements for the year ended June 30, 2022 and/or include additional breakdowns or explanations, except as described below:

- The first tranche of the mandatory convertible bond contract of 20 million signed with the Alpha Blue Ocean fund that ensures the company the necessary financing for the development of its business plan has been executed in the first week of August and worth 500,000 euros. This point is key to ensure the achievement of the objectives set in the company's business plan whose numbers for 2022 and 2023 were published as a relevant fact in June 2022. In addition, it completes the picture of the tools that the company needs to face the period of time in which it must invest as a way to reap the results that we all expect in the future.
- The company Summon press SL has been claimed to dissolve the legal purchase business carried out in 2021 due to the repeated breach of the agreements reached in the purchase operation and its impact on the Group's goodwill.
- The group has received from red.es a subsidy of 600,000.00 euros for the implementation of its energy saving system in hotels.

Note 18. Other information

Average number of employees

The average number of workers by category and sex was as follows:

	AVERAGE STAFFING STAFF 30.06.2022		
	MEN	WOMEN	TOTAL
Analyst	1	1	2
Administration Assistant	2	5	7
Commercial	3	-	3
Draughtsman	-	-	-
Graphic designer	1	-	1
Marketing Manager	-	1	1
Head of Programming	1	-	1
Project Manager	-	1	1
Computer Engineering	1	-	1
Administration Officer	1	2	3
First Officer	1	2	3
Second Officer	1	1	2
Programmers	1	1	2
Project manager	2	1	3
Telephonist	-	2	2
<u>Graduate</u>	<u>1</u>	<u>-</u>	<u>1</u>
<u>TOTAL</u>	<u>16</u>	<u>17</u>	<u>33</u>

AVERAGE STAFFING STAFF			
31.12.2021			
	MEN	WOMEN	TOTAL
Analyst	2	-	2
Administration Assistant	1	7	8
Commercial	5	2	7
Draughtsman	1	-	1
Graphic designer	1	-	1
Marketing Manager	-	1	1
Head of Programming	1	-	1
Project Manager	-	1	1
Computer Engineering	1	-	1
Administration Officer	1	-	1
First Officer	1	2	3
Second Officer	-	1	1
Programmers	2	1	3
Project manager	-	1	1
Telephonist	-	1	1
Graduate	1	-	1
TOTAL 17	17		34

End-of-period workforce

TEMPLATE CLOSE 30.06.2022			
	MEN	WOMEN	TOTAL
Analyst	1	1	2
Administration Assistant	3	9	12
Commercial	5	-	5
Draughtsman	-	-	-
Graphic designer	2	-	2
Marketing Manager	-	1	1
Head of Programming	1	-	1
Project Manager	-	1	1
Computer Engineering	1	-	1
Administration Officer	2	4	6
First Officer	2	3	5
Second Officer	2	2	4
Programmers	3	1	4
Project manager	4	1	5
Telephonist	-	4	4
Graduate	1	-	1
TOTAL	27	27	54

TEMPLATE CLOSING 31.12.2021			
	MEN	WOMEN	TOTAL
Analyst	3	1	4
Administration Assistant	1	9	10
Commercial	4	1	5
Draughtsman	1	-	1
Graphic designer	1	-	1
Marketing Manager	-	2	2
Head of Programming	1	-	1
Project Manager	-	1	1
Computer Engineering	1	-	1
Administration Officer	1	1	2
First Officer	1	3	4
Second Officer	-	1	1
Programmers	2	1	3
Project manager	-	1	1
Telephonist	-	1	1
Graduate	1	-	1
TOTAL	17	22	39

As of June 30, 2022, the Group has a person with a disability of more than 33% on its workforce (equal to December 31, 2021).

The total fees accrued for audit and related services and other services in the six-month periods ended June 30, 2022 (6 months) are broken down below:

(Euros)	2022 (6 months)
Issuance of Consolidated Intermediate EEFF	19,500.00

Note 19. Environmental information

Given the activities to which the Group is engaged, it has no liabilities, expenses, assets or provisions or contingencies of an environmental nature that could be financial and the results of the Group. For this reason, specific breakdowns are not included in this consolidated report.

Madrid, 27 October 2022

DocuSigned by:



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Don Lorenzo Serratosa Gallardo

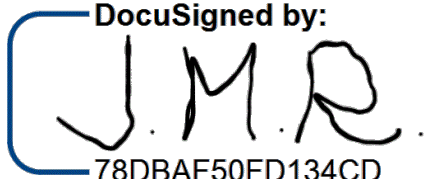
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Don Cyrille François Restier

MANAGEMENT REPORT 30.06.2022

1. EVOLUTION OF THE GROUP

During the first 6 months of 2022, the Group grew by 123% in revenue, reaching total revenues of 1,252 thousand euros, in line with the company's growth plans. This growth was driven by the group's already recurring business areas that are Human Resources, Fintech, and Agritech, and by the incorporation of the health vertical with the purchase of Cuarta Dimensión Médica SL.

The fintech area remained in line with previous years, accusing, in any case, the bad environment of the markets at the time of making sales.

The human resources area also remained stable compared to the last months of 2021, highlighting the strong momentum imposed on the development of the Fleebe Corporate solution, which should be prepared for its last tests in the second part of the year.

The agritech area experienced strong momentum in relation to 2021 with a stabilization in terms of income that should accelerate throughout the second part of 2022 and in the future including more farms under the protection of the PAM solution.

Finally, the new Health area begins to generate revenue after the purchase of 70% of the company Cuarta Dimensión Medica SL and the consolidation in the group of its business of sale and maintenance of hardware for diagnostic imaging.

On the other hand, it is worth mentioning the milestone reached by the dominant company in its listing on BME Growth in May 2022, culminating a long and difficult process carried out with the aim of providing the Group with the necessary weapons to successfully navigate the development of the business we have in hand. We want to thank from here all the support received by our advisors in this process and the support also received by BME and all those who have trusted in our project at the market moment that we have had to live that is especially difficult and complicated.

With all this, the image of the Group's accounts as of June 30, 2022 and 2021 is as follows:

En euros	2022	2021
Importe neto de la cifra de negocio	1.245.762,77	438.530,89
Resultados de explotación	-14.527.410,24	-335.324,55
Resultado financiero	22.790,44	81.384,41
Resultados antes de impuestos	-14.504.619,80	-253.940,14
Resultados del ejercicio	-14.604.050,06	-253.940,14

They include:

- The strong commitment to investment in personnel and development, necessary to carry out the Group's business plan, promoting the implementation of its own technology in the various business areas in which we are present.

- The investments made on the occasion of the company's IPO and everything related to that historic milestone.
- The commitment to shareholders and the future of the company that has led us to register a double deterioration in goodwill guided by very different reasons:
 - I. We have recorded an impairment of 2,210 thousand euros of goodwill generated by the purchase of the Summon Press business unit in line with the claims opened against the selling company, Summon Press SL whose breach of contract has generated damage to the value of goodwill.
 - II. We have recorded an impairment of 9,324 thousand euros of goodwill arising from the merger of Zona value SL and Substrate AI and the creation of the business group Substrate Artificial Intelligence SA that had created goodwill of 23,000 thousand euros. This decision will reduce annual amortizations by more than 900,000 euros per year and therefore prepare the company to generate net profit once events develop as planned and EBITDA is positive.

With all this we hope, as has happened in this semester, to comply with the business plan published for the years 2022 and 2023.

2. SIGNIFICANT DEVELOPMENTS FOR THE GROUP AFTER THE END OF THE FINANCIAL YEAR

Following the closure of the consolidated financial statements as of June 30, 2022, these events have occurred in our opinion relevant to the Group:

- The first tranche of the mandatory convertible bond contract of 20 million signed with the Alpha Blue Ocean fund that ensures the company the necessary financing for the development of its business plan has been executed in the first week of August and worth 500,000 euros. This point is key to ensure the achievement of the objectives set in the company's business plan whose numbers for 2022 and 2023 were published as a relevant fact in June 2022. In addition, it completes the picture of the tools that the company needs to face the period of time in which it must invest as a way to reap the results that we all expect in the future.
- The company Summon press SL has been claimed to dissolve the legal purchase business carried out in 2021 due to the repeated breach of the agreements reached in the purchase operation and its impact on the Group's goodwill.
- The group has received from red.es a subsidy of 600,000.00 euros for the implementation of its energy saving system in hotels.

3. RESEARCH AND DEVELOPMENT

- The Group is developing for a third party an R+D project called Cannai that aims to create an AI system capable of helping medical cannabis farmers improve the quality and quantity of their crops. It is expected to put this system on sale in the US together with Ornavera throughout 2023 boosting our Agritech vertical.
- The Group has received a subsidy from Red.es for the development and implementation of its energy saving system in hotels. The project will be developed in the Poseidon hotel chain in Alicante.
- The Group is working on the preparation of the reports of two new R+D projects planned for 2023:

1. The first of these called "the farm of the future" is related to our AI dairy farm management system (PAM) and aims to answer the question of what the farm of the future should look like: fully digitized and automated and focused on drug reduction and animal welfare.
2. The second has to do with AI imaging and aims to apply our technology to the imaging of animal diseases.

In addition, the Group continues to be immersed in the development of various AI solutions:

- Fleebe Corporate: Solution for the detection and retention of talent in large organizations.
- PAM: We continue to develop new functionalities of our AI dairy farm management software.
- Predictive maintenance: We continue to develop the predictive maintenance system of solar plants with AI in agreement with our partners creating new possibilities in the detection of anomalies.

4. OWN ACTIONS

- As of June 30, 2022, the parent Company's own shares amounted to 391,233 shares, representing 1.8% of the share capital. As of December 31, 2021, there was no treasury stock.
- At the date of preparation of this Management Report, the Board of Directors of the parent company has not taken a decision on the final destination for the aforementioned own shares.

5. RISKS AND UNCERTAINTIES

- The Group does not face uncertainties about its future nor does it observe that risks may occur in its activity.
- The Group has sufficient liquidity available to cover the demand for financing implied by the normal evolution of the business.
- Risk assessment:
 - o Credit risk: Credit risk represents the losses that the group would suffer in the event that any counterparty breaches its contractual payment obligations with it. This risk is reduced, due to the method of collection required of its customers.
 - o Liquidity risk: The liquidity risk in the group's financial assets would exist in the event that the group invested in small-cap securities or in financial markets with a small size and limited trading volume, which could deprive the investments of liquidity. Management regularly monitors the Group's liquidity forecasts based on expected cash flows. The Group is seeking alternative ways to obtain additional sources of funding if necessary.
 - o Market risk: Market risk represents the Group's losses as a result of adverse movements in market prices. The most significant risk factors could be grouped into the following:
 - Interest rate risk : because both the debt and interest rates of the group's indebtedness are low, the interest rate risk is minimal.
 - Exchange rate risk: the group at closing has financial assets and liabilities in currencies other than the euro, whose balances are intangible, so it is not exposed to risk from exchange rate fluctuations.
 - Price risk of shares or stock indices: Investing in equity instruments means that the Group's performance could be affected by the volatility of the markets in which it could be invested. As the Group does not

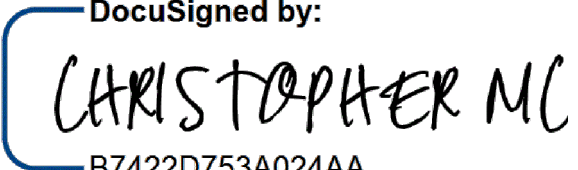
invest significantly in listed equity instruments, it is not exposed to this price risk.

Madrid, 27 October 2022

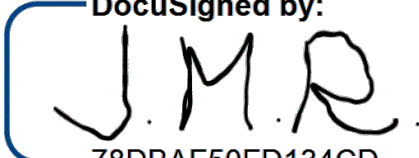
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Iv. Individual Interim Financial Statements for the six-month period ended June 30, 2022

Profit and loss account (in euros)

(A) CONTINUING OPERATIONS	30/06/2022 (*Unaudited)
1. Net turnover	506.240,50
(a) Sales	-
(b) Provision of services	506.240,50
2. Change in stocks of finished products and products in process of manufacture	-
3. Work carried out by the company for its asset	-
4. Procurement	-873,35
(a) Consumption of goods	-
(b) Consumption of raw materials and other consumables	-
(c) Work carried out by other undertakings	-873,35
(d) Deterioration of goods, raw materials and other supplies	-
5. Other operating income	2.064,63
(a) Ancillary and other day-to-day income	2.064,63
(b) Operating subsidies incorporated in profit or loss for the financial year	-
6. Staff costs	-592.980,50
(a) Wages, wages and the like	-491.465,32
(b) Social security contributions	-101.515,18
(c) Provisions	-
7. Other operating expenses	-809.736,90
(a) External services	-790.493,76
(b) Taxes	-10.277,48
(d) Other day-to-day management costs	-8.965,66
8. Depreciation of fixed assets	-355.352,71
9. Allocation of non-financial fixed assets and other subsidies	8.418,00
10. Excess provisions	-
11. Impairment and result from disposals of fixed assets	-11.534.130,74
(a) Impairment and loss	-11.534.130,74
(b) Results from disposals and others.	-
13. Other results	0,00
14. Negative difference in business combinations.	-
<u>A-1) OPERATING RESULT</u>	<u>-12.776.351,07</u>
15. Financial expenses	-7.046,53
a) For debts with group companies and associates	-
b) For debts with third parties	-7.046,53
c) For updates of provisions	-
17. Exchange Differences	21,99
18. Impairment and profit or loss on disposals of financial instruments	-323.160,80
(a) Impairment losses	-
b) Results from disposals and others.	-323.160,80
<u>A.2) FINANCIAL RESULT</u>	<u>-330.185,34</u>
<u>A.3) PROFIT BEFORE TAX</u>	<u>-13.106.536,41</u>
20. Income Tax	-
<u>A.4) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</u>	<u>-13.106.536,41</u>
<u>(B) INTERTERM OPERATIONS</u>	<u>-</u>
<u>A.5) PROFIT FOR THE YEAR</u>	<u>-13.106.536,41</u>

Balance sheet
(in euros)

ACTIVE	30/06/2022 (*Unaudited)
A) ACTIVO NO CORRIENTE	21.767.981,33
I. Inmovilizado Intangible	4.060.690,26
1. Intangible fixed assets	4.060.690,26
II. Property, plant and equipment	95.264,04
1. Land and buildings	4.858,53
2. Technical installations and other property, plant and equipment	73.172,01
3. Current fixed assets and advances	17.233,50
2. Constructions	-
IV. Long-term investments in group and associated companies	17.234.609,62
1. Equity instruments	15.905.926,59
2. Loans to companies	1.328.683,03
V. Long-term financial investments	256.426,75
1. Equity instruments	-
2. Credits to third parties	242.768,75
3. Debt securities	-
4. Derivatives	-
5. Other financial assets	13.658,00
VI. Deferred tax assets	120.990,66
	<u>1.043.411,02</u>
(B) CURRENT ASSETS	
III. Trade receivables and other receivables	379.363,74
1. Customers for sales and services	131.657,34
2. Customers, group companies and associates	12.690,40
3. Sundry debtors	14.508,83
4. Personnel	735,74
5. Current tax assets	-
6. Other appropriations with general government	219.771,43
7. Shareholders (partners) for required disbursements	-
V. Short-term financial investments	15.096,90
2. Loans to companies	15.096,90
VI. Short-term accruals	1.000,00
VII. Cash and cash equivalents	647.950,38
1. Treasury	647.950,38
2. Other equivalent liquid assets	-
TOTAL ASSETS	22.811.392,35

LIABILITIES AND NET WORTH	30/06/2022 (*Unaudited)
(A) NET WORTH	20.342.359,99
A-1) Own funds	20.342.359,99
I. Capital	2.206.882,80
1. Deeded capital	2,206,882.80
2. (Capital not required)	-
II. Share premium	34,142,267.20
III. Reserves	-856,267.66
1. Legal and statutory.	600,00
2. Other reserves	-856,867.66
IV. (Shares and own participations of the parent company)	-1,570,778.47
V. Results of previous years	-473,207.47
1. Remainder	-
2. (Negative results from previous years)	-473,207.47
VII. Profit for the financial year	-13,106,536.41
(B) NON-CURRENT LIABILITIES	1.728.723,60
II. Long-term debts	822.439,75
1. Debentures and other negotiable securities	4.000,00
2. Debts to credit institutions	685.114,75
3. Leasing creditors	-
4. Derivatives	-
5. Other financial liabilities	133.325,00
III. Debts to group companies and associates	906.283,85
(C) CURRENT LIABILITIES	740.308,76
III. Short-term debts	305.222,93
2. Debts to credit institutions	14.604,31
5. Other financial liabilities	290.618,62
V. Trade Creditors and Other Payables	435.085,83
1. Suppliers	255.358,35
2. Suppliers, group companies and associates	16.117,35
3. Miscellaneous creditors	52.096,62
4. Staff (unpaid remuneration)	68,22
5. Current tax liabilities	-
6. Other debts owed to general government	116.905,15
7. Advances to customers	-5.459,86
TOTAL LIABILITIES AND NET WORTH	22.811.392,35

V. Degree of compliance with forecasts for the year as at 30 June 2022

The following is the degree of compliance with the projections for the year 2022 as of June 30, 2022:

	Euros		
	2022 BP	30.06.2022	Compliance
Net turnover	3.150.340	1.245.763	40%
Other income	750.000	6.292	1%
Total revenue	3.900.340	1.252.055	32%
Staff costs	(3.213.950)	(1.293.101)	40%
Other operating expenses	(2.769.911)	(1.146.999)	41%
Other results	-	25.460	0%
EBITDA	(2.083.521)	(1.162.584)	56%
Amortization	(3.371.714)	(1.830.695)	54%
Deterioration	-	(11.534.131)	0%
Financial result	(27.435)	22.790	-83%
Profit before tax	(5.482.670)	(14.504.620)	265%

The group's business is not linear. Circumstances such as the progressive development and commercialization of new solutions, the closing of new contracts or the progress of projects carried out for third parties make, and will do in the future, that the distribution of the Group's activity (operating income and expenses) is uneven throughout the year.

These facts, together with the incorporation of the company Cuarta Dimensión Médica, S.L. to the Group in March 2022, have resulted in the degree of compliance with the forecast of operating income and expenses of the (Personnel expenses and Other operating expenses) from the year 2022 to June 30, 2022 amounting to approximately 40%.

Deviations in "Other income", "Other income", "Impairment" and "Financial outturn" are due to:

- (a) Other income: the execution of the project that will generate this income is planned for the second half of the 2022 financial year.
- (b) Other results: mainly includes the imputation to the result of a subsidy that was not contemplated in the business plan.

- (c) Impairment: includes the one-off impairment of 2,210,059 of goodwill generated by the purchase of the cash generating unit (UGE) Summon Press. This deterioration is linked to the breach of the obligations acquired by the sellers in the sales contract. As well as the impairment of 9,324,072 euros of consolidation goodwill related to the merger of Zona Value, S.L. and Substrate AI LLC that resulted in the creation of the Substrate Artificial Intelligence, S.A. group.
- (d) Financial result: includes positive exchange differences that were not covered by the business plan.

Based on the above, the Board of Directors considers that the projections published on July 19, 2022 remain valid and expects their fulfillment by the end of the year.