REDUCED EXPANSION DOCUMENT FOR BME MTF EQUITY'S BME GROWTH TRADING SEGMENT

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.

April 2023

This Reduced Extension Document has been drafted in accordance with the model established in Annex 2 of Circular 2/2020, of July 30, on requirements and procedure applicable to capital increases of entities whose shares are listed in the BME Growth segment of BME MTF Equity (hereinafter "Market" or the "BME Growth") and has been prepared on the occasion of the incorporation into the market of the newly issued securities subject to the enlargement of capital.

Investors in companies traded in the BME Growth segment should be aware that they take on a greater risk than investing in listed companies. Investment in companies traded in the BME Growth segment must be advised by an independent professional.

Shareholders and investors are advised to read this Reduced Extension Document in full and carefully prior to any investment decision regarding newly issued shares.

Neither the Governing Company of BME MTF Equity nor the National Securities Market Commission have approved or carried out any type of verification or verification in relation to the contents of this Reduced Extension Document
(the "Extension Document" or "DAR"). The responsibility for the information published corresponds, at least, to the Issuing Entity and its administrators. The Market limits itself to checking that the information is complete, consistent and understandable.

Deloitte, S.L., with address for these purposes at Plaza Pablo Ruiz Picasso, 1, 28020, Madrid and provided with the C.I.F. number B-79104469, duly registered in the Mercantile Registry of Madrid, Volume 13.650, Sect. 8, Folio 188, Page
M-54414, as Registered Advisor in the BME Growth segment of the BME MTF Equity market, acting in such condition with respect to Substrate Artificial Inteligence, S.A., an entity that has requested the incorporation of the newly issued shares subject to the capital increase in the BME Growth segment, and for the purposes provided for in Circular 4/2020, of July 30 , on the Registered Advisor in the BME Growth trading segment of BME MTF Equity (" BME Growth Circular 4/2020"),

DECLARES

First. That it has assisted and collaborated with Substrate Artificial Inteligence, S.A. ("Substrate AI", the "Company", the "Issuer") in the preparation of this Reduced Extension Document required by Circular 2/2020, of July 30, on requirements and procedures applicable to capital increases of entities whose shares are incorporated into the BME Growth trading segment of BME MTF Equity ("BME Growth Circular 2/2020").

Second. That it has reviewed the information that the issuing entity has gathered and published.

Third. That this Extension Document complies with the regulations and the requirements of content, precision and quality that are applicable to it, does not omit relevant data or mislead investors.

1. INCORPORATION OF THE VALUES BY REFERENCE OF THE INCORPORATION INFORMATION DOCUMENT

1.1 Mention of the existence of the Incorporation Information Document and that it is available on the websites of the issuing entity and the market

Substrate Artificial Inteligence, S.A. prepared on the occasion of the incorporation of its shares to trading in BME Growth, which took place on May 17, 2022, the corresponding Informative Document of Incorporation to the Market (hereinafter "**DIIM**" or "**Informative Document**"), in accordance with the model established in the Annex to Circular 1/2020, of July 30, on requirements and procedure applicable to the incorporation and exclusion in the BME Growth trading segment of BME MTF Equity (the "BME **Growth Circular 1/2020**").

The aforementioned DIIM can be consulted on the website of the company https://substrate.ai/es/, as well as on the website of the BME Growth BME Growth | SUBSTRATE ARTIFICIAL INTELLIGENCE file where you can also find the financial information, privileged information and other relevant information published related to the Company and its business.

1.2 Person or persons, who must have the status of administrator, responsible for the information contained in the Document. Declaration on their part that it, to the best of their knowledge, is in conformity with reality and that they do not appreciate any relevant omission.

Mr. Lorenzo Serratosa, Chairman of the Board of Directors of the Company, on behalf of the Company, in exercise of the delegation expressly granted by the Board of Directors dated March 24, 2023, assumes responsibility for the content of this Extension Document, whose format is adjusted to Annex 2 of Circular BME Growth 2/2020.

The Chairman of the Board of Directors of the Company, Mr. Lorenzo Serratosa, as responsible for this Reduced Extension Document, declares that, after behaving with reasonable diligence to ensure that this is the case, the information contained therein is, according to his knowledge, in accordance with reality and that does not incur in any relevant omission that could affect its content.

1.3 Full identification of the issuing entity

Substrate Artificial Inteligence, S.A. is a public limited company incorporated for an indefinite duration and domiciled at c/María de Molina, 41 - Oficina nº 506, 28006 Madrid (Spain) and, with C.I.F. A-98306228, and Legal Entity Identifier (LEI) number 959800K3URS2BMHE3P84. The Company is registered in the Mercantile Registry of Madrid in Volume 43321, Folio 89. The commercial name of the Company is "SUBSTRATE AI".

Substrate AI is a group of companies whose head is Substrate Artificial Inteligence, S.A.

The Company was incorporated under the name of KAU Finanzas, S.L. on December 9, 2010 with registered office in Cazalla de la Sierra (Seville), by virtue of a public deed granted, on that same date, before Notary D. Alfonso Maldonado Rubio, with the number 646 of his protocol, rectified by another authorized by the same notary, on January 5, 2011, number 7 of protocol and Registered on February 16 of 2011 in the Mercantile Registry of Seville, Volume 5333 of Companies of the General Section, Folio 218, Page SE-88.602, Inscription 1ª.

On May 3, 2012, the Universal General Meeting of Members agreed to transfer the registered office of the company to c / Convento Santa Clara number 8 door 7ª 46002 Valencia by virtue of public deed granted, on May 4, 2012, before the Notary of Valencia D. Alfonso Maldonado Rubio, with the number 448 of its protocol and registered in the Mercantile Registry of Valencia on June 26, 2012, Volume 9489, Book 6771, Folio 64, Page v-149162, Inscription 2ª. Subsequently, the Sole Administrator agreed to transfer the registered office of the company to c / Colon number 4 5ºB Valencia by virtue of a public deed granted, on January 10, 2018, before the Notary of Valencia Mr. Alejandro Cervera Taulet, with number 40 of its protocol and registered in the Registry Mercantil de Valencia on June 5, 2018, Volume 9489, Book 6771, Folio 65, Page V-149 162, Inscription 6ª.

On March 23, 2018, the Universal Board of Members agreed to change its previous corporate name to Zona Value, S.L. by virtue of a public deed granted, on that same date, before the Notary of Valencia D. Alejandro Cervera Taulet, with the number 973 of its protocol and registered on May 10, 2018 in the Mercantile Registry of Valencia, Tomo 9489, Book 6771, Folio 65, Section 8, Page V-149.162, Inscription 5ª.

On June 30, 2021, the Universal General Meeting of Shareholders agreed to the transformation of the Company into a public limited company by virtue of a public deed granted, on July 20, 2021, before the Notary of Valencia Mr. Alejandro Cervera Taulet, with number 5,054 of its protocol and registered in the Mercantile Registry of Valencia, Volume 9489, Book 6771, Folio 66, Section 8, Page V-149.162, Inscription 11ª. This deed was rectified by another authorized by the same notary on August 26, 2021, number 5697 of protocol and registered on September 29, 2021 in the Mercantile Registry of Valencia, Volume 9489, Book 6771, Folio 66, Page V-149.162, Inscription 11ª.

On July 27, 2021, the Universal General Shareholders' Meeting agreed to change its previous corporate name to the current one of Substrate Artificial Inteligence, S.A. by virtue of a public deed granted, on July 28, 2021. 2021, before the Notary of Valencia D. Alejandro Cervera Taulet, with the number
5,300 of its protocol and registered on September 29, 2021 in the Mercantile Registry of Valencia, Volume 11040, Book 8318, Folio 162, Section 8, Page V-149162, Inscription 12ª.

On 8 February 2022, the Board of Directors decided to transfer the company's registered office to c/María de Molina, 41 - Office nº 506 Madrid by virtue of a public deed granted, on February 24, 2022, before the Notary of Valencia Mr. Alejandro Cervera Taulet, with the number 949 of its protocol and registered on March 29, 2022 in the Mercantile Registry of Madrid, Volume 43321, Book 0, Folio 80, Sheet M-765355, Inscriptions 1 and 2.

The issuer's website is as follows: www.substrate.ai

The corporate purpose of the Company is set out in Article 2 of its bylaws ("**Bylaws**"), the wording of which as of the date of this Informative Document is as follows: following:

"Article 2. CORPORATE PURPOSE

1.- The purpose of the Company shall be :

a) Computer programming activities.

b) The design of structures and the content and /or writing of the computer code necessary to create and implement:

- Programs for systems (including patches and updates).
- Computer applications (including patches and updates).
- Databases.
- Web pages .

c) The customization of computer programs, including the modification and configuration of an existing application to work in the customer's computer system environment.

d) The preparation of investment reports and financial analysis or other forms of general and non-personalised recommendation, relating to transactions in financial instruments, as well as advice on capital structure, industrial strategy and, related, and other services in connection with mergers and acquisitions of companies.

e) The financial mediation services covering the channeling of the same, carrying out all the necessary procedures before the authorities, entities, financial intermediaries and notaries that must Intervene, including the control and subsequent monitoring of the actions.

f) The sale of movable and immovable property necessary for the realization of the corporate purpose. 2.- CNAE main activity: 6201 - Computer programming activities.

3.- The activities expressly reserved by the Law to Collective Investment Institutions are excepted, as well as what is expressly reserved by the Securities Market Law to Agencies and / or Securities and Stock Exchange Companies.

4.- Excluded from the corporate purpose are those activities that, by means of specific legislation, are attributed exclusively to specific persons or entities or that *need to meet requirements that the Company does not meet, in particular, all activities that the laws reserve to companies and* securities *agencies are* excluded and *other entities referred to in* Royal *Legislative* Decree 4/2015, *of 23 October, approving the revised text of the Securities Market Law and Royal Decree 217/2008*, of *15 February, on the legal regime of* investment *services firms*, *and must be carried out, where appropriate, with the participation of said entities in the manner required by current legislation. For these purposes,* the *Company may act as an agent or representative of investment services firms* in *compliance with the regulations applicable in each Moment.*

In the same way, the activities of the *corporate purpose will not affect* the *activities reserved for the Collective Investment Institutions referred to in Law 35/2003*, *of November 4 , of Collective Investment Institutions, and standards that* develop *it. Nor will it include the activities* of *financial institutions or those reserved for Law 2/2007, of March 15, on Professional Societies.*

5.- If the law requires for the commencement of some operations any type of professional qualification, licence or registration inspecial registers, these operations may only be carried out by a person with the required professional qualification, and only as long as *these requirements are met. With regard to these activities, the service* will *be provided on a mediation or intermediation basis.*

6.- The activities forming part of the corporate purpose may be carried out by the Company totally or partially indirectly, through the ownership of shares or shares in companies with the same or similar *purpose, or in collaboration with third parties."*

2. UPDATING THE INFORMATION IN THE INCORPORATION ADVISORY

2.1 Purpose of the capital increase. Destination of the funds to be obtained as a result of the incorporation of the newly issued actions, broken down into each of the main uses foreseen in order of priority of each use. If the issuer becomes aware that the intended funds will not be sufficient for all the proposed uses, the amount and sources of the other funds required shall be declared.

The purpose of the capital increase subject to this DAR is to execute the resolutions of the Extraordinary General Shareholders' Meeting held on January 30, 2023, where the capital increase for credit compensation set out below was approved, among others.

The funds obtained in the capital increase will be used to provide the Company with the necessary capital resources to continue with its expansion and growth strategy in compliance with its corporate purpose.

The resolutions reached at the aforementioned Extraordinary General Meeting were published as Other Relevant Information on January 31, 2023.

Capital increase for offsetting claims with shareholders for a total effective amount of 963,161 euros

The capital increase consists of the issuance of ninety-six million three hundred and sixteen thousand one hundred (96,316,100) new class B non-voting shares for their nominal value of 0.001 euros each, plus an issue premium of 0.009 euros per share, which makes a total effective amount between nominal and premium of nine hundred and sixty-three million one hundred and sixty-one euros (€ 963,161).

This agreement was made public by public deed dated February 8, 2023, granted before the Notary of Valencia, D. Alejandro Cervera Taulet, number 656 of its protocol, registered in the Mercantile Registry of Madrid on March 10, 2023, in Volume 44605, Folio 18, Page M-765355, Registration 19.

In accordance with article 301 of the Consolidated Text of the Capital Companies Law, the Board of Directors proceeded to issue the corresponding report on the nature and characteristics of the credits to be offset on December 27, 2022, and ERNST & YOUNG,
S.L. ("EY"), in its capacity as auditors of the Company, issued the corresponding certification accrediting the data of the aforementioned credits on December 27, 2022.

Both the report of the Board of Directors and the certification issued by the Company's auditor (both attachedas Annex II to this RAG) have been made available to shareholders in compliance with the regulations that apply to debt capitalizations, both at the registered office and on the Company's website and on the website. of BME Growth, together with the convocation and publication of resolutions of the Extraordinary General Meeting of Shareholders in which the Capital Increase has been agreed.

The credits subject to capitalization were formalized at different times during the years 2021 and 2022, all of them being eligible to be capitalized on the date of the Extraordinary General Meeting of Shareholders held on January 30, 2023.

The disbursement of the aforementioned ninety-six million three hundred and sixteen thousand one hundred (96,316,100) new class B shares, both in their nominal value and in the amount of the premium, has been carried out by the natural or legal persons referredto below, by providing the liquid, overdue and payable credits that they hold against the Company:

- **Mr. Manuel Novillo** Pintado, subscribes 5,087,500 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) of nominal v alor and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each, through the compensation of credits for a total amount of fifty thousand eight hundred and seventy-five euros (€ 50,875).

- **Acclamor Q Capital, S.L.** subscribes 1,526,300 newly created class B shares of ONE THOUSANDTH OF A EURO (€0.001) par value and NINE THOUSANDTHS OF A EURO (€0.009) of issue premium each, by offsetting credits for a total amount of fifteen thousand two hundred and sixty-three euros (€ 15,263).

- **Mr. Jesús Mariano Cánovas** Soler, subscribes 1,015,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of Issue premium each, through the compensation of credits for a total amount of ten thousand one hundred and fifty euros (€ 10,150).

- **Mr. Pol Ferrer** Tarter, subscribes 456,800 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium Each of them, through the compensation of credits for a total amount of four thousand five hundred and sixty-eight euros (€ 4,568).

- **Ms. Mercedes Irache Saenz**, subscribes 1,015,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each, through the compensation of credits for a total amount of ten thousand one hundred and fifty euros (10.150€).

- **Mr. Fernando Martínez García del** Real, subscribes 5,000,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (0.009 €) of issue premium each, through the compensation of credits for a total amount of fifty thousand euros (€ 50,000).

- **Mr. Juan José Esteve** Pous, subscribes 37,500,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) of nominal value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each, through the compensation of credits for a total amount of three hundred and seventy-five thousand euros (€ 375,000).

- **Mr. Françesc Xavier Ramos**, subscribes 15,000,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each , through the compensation of credits for a total amount of one hundred and fifty thousand euros (150.000€).

- **Mr. Jorge Quilis Rueda**, subscribes 2,000,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each , through the compensation of credits for a total amount of twenty thousand euros (€ 20,000).

- **Mr. Victor Latorre Braulio**, subscribes 400,000 shares is newly created class B of ONE THOUSANDTH OF A EURO (€ 0.001) of nominal value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each , through the compensation of credits for total Amount of four thousand euros (€ 4,000).

- **Mr. Hector Beltrán Sanguesa**, subscribes 200,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each, through the compensation of credits for a total amount of two thousand euros (€ 2,000).

- **Mr. José Manuel Beltrán Bisbal**, subscribes 200,000 shares is newly created class B of ONE THOUSANDTH OF A EURO (€ 0.001) of nominal value and NINE THOUSANDTHS OF A EURO (€ 0.009) of issue premium each, through the compensation of credits for a total amount of two thousand euros (€ 2,000).

- **Mr. Alonso Juan Carretero Alonso**, subscribes 5,000,000 newly created class B shares of ONE THOUSANDTH OF A EURO (€ 0.001) par value and NINE THOUSANDTHS OF A EURO (€ 0.009) of Issue premium each, through the compensation of credits for a total amount of fifty thousand euros (€ 50,000).

- **KAU Special Situations, S.L.** [1] subscribes 21,915,500 newly created class B shares of ONE THOUSANDTH OF A EURO (€0.001) par value and NINE THOUSANDTHS OF A EURO (€0.009) of Issue premium each, through the compensation of credits for a total amount of two hundred and nineteen thousand one hundred and fifty-five euros (€ 219,155).

The total amount of the credits amounts to nine hundred and sixty-three thousand one hundred and sixty-one euros (€ 963,161).

[1] Company owned 25% by Mr. Lorenzo Serratosa Gallardo, member and Chairman

in another 25% by Mr. José Iván García Braulio, member of the Board of Directors of Substrate AI, in another 25% by D. Francisco Javier Muñoz Sanfeliu and another 25% by D. Fernando Villar del Prado.

2.2 Insider information and other relevant information available. Mention of the existence of the websites of the issuing entity and the Market in which the privileged information and other relevant information published since its incorporation into the Market is available.

In compliance with the provisions of Circular 3/2020, of July 30, on the information to be provided by companies listed in the BME Growth segment of BME MTF Equity (the " **BME Growth Circular 3/2020**"), all inside information and other information relevant, since its incorporation into the Market, is available on the website of the https://substrate.ai/es/ Company, as well as on the BME Growth_BME Growth website | SUBSTRATE ARTIFICIAL INTELLIGENCE file.

Both websites, in compliance with the aforementioned BME Growth Circular 3/2020, collect all the public documents that have been provided to the Market since the incorporation into trading of Substrate AI shares.

2.3 Financial information. Reference to the latest accounts published by the issuing entity, whether audited annual accounts or interim financial information

Pursuant to BME Growth Circular 3/2020, Substrate AI published on October 28, 2022, the Consolidated Interim Financial Statements for the six-month period ended June 30, 2022, together with the corresponding Limited Review Report issued by its EY auditors, with a favorable opinion (see Annex I of this DAR).

These interim financial statements were prepared on October 27, 2022 by the Board of Directors of the Company, in accordance with the commercial legislation that is applicable, to the rules established in the General Plan of Accounting approved by Royal Decree 1514/2007, of 16 November and the amendments introduced to it by Royal Decree 1159/2010, of 17 September Royal Decree 602/2016, of 2 December and Royal Decree 1/2021 of 12 January, as well as the rules for the formulation of annual accounts approved by Royal Decree 1159/2010, of 17 September modified by Royal Decree 602/2016 of 2 December.

2.4 Information on significant trends in production, sales and costs of the issuing entity, from the latest periodic information made available to the Market to the date of the Enlargement Document.

Description of any significant change in the issuer's financial position during that period or corresponding negative statement. Likewise, description of the financing foreseen for the development of the activity of the issuer.

The Company's income statement for the year ended December 31, 2022 is attached below. This information has not been audited or reviewed limited by the auditor.

Consolidated profit and loss account

	Euros		
	Twelve-month period completed 31 December 2021 (a)	Six-month period ended 30 June 2022 (b)	Twelve-month period ended 31 December 2022 (c)
Net turnover	1.600.144	1.245.763	3.135.850
Work carried out by the company for its asset	407.876	-	1.494.579
Supplies	(2.187)	(118.566)	(486.343)
Other operating income	26.985	6.292	86.064
Staff costs	(1.374.310)	(1.293.101)	(3.202.184)
Other operating expenses	(1.352.733)	(1.028.433)	(3.062.346)
Depreciation of fixed assets	(304.521)	(1.830.647)	(2.616.166)
Allocation of non-financial fixed assets and other subsidies	5.612	25.460	42.503
Impairment and profit or loss on disposal of fixed assets	5.954	(11.534.131)	(11.649.392)
Other results	171	(48)	(8.187)
Negative difference in business combinations	166.665	-	-
OPERATING RESULT	**(820.344)**	**(14.527.410)**	**(16.265.622)**
Financial income	-	-	901
Financial expenses	(6.206)	(7.092)	(138.401)
Change in fair value in financial instruments	106.740	(3.145)	(3.145)
Exchange differences	(7.324)	25.622	(1.071)
Impairment and result from disposals of instruments Financial	8.248	7.406	(93.584)
FINANCIAL RESULT	**101.458**	**22.790**	**(235.300)**
PROFIT BEFORE TAXES	**(718.886)**	**(14.504.620)**	**(16.500.922)**
Taxes on profits	90.703	(99.430)	561.638
CONSOLIDATED PROFIT FOR THE YEAR	**(628.183)**	**(14.604.050)**	**(15.939.284)**
Profit or loss attributed to the parent company	(607.374)	(14.622.341)	(15.928.114)
Result attributed to external partners	(20.809)	18.291	(11.170)

(a) Figures subject to audit

(b) Figures subject to limited revision

(c) Figures not audited or reviewed by the Company's auditor

Net turnover-

The increase in this item experienced during the year ended December 31, 2022, compared to the same period of 2021, is mainly due to the increase of revenues in general in all lines of activity of the Group, although this has been higher in HR and Agritech, as well as the entry into the perimeter of the Group of the Fourth Medical Dimension Society in May 2022.

Work carried out by the company for its asset

The increase in the item during the year 2022 compared to the year 2021, is mainly derived from the activation during the period of the expenses incurred in the development of new products, mainly in the vertical of Agritech (CANN -System of improvement for the yield of Cannabis crops see section 2.6.1.3 of the DIIM).

Supplies

The increase in this item during 2022 compared to 2021 has its origin, mainly, in the incorporation into the Group of the company Cuarto Dimensión Medica in May 2022.

Staff costs

The increase in personnel costs during2022 compared to the 2021 financial year is due to the hiring of highly qualified employees.

Other operating expenses -

The breakdown of operating expenses is as follows:

	Euros		
	2021 (a)	30 June 2022 (b)	2022 (c)
Leases and royalties	48.645	62.118	120.431
Repairs and maintenance	109	10.250	15.866
Services of independent professionals	587.916	346.781	1.745.003
Insurance and transport premiums	1.620	10.869	27.363
Banking and similar services	12.163	5.947	29.175
Advertising and propaganda	290.103	204.709	320.204
Supplies	32.137	21.316	41.423
Other services	358.250	342.259	530.983
Other taxes	21.603	9.682	19.040
Other day-to-day management costs	187	14.502	212.858
Total	**1.352.733**	**1.028.433**	**3.062.346**

(a) Figures subject to audit

(b) Figures subject to limited revision

(c) Figures not audited or reviewed by the Company's auditor

The increase in "Leases and royalties" in 2022 compared to 2021, corresponds mainly to : (a) the change to an office of greater surface area and cost to accommodate the entire workforce, (b) incorporation into the perimeter of the Fourth Medical Dimension company.

The increase in the heading "Services of independent professionals" in 2022 compared to 2021, corresponds mainly to: (a) expenses derived from joining BME Growth in May 2022 for an approximate amount of 209 thousand euros, (b) consulting services, mainly digital (Plain Concepts see section 2.6.1.3 of the DIIM), for an approximate amount of 860 thousand euros , and (c) other services of independent professionals for an approximate amount of 675 thousand euros.

The increase in the heading "Other services" in 2022 compared to 2021, is directly related to the increase in the Group's activity throughout the year and the incorporation and integration during the full year of Cuarta Dimensión Médica, S.L. This item reflects mainly costs for travel, daily subsistence allowance, software licences and office supplies.

Depreciation of fixed assets

The increase in depreciation expense in 2022 compared to 2021 has its origin, mainly, in the recording of the allocation to the amortization of Goodwill arising in the business combinations that took place during the year 2021.

Impairment and profit or loss on disposal of fixed assets

The Group has registered in its non-current assets goodwill derived from the various acquisitions it has been making for a total amount of 24,586,881.59 euros as of December 31, 2022. As a result of the progressive deterioration of general economic conditions resulting from persistently high inflation rates, rising interest rates, supply chain strains and rising energy costs, the Group proceeded to update the financial projections of the businesses that gave rise to the consolidation goodwill. The new projections are based solely on organic growth resulting from the development of current businesses and the commercialization of new AI SaaS services in which the company. After carrying out the impairment test with the new projections, the Group is recorded under this heading the impairment of consolidation goodwill for an amount of 9,324 thousand euros.

In turn, the heading includes the impairment of 2,210 thousand euros associated with the goodwill arising in the purchase of Summon Press, considering that the performance of It has not been as expected and the claims opened against the selling company for breach of contract.

Financial expenses

The increase in financial expenses in 2022 compared to 2021 is mainly due to the financial expenses derived from the financing agreement with the Alpha Blue Ocean fund, as well as the accrued interest ondebts with credit institutions formalized in 2022.

Description of any significant change in the issuer's financial position during that period or corresponding negative clearance

On August 1, 2022, the Company's Extraordinary General Meeting of shareholders approved delegating to the Board of Directors the power to issue bonds convertible into shares of the Company itself for a maximum amount of 20,000,000 euros, to which co-investable warrants will be linked.

In this regard, the Board of Directors has made the following statements:

1. On August 2, 2022, Substrate published an OIR to inform that the Board of Directors of Substrate had made a first issue on August 1, 2022 of 50 Bonds convertible into shares of the Company for a maximum amount of conversion of
   500,000 euros, as well as the issuance of 52,910 convertible warrants, with Global Corporate Finance Opportunities being the only recipient of these issues.

2. On November 23, 2022, Substrate published an IRO to inform that theBoard of Directors of Substrate had made a second issue of 30 Bonds convertible into shares of the Company for a joint nominal conversion amount of 300,000 euros, as well as

and the issuance of 83,333 convertible warrants, with Global Corporate Finance Opportunities being the sole recipient of these issues.

3. On December 29, 2022, Substrate published an OIR to inform that the Board of Directors of Substrate had made a third issue of 50Convertible Bonds into shares of the Company for a joint nominal conversion amount of 500,000 euros, as well as the issuance of 476,190 convertible warrants, with Global Corporate Finance Opportinities being the sole recipient of said issues.

4. On February 13, 2023, Substrate published an OIR to inform that Substrate's Board of Directors had made a fourth issue of 50 Convertible Notes into shares of the Company for a joint nominal conversion amount of 500,000 euros, as well as the issuance of 285,714 convertible warrants, Global Corporate Finance Opportunities being the sole recipient of said issues.

5. On February 28, 2023, Substrate published an OIR to inform that the Board of Directors of Substrate had made a fifth issue of 50 Bonds convertible into shares of the Company for a joint nominal conversion amount of 500,000 euros, as well as the issuance of 285,714 convertible warrants, with Global Corporate Finance Opportunities being the sole recipient of these issues.

These bonds have been converted during the period as follows :

- On September 7, 2022, an OIR was published reporting the conversion of 5 bonds for a joint nominal amount of 50,000 euros, writing as a result a capital increase in a nominal amount of 4,201.60 euros, through the issuance and circulation of 42,016 newclass A shares and issue premium of 45,797.44 euros. These shares were traded on the BME Growth segment of BME MTF Equity on 19 September 2022.
- On September 13, an OIR was published reporting the conversion of 5 bonds for a joint nominal amount of 50,000 euros, writing an increase in share capital in a nominal amount of 6,172.80 euros, through the issuance and circulation of 61,728 new class A shares, and an issue premium of 43,826.88 euros. These shares were traded on the BME Growth segment of BME MTF Equity on 29 September 2022.
- On October 26, 2022, Substrate published an OIR where it is reported the conversion of 10 bonds for a joint nominal amount of 100,000 euros, writing a capital increase for anon-minal amount of 19,112.70 through the issuance and circulation of 191,127 shares and an issue premium of 80,886.39 euros. These shares were traded on the BME Growth segment of BME MTF Equity on January 4, 2023.

- On December 15, 2022, Substrate published an OIR where it is reported the conversion of 25 bonds for a joint nominal amount of 250,000 euros, writing a capital increase for a nominal amount of 123,110.90 euros, through the ion and circulation of 1,213,199 new class A shares and an issue premium of 126,879.30 euros. These shares were traded on the BME Growth segment of BME MTF Equity on January 4 , 2023.
- On 30 December 2022, Substrate published an OIR reporting the conversion of 20 bonds for a joint nominal amount of €200,000, with an increase of share capital for a total nominal amount of EUR 91 533, through the issue and circulation of 915 330 new Class A shares and a total issue premium of EUR 108 466.62. These shares were traded on the BME Growth segment of BME MTF Equity on 25 January 2023.
- On January 26, 2023, Substrate published an OIR where it was reported the conversion of 15 bonds for a joint nominal amount of 150,000 euros, writing an increase in the share capital in a total nominal amount of 65,476.10 euros, through the issuance and circulation of 654,761 new class A shares and a total issue premium of 84,523.69 euros. These shares were traded on the BME Growth segment of BME MTF Equity on February 20, 2023.
- On February 8, 2023, Substrate published an OIR where it was reported the conversion of 50 bonds for a joint nominal amount of 500,000 euros, writing the share capital increase for an amount of 157,575.60 euros, through the issuance and circulation of 1,575,756 new class A shares and a total issue premium of 342,423.90 euros. These shares were traded in the BME Growth segment of BMEMTF Equity on March 7, 2023.

- On March 24, 2023, Substrate published an OIR where it was reported the conversion of 50 bonds for a joint nominal amount of 500,000 euros, writing the share capital increase for an amount of 203,302.90 euros, through the issuance and circulation of 2,033,029 new class A shares and a total issue premium of 296,696.41 euros. These shares will be listed on the BME Growth segment of BME MTF Equity on April 4, 2023.

To date, the Company has 100 bonds pending conversion corresponding to the fourth and fifth issues.

As a result of the above conversions, the share capital of the Company was set at 2,674,074.50 euros, represented by 26,740,745 class A shares.

On August 4, 2022, Substrate published an OIR to inform of the agreement reached with different investors for the subscription of a loan for an amount of up to 2,500,000 euros maturing in 2027. This loan accrues an interest rate of 10% and the disposition is for tranches not exceeding 150,000 euros according to liquidity needs, no amount having been made available as of the date of this Document.

On November 16, 2022, Substrate published an OIR to inform that Substrate has signed a loan with October España, P.F.P, S.L. for an amount of 207,540 euros amortizable monthly in 48 installments, the last of them being payable on November 5, 2026. The ordinary interest rate is 6.60% and is intended to finance the Group's working capital.

Description of the financing envisaged for the development of the issuer's activity

In relation to the financing foreseen for the development of the issuer's activity, Substrate has the financing obtained from the agreement signed with Global Corporate Finance Opportunities 15 c on June 15, 2022 and additionally plans to carry out several capital increases of class A and B shares in which current or new shareholders will participate.

2.5 Forecasts or estimates of a numerical nature on future revenues and costs in the Incorporation Information Document regarding the degree of compliance with them

The Company included in the Information Document certain estimates and forecasts on the future evolution of certain financial quantities (section 2.17 of the Information Document). These forecasts corresponded to a period of 2 years (2022-2023) and were 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 the evolution future of the same. On 18 July 2022, as a result of the macroeconomic risks arising from the war in Ukraine, the global price escalation and the rate hike initiated by the Central Banks, Substrate published the updated forecasts through a Insider Insider Disclosure communication, which took into account only the organic growth resulting from the development of the Group's businesses and of the launch on the market of new Saas Artificial Intelligence services in which the Company is working. In addition, the Board of Directors of Substrate AI decided to delay any new acquisition and postpone the inorganic growth until the situation normalizes and the consequences of entering into both new acquisitions can be measured and uncertainties about the future are cleared. Below, we detail the degree of compliance with them:

	Euros		Degree of compliance forecasts (%)
	2022 forecasts	2022 Real (*)	
Net turnover	3.150.340	3.135.850	99,54%
Other revenue	750.000	1.623.146	216,42%
Total revenue	**3.900.340**	**4.758.996**	**122,01%**
Staff costs	(3.213.950)	(3.202.184)	99,63%
Other operating expenses	(2.769.911)	(3.548.689)	128,12%
EBITDA	**(2.083.521)**	**(1.991.877)**	**95,60%**
Other results	-	(8.187)	-
Amortization	(3,371,714)	(2.616.166)	77,59%
Impairment and profit or loss on disposal of fixed assets	-	(11.649.392)	-
Financial result	(27.435)	(235.300)	-
Profit before tax	**(5.482.670)**	**(16.500.922)**	-

(*) Unaudited and unrevised figures

The main variations from the forecasts are as follows:

Other income and other operating expenses

The variation of €873 thousand and €778 thousand in the items "Other income" and "Other operating expenses", respectively, are mainly due to the increase in costs incurred and triggered by the development of newproducts.

Depreciation and Impairment and results from disposal of fixed assets

During 2022, the Group has proceeded to deteriorate goodwill by an amount of €11,649 thousand (see section 2.4). As a result of this deterioration, real depreciation expense has decreased compared to the forecast of 756 thousand euros.

2.6 Working Capital Statement

The Company declares that as of the date of this Increase Document, its working capital (working capital) is not sufficient to carry out its activity during the 12 months following the date of publication of this Document .

To obtain the necessary resources and meet the working capital needs, the Company will have to carry out a series of capital increases and issue convertible bonds in this 12-month period.

2.7 Risk factors. Updatingof the risk factors included in the Incorporation Information Document

The existing risk factors described below do not differ materially from those included in the Market Incorporation Information Document (DIIM) published on May 11, 2022. However, these risks cannot be taken as an exhaustive list, but are those identified by the Company as the most significant. It could therefore be the case that future risks, currently unknown or not considered relevant at the present time, could have an effect on the business, results, prospects or financial, economic or equity situation. of the Society.

The following are the risk factors that are currently considered most relevant:

Risks related to the *financing of the Company*

- **Future financing capacity**

Substrate AI's business forecasts include investment needs for the coming years that will involve resource needs that will be covered through capital increases or debt subscriptions. Failure to obtainsuch financing could condition compliance with the business plan and, therefore, the growth and economic evolution of Substrate AI.

In that case, the future capacity of the Issuer to meet the obligations committed under the financing contracts, meet the payment of the principal and interest on the derivative debt or to be able to refinance it if necessary, is conditioned by the results of the business and by other economic factors and specific to the sectors in which the Company operates. Failure to comply with the obligations assumed by the Issuer towards the various financial institutions could result in the early maturity of the payment obligations and for those financial institutions to demand advance payment of the principal of the debt and its interest and, where appropriate, to execute the guarantees that may have been granted in their favour, which could adversely affect the financial, economic and patrimonial situation of the Company.

- **Risk of rising interest rates**

As a result of the current uncertainty in the macroeconomic environment, resulting from a combination ofpandemic-related persis effects, rising interest rates and geopolitical risks, inflation and interest rates are rising across the board .

The possible scenario of an increase in interest rates, especially if this increase does not take place gradually, would have a significant impact on the Company's cost of financing . As of the date of this Document, the Company has not madeany financing available at a variable rate.

Issuer's own Operational Risks

The inherent complexity associated with artificial intelligence and reliance on data can pose operational risks and eventually affectthe Company's business due to several factors explained below.

- **Recoverability risk Goodwill**

The recoverability of goodwill registered by the Group for an amount of 12,903 thousand euros is linked to compliance with the business plan for the period 2023-2024 and Following.

In the event that the Group's income and expenses do not evolve according to the assumptions adopted, this could have an impact on the recoverability of the aforementioned Goodwill.

- **Risk of non-existence of multiannual sales contracts**

Given that the Group's activity is based on the sale of products and the signing of annual contracts with third parties, it is usual that at the beginning of each year the percentage of guaranteed income (portfolio) is not significant. As of the date of this reduced Extension Document, contracts have been closed for approximately 30% of the expected revenues for the 2023 financial year.

- **Risk of incorporation into the Group of non-AI related companies**

The Group's business model includes the acquisition of companies from sectors other than AI, with the aim of incorporating its solutions into verticals in which it did not previously have a presence, providing the Group with reinvestment capacity based on the cash flows generated by the acquired entities.

The recovery of the investment made in these acquisitions may pose a risk for the Group, since the management team has no proven experience in managing businesses in sectors other than technology.

- **Risk associated with a part of the final product being developed by external companies**

As detailed in Section 2.6.1.3 of the Incorporation Advisory published on May 11, 2022, Substrate AI products ("the Solutions") have two layers of development. The first layer has to do with the design of the product and the programming of the AI according to the specific problem to be solved, and the second layer has to do with the usability of that product, with how the end customer consumes that solution.

The Substrate AI development team focuses its efforts on what really adds value, the first layer, while everything related to the second layer, which has to do with the usability of the solutions (app development, platforms, etc.), is outsourced to other companies that have more experience and more capacity to do a job at a high level.

Although the objective of this work system is that each layer of development is executed by the one who knows best howto do it, it also generates a series of risks that all outsourcing of services

Involves. In particular, outsourcing to a third party of the second layer of product development can impact product quality and product start-up times. commercialization of the solutions, all this may have an impact on the achievement of the objectives set in the Group's Business Plan.

- **Unwanted departure of key personnel**

The Company's ability to compete ina highly complex and demanding industry is due, in part, to having a very experienced management and technical staff with good knowledge of the sector. In particular Lorenzo Serratosa and José Iván García have played a crucial role in the growth of the Society since its founding, and Bren Worth, Chief Technology Officer, is the creator of the technology on which the products developed by the Company are based. These people are essential both for the present and, above all, for the future of the Company, so their loss could have a negative effect on the business and its operations.

- **Faulty algorithms and failures in software systems**

The increasing complexity of algorithms can lead tofells and errors within the process, mostly related to human intervention. Software development companies continue to create more complex algorithms to remain competitive and reach new markets, which intensifies the risk of failure and therefore increased risk. of potential losses to the business.

It is important to note that this data relies heavily on platforms and software systems that are also exposed to failure, restricting the ability of companies to continue operating normally. To mitigate this risk, Substrate AI implements quality controls and robust procedures for testing the algorithms, all led by experienced software engineers. On the other hand, the systems are continuously updated and the processed data is saved daily to minimize the risk of information loss.

- **Risk of non-compliance with the business plan and financial estimates included in the Advisory**

The Company included in the Information Document certain estimates and forecasts on the future evolution of certain financial quantities (point 2.7 of the Information Document). These forecasts were updated by publication ofPrivileged Information on July 18, 2022. These forecasts correspond to a period of 2 years (2022-2023) and have been 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.

In the event that, due to external or internal causes, the actual results of the Group differ substantially from the estimates and forecasts made, the results, the financial, economic or patrimonial situation of the Company or the quoted price of the shares of the Society could be adversely affected.

- **Difficulty accessing and processing data**

The product that Substrate AI offers is based on the identification of patterns through which forecast models are generated. Such patterns are constructed from massive and continuous data processing. Therefore, not having sufficient data with adequate quality can lead to errors of bias in the models.

The risk would increase in the case of Substrate AI, since the Company's strategy includes, among others, the development of products within the banking, insurance and hospitality sectors, where it could lead to the It is difficult to access the appropriate databases, and in which even the use of historical information could not be used to build models of future forecasts.

- **Exposure to security breaches and confidentiality of information**

The dependence on information technology systems to store data implies having a certain degree of vulnerability to potential security breaches. Although Substrate AI has security measures in place to protect confidential information, loss or data leakage, there is no guarantee that in the future the Company will be able to avoid the adverse consequences of hackers' access to its computer systems and the appropriation of the company. Undue customer information. Any breach of its security could adversely affect the Company's reputation among current and potential customers, lead to a loss of trust and litigation or fines and would require diverting financial and management resources from other, more beneficial uses.

- **Risk of delay in product delivery times**

Due to the complexity of the products developed by Substrate AI, there may be a risk of not finalizing them within the established deadlines. These delays could damage the relationship with customers, raise reputational problems and lose competitive advantages over your competitors.

- **Strategic alliances**

Substrate AI's business plan is based on the progressive incorporation of its Artificial Intelligence solution to different markets and activity segments. To achieve this objective, the Company's strategy is based on developing strategic alliances with companies in different segments (partners) that allow it to develop new products for these markets through its technology . If Substrate AI fails to close new strategic alliances, the fulfillment of its business plan, and therefore its financial situation, could be compromised.

- **Customer Concentration**

Due to the development phase in which Substrate AI's products are located, the number of customers is currently limited, with a certain concentration of these (the five (5) main customers accounted for more than 33% of the customers in 2022. sales). The marketing of products which

They are currently being developed and the launch of new products in other market segments will increase the number of customers, thereby reducing the concentration of revenue in a limited number of them.

- **Competence**

Companies with the same business model as Substrate AI and developing similar technologies could impact access to new customers, and limit growth. of Substrate AI. However, it should be noted that the market segments on which Substrate AI's strategy focuses are underexploited, and the Company could become a pioneer in these technologies before other companies start. to operate in those sectors.

- **Reputational risk**

The fact that any of Substrate AI's employees did something or was accused of doing something that could be subject to public criticism or other negative publicity, or that could lead to investigations, litigation or sanctions, could have an adverse effect on the Company by association, even if the aforementioned criticism or publicity is inaccurate or unfounded.

The Company may also be harmed if it suffers its reputation. In particular, litigation, allegations of misconduct or operational failures or any other negative publicity and speculation in the press about the Company whether accurate or not, may damage the Company's reputation, which in turn could result in potential counterparties and other third parties, such as shareholders, lenders, public administrations or investors, among others, are less willing or not at all willing to contract with the Company. This may have a material adverse effect on the Company's business, prospects, results or economic-financial and equity situation.

Risks related to the Artificial Intelligence sector

- **Risk of regulatory changes and legal framework in the Artificial Intelligence sector**

The AI sector has grown substantially, and with it the need to increase the regulatory burden in this rapidly evolving field. There could be changes in the legal framework of the EU, USA or other countries where the Company may establish businesses that could affect the way technologies and solutions are developed, and/or the way in which data is handled.

The need to comply with these standards may place an additional financial burden on Substrate AI from non-compliance penaltiesor costs related to implementing additional procedures to ensure regulatory compliance.

- **Risk of not being able to patent own technologies**

There is a risk that the process of obtaining the products will be delayed in time and/or even that some of the AI-related solutions will not be able to be patented because the regulator interprets What

Similar solutions are already patented. This fact could make it difficult for Substrate AI to monetize new technologies since there would be a risk that other companies develop a similar solution.

Although under Spanish and American legislation algorithms alone cannot be patented, this fact does not affect the Issuer, since the patents that are in the process of obtaining are on the steps that algorithms take to do their functions, this being a patentable product.

- **Staff turnover**

The Artificial Intelligence sector currently has a high level of employee turnover , compared to other traditional sectors of activity. The continuous departure of employees can lead to a process of loss of knowledge and / or generation of obstacles in the operational functioning of the business, having to devote resourcesto the recruitment and / or replacement of personnel.

- **Risk of exposure to Internet connectivity and access**

When carrying out its activity, Substrate AI requires a communications and electricity infrastructure according to its volume of data processing. This processing will be determined, among others, by the equipment, different connections and relationship with suppliers. The stoppage, technical failure or errors of said connectivity in the course of the Company's activity could hinder the achievement of the returns expected by the Issuer in the year.

- **Risk associated with the current economic situation.**

The evolution of the activities carried out by Substrate AI is generallyrelated to the economic cycle of the countries and regions in which the Company is present, impacting on the investment plans of the different companies in these territories to develop their Inteli objectives. Artificial gence. The economic situation can promote to a greater or lesser extent that companies decide to invest and develop this type of services.

Risks linked to stocks

- **Non-recovery of 100% of the investment in Substrate AI**

Investors in companies traded on BME Growth should be aware that they take on a greater risk than investing in listed companies. In this regard, investment in companies traded on BME Growth must have the appropriate advice of an independent professional and the investor is advised to read this Information Document in full and properly prior to any investment decisionrelating to the Company's shares .

- **Reduced liquidity of Substrate AI's Class B shares**

As of the date of this Document, there is a small number of holders of Substrate AI's class B shares, of which eight (8) are minority shareholders, all of whom have a capital stake of less than 5%, representing 7.28%. of class B shares, so that class B shares of the Company will have reduced liquidity. It should be noted that as described in section 3.1. of this Document, the Company has entered into a contract with a liquid supplier of liquidity.

The lack of development of a fluid and active market for Class B shares would have a material negative effect on the price of Class B Shares. In addition, Class B shares could be adversely affected, or traded at asignificant discount with respect to Class A shares of the Company, due to lack of liquidity or voting rights.

- **Dividend distribution cannot be guaranteed in the future**

The Company's ability to distribute dividends may be influenced by the risks described above. Dividends depend on income and financial condition, obligations assumed in financial contracts, liquidity requirements, regulatory requirements and other factors deemed relevant. It cannot be assured, therefore, that dividends will be distributed in the future, although it should be noted that in the short and medium term the Company will not distribute results (see section 2.12.3 of the Information Document).

<u>Other risks</u>

- **Conflict of interest**

Mr. Lorenzo Serratosa, President of Substrate AI, is a shareholder of Ijana Films, S.L., which is also a service provider of Substrate AI, and a shareholder of Valpisan, S.L. company dedicated to the agricultural sector, which is one of the verticals in which Substrate AI develops its activity. These facts could give rise to situations in which, directly or indirectly, voluntarily or involuntarily, some actions of Mr. Lorenzo Serratosa arein conflict with the interests of other potential shareholders of Substrate AI.

Finally mention that Mr. Cyrille Restlier, Independent Director of Substrate, is also a shareholder of Centaure Investissements, a French company dedicated to financial advice, which is one of the verticals in which Substrate AI develops your activity. This fact could give rise to situations in which, directly or indirectly, voluntarily or involuntarily, some action of Mr. Cyrille Restlier is in conflict with the interests of other potential shareholders of Substrate AI.

3. INFORMATION RELATING TO THE CAPITAL INCREASE

3.1 Number of newly issued shares whose incorporation is requested and their nominal value. Reference to the social agreements adopted to articulate the capital increase. Information on the share capital after the capital increase in case of full subscription of the issue. In the case of a capital increase charged to non-monetary contributions (including capital increases for credit compensation), brief description of the contribution, including mention of the existence of valuation reports . and indication of their availability.

The share capital of the Company prior to the capital increase object of this Document amounted to TWO MILLION EIGHT HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED SEVENTY-SEVEN EUROS WITH FORTY CENTS (€2,877,377.40), represented by twenty-eight million seven hundred seventy-three thousand seven hundred and seventy-four (28,773,774) ordinary shares of 0.10 € par value each , hereinafter "Class A Shares ".

As indicated in section 2.1 of this Expansion Document, the shareholders of Substrate AI have approved at the Extraordinary General Shareholders' Meeting held on January 30 , 2023 the execution of the following apital increase: capital increase by compensation of credits with shareholders for a total effective amount of NINE HUNDRED SIXTY-THREE THOUSAND ONE HUNDRED AND SIXTY-ONE EUROS (€ 963,161), for this, ninety-six million three hundred and sixteen thousand one hundred (96,316,100) shares are issued without voting rights , hereinafter "Class B Shares", of ONE THOUSANDTH OF A EURO (€ 0.001) par value each, and with an issue premium per share of € 0.009 being the joint issue premium of EIGHT HUNDRED AND SIXTY-ONE THOUSAND EIGHT HUNDRED AND FORTY-FOUR EUROS AND NINETY CENTS (€ 866,844.90). Saying agreement was made public by public deed dated February 8, 2023, granted before the Notary of Valencia, Mr. Alejandro Cervera Taulet, number 656 of its protocol, registered in the Mercantile Registry of Madrid on March 10, 2023, in Volume 44605, Folio 18, Page M-765355, Inscription 19.

The new shares are class "B" shares, with a nominal value of 0.001 euros belonging to all of them to the same class and series. These are non-voting shares of the Company with the legal regime and preferential rights established in Article 9a of the articles of association (the "Non-voting Shares ") and will be represented by means of book entries .

> *"ARTICLE 9. BIS- NON-VOTING SHARES*
>
> *The Company may issue non-voting shares for a nominal amount not exceeding half of the paid-up share capital. In such a case, the non-voting shares will form a new class, called "non-voting."*
>
> *Holders of non-voting shares will enjoy the rights* recognized by Royal Legislative Decree *1/2010, which approves the Consolidated Text of the Capital Companies Law, and will be entitled to receive a* minimum *annual dividend of EUR 0.01 per share without*

vote. Upon agreement with this minimum dividend, holders of non-voting shares will be entitled to the same dividend as ordinary shares.

The minimum dividend is conditional on the existence of distributable profits, excluding the issue premium. The amount of the minimum unpaid dividend for a financial year shall not be accumulated for successive financial years.

Non-voting shares shall not confer on their holders any pre-emptive subscription rights in relation to voting *capital increases.*

Successive issues of *non-voting shares* shall *not require the approval*, *by special meeting or* separate *vote,* of *the holders of pre-existing non-voting shares*.

Non-voting shares shall not recover this right when the company has not paid the minimum dividend in full *for five* consecutive *years."*

New shares enjoy different political and economic rights than those currently in circulation "Class A Shares ". Specifically:

a) Class B shares do not have voting rights. In no case will Class B shares recover the voting rights; This right would also not be recovered in the event that the company has not paid the minimum dividend in full for five consecutive financial years.
b) Class B shares are entitled to receive a minimum annual dividend of 0.01 euros for each class B share, subject to the existence of distributable profits without counting the issue premium. The amount of the minimum unpaid dividend for one financial year shall not be accumulated for subsequent financial years. Once the minimum dividend has been agreed, the holders of the shares will be entitled to the same dividend as the shares clase A.
c) Class B shares shall not confer on their holders any pre-emptive subscription rights in relation to voting capital increases.
d) Successive issues of Class B shares shall not require approval by special meeting or separate vote of holders of pre-existing Class B shares.

Capital resulting from the increase

After the non-monetary capital increase described, the share capital of the Company amounts to TWO MILLION NINE HUNDRED SEVENTY-THREE THOUSAND SIX HUNDRED AND NINETY-THREE EUROS WITH
FIFTY CENTS (€2,973,693.50), represented by 125,089,874 shares, fully subscribed and paid, belonging to two different classes:

1) TWENTY-EIGHT MILLION SEVEN HUNDRED SEVENTY-THREE THOUSAND SEVEN HUNDRED AND SEVENTY-FOUR
(28,773,774) shares belonging to class "A" of TEN EURO CENTS (€0.10) par value each, belonging to the same class and series, and which are the ordinary shares of the company (The "Class A Shares"); and

2) NINETY-SIX MILLION THREE HUNDRED SIXTEEN THOUSAND ONE HUNDRED (96,316,100) shares

belonging to class "B" of ONE THOUSANDTH OF A EURO (€ 0.001) of nominal value each belonging to the same class and series that are non-voting shares of the company with the legal regime and preferential rights established in article 9 bis of the bylaws (the "Class B Shares").

As mentioned in section 2.1 of this Extension Document, in accordance with Article 301 of the Capital Partnerships Law, the Board of Directors issued a report on the nature and characteristics of the credits to be offset on December 27, 2022, and EY, in its capacity as auditors of the Company, it issued the corresponding certification accrediting the data of the aforementioned credits on December 27, 2022 (see Annex II of this Extension Document). Both the report of the Board of Directors and the certification issued by theCompany's auditor in compliance with the regulations that apply to debt capitalizations, have been made available to shareholders, in addition to the registered office , on the website of the Company and on the BME Growth website, together with the call and resolutions of the Extraordinary General Shareholders' Meeting at which the Capital Increase was agreed, and which are attached as Annex II to this DAR.

Incorporation into negotiation

The Company will request the incorporation into trading of the new shares in the BME Growth trading segment of BME MTF Equity from the capital increase for credit compensation in the shortest possible time after the publication of this Reduced Enlargement Document .

Reference price for the incorporation of the shares

The Company will request the Board of Directors of the Market to take as the reference price for the fixing of the first price of the class B shares, the closing price of the class A shares of the company in the session prior to the incorporation of the aforementioned class B shares.

Liquidity provider

On March 23, 2023, the Company has formalized a liquidity contract with the financial intermediary, member of the Market, Renta 4 Banco, S.A. (the "Liquidity Provider").

Under this contract, the Liquidity Provider undertakes to provide liquidity to the holders of Class B shares of the Company through the execution of operations of purchase and sale of shares of the Company in BME Growth in accordance with the regime provided for in this regard by Circular 5/2020, of July 30, on rules for trading shares of companies incorporated into BME's BME Growth segment MTF Equity ("BME Growth Circular 5/2020") and its implementing regulations.

The purpose of liquidity contracts will be to promote the liquidity of transactions, to achieve a sufficient frequency of contracting.

The liquidity contract shall prohibit the Liquidity Provider from requesting or receiving from the Company instructions on the timing, price or other conditions of the trades it executes under the contract. Nor may you request or receive privileged information or other relevant information from the Company.

The Liquidity Provider will transmit to the Company the information on the execution of the contract that it needs for the fulfillment of its legal obligations.

The Liquidity Provider will give counterparty to the current and buying positionsin the Market in accordance with its contracting rules and within the trading hours provided for this Company, and said entity may not carry out the purchase and sale operations provided for in the Liquidity Agreement through high-volume operations as defined in the BME Growth Circular 5/2020 .

The Company undertakes to make available to the Liquidity Provider a combination of
25,000 euros in cash and class B shares of theCompany equivalent to 25,000 euros, with the sole purpose of enabling the Liquidity Provider to meet the commitments acquired under the Liquidity Agreement. The Company assumes an additional commitment to contribute €25,000 in cash and shares valued at market price at €25,000 if necessary to meet liquidity requirements. The aforementioned shares have been sold to the Company, based on the agreementor signed on March 10, 2023, by KAU Situaciones Especiales, S.L.

The Liquidity Provider shall maintain an internal organisational structure which guarantees the independence of the employees responsible for managing the Liquidity Contract vis-à-vis the Company.

The purpose of the funds and shares delivered will be exclusively to allow the Liquidity Provider to meet its counterparty commitments, so that the Company will not be able to dispose of them unless they exceed the needs established by the regulations of BME Growth.

The liquidity contract will have an indefinite duration, entering into force on the date of incorporation into trading of the Company's class B shares in BME Growth and may be resolved by either party in case of breach of the obligations assumed under it by the other party, or by unilateral decision of Either party, provided that it so communicates to the other party in writing at least sixty (60) days in advance. The termination of the Liquidity Agreement will be communicated by the Company to BME Growth.

3.2 Description of the start date and subscription period of newly issued shares with details , where applicable, of the pre-emptive and additional subscription periods and discretionary, as well as indication of the forecast of incomplete subscription of the capital increase

Capital increases for credit set-off do not entail preferential subscription rights in accordance with the applicable commercial law. The new actions have been fully subscribed at the time of the adoption of the extension resolution by the Extraordinary General Shareholders' Meeting .

3.3 To the extent that the issuing entity becomes aware thereof, information concerning the intention of the main shareholders or members of the Board of Directors to participate in the capital increase

The capital increase object of this DAR has been attended by the members of the Board of Directors Sr. Lorenzo Serratosa Gallardo (who is also president of the same) and Sr. José Iván García Braulio, as well as the significant shareholders Sr. Francisco Javier Muñoz Sanfeliu and Sr. Fernando Villar del Prado, through the 2 stake they hold in the company KAU Situaciones Especiales, S.L. by subscribing 22.75 % of this capital increase, holding a participation after the capital increase of 0.00349% of the class A shares and a 22.55% of the Class B shares (after the sale of 200,000 Class B shares to the Company detailed in section 3.1 of the DAR).

3.4 Main characteristics of newly issued shares and the rights they incorporate, describing their type and the dates from which they will be effective. Update if different from those described in the Incorporation Information Document

The legal regime applicable to the new shares of the Company is that provided for in Spanish law and, specifically, in the provisions included in Royal Legislative Decree 1/2010 of July 2, which approves the Revised Text of the Capital Companies Law, in the Royal Legislative Decree 4/2015 of 23 October approving the Consolidated Text of the Securities Market Law, and Royal Decree Law 21/2017 of 29 December on urgent measures for the adaptation of Spanish law to the regulations of the European Union on the Securities Market, as well as in their respective implementing regulations that are applicable, and in the statutes of the Company.

The newly issued shares from the capital increase are represented by book entries entered in the corresponding accounting records in charge of the Company of Management of the Systems of Registration, Clearing and Settlement of Securities, S.A.U. ("Iberclear"), domiciled in Madrid, Plaza Lealtad n°1 and its authorized participating entities. The shares are denominated in euros.

All the shares that are issued on the occasion of the capital increase subject to this Enlargement Document (shares clase B) are non-voting shares and attribute different political and economic rights that Class A shares currently outstanding. From the date on which the capital increase has been declared subscribed and paid up, the new class B shares are entitled to receive a minimum annual dividend of 0.01 euro for each class B share. Once this minimum dividend has been agreed, holders of Class B shares will be entitled to the same dividend as Class A shares. The minimum dividend is conditional on the existence of distributable profits, excluding the premium of

[2] The participation held by Mr. Lorenzo Serratosa Gallardo, Mr. José Iván García Braulio, Mr. Francisco Javier Muñoz Sanfeliu and Mr. Fernando Villar del Prado in KAU Situaciones Especiales, S.L. amounts to 25%, respectively.

emission. The amount of the minimum unpaid dividend for one financial year shall not be accumulated for subsequent financial years. In turn, class B shares will not confer on their holders any pre-emptive subscription rights in relation to voting capital increases. Successive issues of Class B shares shall not require approval by special meeting or separate vote of holders of pre-existing Class B shares. Finally, it states that Class B shares will not recover voting rights under any circumstances .

3.5 If any, a description of any statutory conditions for the free transferability of newly issued shares, compatible with trading in the BME Growth segment.

The shares issued under this capital increase may be transferred freely, without being subject to restrictions or conditions of any kind.

4. OTHER INFORMATION OF INTEREST

Not applicable.

5. REGISTERED ADVISOR AND OTHER EXPERTS OR ADVISORS

5.1 Information relating to the registered advisor, including possible relationships and linkages with the issuer

The Company appointed Deloitte, S.L. on January 17, 2022. as a Registered Advisor, thereby complying with the requirement established in Circular 1/2020 of BME Growth, which establishes that a company with securities incorporated in said segment must at all times have a Registered Advisor designated who is registered in the Register of Registered Advisors ofthe aforementioned Market.

As a result of this designation, from that date, Deloitte S.L. assists the Company in fulfilling the list of obligations that correspond to it under BME Growth Circular 4/2020.

Deloitte, S.L. was authorised by the Board of Directors of BME Growth as a Registered Advisor on 2 June 2008 as set out in BME Growth Circular 4/2020, and is duly authorised registered in the Register of Registered Advisors of BME Growth.

Deloitte, S.L. was incorporated on April 6, 1989 and is registered in the Mercantile Registry of Madrid, Volume 13,650, Sec.8, Folio 188, Page M-54414 with C.I.F. B-79104469 and registered office at Plaza Pablo Ruiz Picasso, 1, 28020 Madrid.

Deloitte, S.L. acts at all times, in the development of its function as Registered Advisor, following the guidelines established in its Internal Code of Conduct.

The Company and Deloitte, S.L. declare that there is no relationship or link between them beyond that constituted by the appointment of Registered Counsel described above.

5.2 In the event that the Extension Document includes any statement or report of a third party issued as an expert, it must be stated, including name, professional address, qualifications and, where appropriate, any relevant interest that the third party has in the issuing entity.

In accordance with Article 301 of the Capital Companies Law, the Board of Directors proceeded to issue the corresponding report on the nature and characteristics of the credits to be compensated, and ERNST & YOUNG, S.L., as auditors of the Company, domiciled at Calle Raimundo Fernandez Villaverde, 65, Madrid, proceeded to issue the corresponding certification accrediting the data of the aforementioned credit on December 27, 2022 (see Annex II of this Extension Document).

5.3 Information relating to other advisors who have collaborated in the processingor incorporation of newly issued shares in the Market

No entity has provided services to the Company in relation to the capital increase subject to this Increase Document, with the exception of Deloitte, S.L. as Registered Advisor to it.

ANNEX I: INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022 AND EXPLANATORY NOTES, TOGETHER WITH THE RELATED LIMITED REVIEW REPORT ISSUED BY THE AUDITOR

Limited Review Report

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. AND DEPENDENT SOCIETIES

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

HEY
Building a better working world

Ernst & Young,
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LIMITED REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of SUBSTRATE ARTIFICAL INTELIGENCE, S. A. , on behalf of the Board of Directors:

Introduction

We have carried out a limited review of the accompanying consolidated interim financial statements of SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. (the Parent Company) and Subsidiaries (the Group), comprising the consolidated balance sheet as at 30 June 2022, the consolidated profit and loss account, the statement of Changes in consolidated equity, consolidated statement of cash flows and explanatory notes for the six-month period ended on that date. The directors of the Parent Company are responsible for the preparation of these consolidated interim financial statements, in accordance with the regulatory framework for financial reporting. applicable to the entity in Spain, which is identified in note 2 of the attached explanatory notes and the internal control they consider necessary to allow the Preparation of consolidated interim financial statements free from material misstatement, due to fraud or error. Our responsibility is to make a conclusion on these consolidated interim financial statements based on our limited revision.

Scope of the review

We have conducted our limited review in accordance with International Standard of Review Work 2410, "Review of Interim Financial Information by the Entity's Independent Auditor ." A limited review of consolidated interim financial statements consists of asking questions, primarilyto personnel responsible for financial and accounting matters, and applying analytical and other review procedures . A limited review has a substantially smaller scope than 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 all important matters that have come to our attention. could have been identified in an audit.
Therefore, we do not express an audit opinion on the accompanying consolidated interim financial statements.

Conclusion

As a result of our limited review, which at no time can be construed as an auditory of accounts, nothing has come to our attention to conclude that the accompanying consolidated interim financial statements do not express, in all material respects, the true and fair view of the financial position of SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. and Subsidiaries as of June 30, 2022, as well as their results and cash flows for the six-month period ended on that date, in accordance with the applicable financial reporting regulatory framework and, in particular, with the accounting principles and criteria contained therein.

Emphasis paragraph

We draw attention to note 5 of the explanatory notes to the accompanying consolidated interim financial statements, which states that the heading "Consolidation goodwill" of the consolidated balance sheet as of June 30, 2022 includes goodwill arising in the previous year whose cost amounts to 23,402 thousand euros, having been recorded under the heading "Impairment and profit from disposals of fixed assets", of the consolidated profit and loss account corresponding to the six-month period ended June 30, 2022, a value correction rativa for impairment of the same for an amount of 9,324 thousand euros. As indicated in note 2.c of the accompanying explanatory notes, the estimates made for the impairment test are subject to uncertainty and any change 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 year 2021 in which they expressed a favorable opinion.

This report has been prepared at the request of SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. in 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 be provided by companies incorporated into trading in the BME Growth segment of BME MTF Equity".

ERNST & YOUNG SL.

(Registered in the Official Register of

a}

Account Auditors with No. S0530)

Amparo Ruiz Genovés

(Registered in the Official Register of Account Auditors with No. 05220)

October 28, 2022

OFFICIAL COLLEGE OF CHARTERED ACCOUNTANTS OF THE VALENCIAN COMMUNITY
ERNST & YOUNG SL

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

SUBSTRATE GROUP

INDEX

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

SUBSTRATE AI GROUP

Balance of situation Consolidated a 30 of June of 2022 (expressed in euros)

ACTIVE	Notes To States Intermediate Financial	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 ASSETS		**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 services10.1		659.575,64	247.652,28
Miscellaneous debtors	10.1	18.718,45	5.207,41
Staff	10.1	6.427,92	3.707,52
Current tax assets	13	15.752,90	15.752,90
Other credits with general government	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

Balance of situation Consolidated a 30 of June of 2022 (expressed in euros)

LIABILITIES AND NET WORTH	Notes To Interim Financial Statements	30/06/2022	31/12/2021 (restated)
NET WORTH		**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 the Interim Financial Statements	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 Expenses for the six-month period ended June 30, 2022

	Notes to the Interim Financial Statements	30/06/2022	30/06/2021
Profit and loss account result (14,604,050.06)		**(253,940.14)**	
Income and expenses charged directly to equity			
Grants, donations and bequests received	15	-	-
Total **income and expenses directly charged to consolidated equity**		-	-
Transfers to the consolidated profit and loss account			
Grants, donations 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 revenue and expenses attributed to the parent company		(14.647.801,28)	(253.940,14)
Total revenue and expenses 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

	Deeded capital	Premiu	Book	Shares and participations	Results of exercises Previous	Profit or loss for the financial year attributed To	Grants, donations and Bequests received	External	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 expenses recognized----				-	(253,940.14)--			(253,940.14)	Capital increases
(note 11)330.00	499,670.00---500,000.00 Other		changes	in	equity	--		14,080.80	-
		(37,372.79		)		37,372.79- -		14,080.80	
Balance ace 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 recognized	-	---			-	(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 Variations of the heritage net	-	-	-	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 by 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 expenses recognized---				-(14,622,340.93) (25.4 60.35)		18,290.87	(14,629,510.41)		Capital increases (note
11)177,906.007,486,344.00--		7,664,250.00 Other changes		in				equity-	
	-	(711,685.12)	- (1,170,800.27)1,777,571.39			- 92,370.97(12,543.03)			
Own share transactions (net) (Note 11)	–(		964,367.32) 1,570,778.47)	(606,411.15)--		-		-	(
Other Movements	-	-	(203.327,14)	-		-	-	-	(203.327,14)
Balance ace of June 30, 2022	2.206.882.80	34.142.267.20	(1.846.260.30)	(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 euro)

	Notes to States Intermediate Financial	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 Inteligence, 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, in 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 Inteligence, 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 Inteligence, 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 throughthe modality of Learning 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 core activity of theSubstrate 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 itsown 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 for the patents under 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 Inteligence, S.A. is the head company of the Group. The Directors of the parent company formulate the interim financial statements of the Group, in order to present a true and fair view of the financial position and results of the same. of the period of 6 months and comply with the requirement established by the BME Growth.

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

a) True and fair view and regulatory framework 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 offinancial information 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 show a true and fair view of the consolidatedequity and financial position of the group as at 30 June 2022 and of the consolidated results of its operations, changes in consolidated equity and consolidated cash flows forthe 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 calculationsapplied 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 value 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 could be revealed. between projected and actual results.

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 the increase in the rate. inflation and interest rates, rising energy prices and the possibility of a recession due to the war in Ukraine and its aftermath. 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 identifiedin 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 on the basis of 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 arethe 2023 budgets, characteristic values 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 period of six months t erminated on June 30, 2022, those corresponding to the annual year ended December 31, 2021 that correspond 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 tothese interim financial statements.

e) Bug fixes

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 amortizationfrom 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 statementsfor the year ended 31 December 2021 are as follows:

(expressed in euro)	Substrate CCAA Group formulated 2021	Substrate Group Intermediate Financial Statements restated 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)**
NET WORTH	**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 financialstatements, 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 interim financial statements withsolidados to present financial information of the Group, the carrying amount of the investment of the parent company in each of the subsidiaries has been eliminated, in addition to having been eliminated in its entirety the balances, transactions, income and expenses within the group.

The subsidiaries included in the consolidation perimeter are the following:

- ZONA VALUE GLOBAL, S.L.
  - Main activities:
    - Acquisition, holding and administration management of share securities
    - Acquisition, possession, marketing, rental and exploitation of all types of rural or urban properties
  - Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
  - 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	82.750,84	81.356,67	(655,83)	-
31.12.2021	82.366,92	1.936,37	(304,50)	-

- SUBSTRATE AL SPAIN, S.L.
  - 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.
  - Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
  - 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	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.
  - 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
- Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
- Percentage of effective participation in Parent Company: 100%
- Integration Method : Global Integration
- Company regulated by the CNMV
- Audited by Capital Auditors and Consultants, S.L.
- 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.
  - 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
  - Registered office: Calle Colón, 4-5 Bº, 46004 Valencia (Spain)
  - Percentage of effective participation in the Parent Company: 90%
  - Integration Method : Global Integration
  - Unaudited
  - 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.
  - 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
  - Registered office: Calle de la plazuela 43, 41370 Sevilla (Spain)
  - Percentage of effective participation in the Parent Company: 90%
  - Integration Method : Global Integration

- Unaudited
- 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.
  - Main activities:
    - Miscellaneous business, activities or functions
    - Engage in any other lawful activity in connection with the foregoing, or incidental to it.
  - Registered office: Gunsmoke Dr.Bailey, Colorado, 80421, 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	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
  - Registered office: SW 6th Terrace, Miami, FL 33130, USA U.S.
  - 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)	-

- FOURTH DIMENSION MEDICAL, S.L. (first integrated 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 Integration
    - Unaudited
    - 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 should be applied to homogenisation , with the exception of those relating to the 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 the scope of the agreement

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 from the consolidated balance sheet by virtuethereof.

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 recognised as an expense as incurred in the software. Expenses directly related to the production of unique and identifiable software controlled by the Group, and which are likely to generate economic benefits in excess of costs for more than one year, are They recognize as intangible assets. Direct costs include the costs of the staff developing the software and an appropriate percentage of overhead.

Goodwill

The cash fundrepresents the advance payment made by the acquirer 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. GUs represent the smallest identifiable asset groups that generate cash flows in favour of the Group and are mostly independent of flows generated by other assets or other groups of assets in 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, in the event that it has not been chosen to value minority interests at their reasonable valuee - 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 ext rapolar cash flows in perpetuity and a discount rate to discount cash flows; which is equal to the cost of capital assigned to each cash-generating unit and is equivalent to the sum of the risk-free rate plus a premium that reflects the risk inherent in the business evaluated.

If the carrying amount of a GER is greater than its recoverable amount, the Group recognises an impairment loss; which is distributed by reducing, first, the carrying amount of goodwill attributed to that unit and, secondly, and if there are losses to be imputed, reducing the carrying value of other assets; allocating the remaining loss in proportion to the carrying amount of each of the assets in that GERU. 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 will never be reversed.

Development

An intangible asset arising from development (or from the 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 toreliably value 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. These elements include: administrative concessions, commercial rights,intellectual property or licences.

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 which 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 asset, 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 standstill asset,as applicable, only when 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 written off. 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 analyses 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 theso-called "impairment test" the possible existence of losses in value that reduce the recoverable value of such assets at an amount lower than their carrying amount. 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 andexpected 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 loss account and consolidated earnings and payment under the heading "Property, plant and equipment" or "Intangible fixed assets", in each case, of 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 estimatesof its recoverable amount, increasing the value of the asset with the limit of the carrying amount that the asset would have if the sanitation had not been carried out.

The hypotheses considered to analyse 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 shall be consideredas income and expense for the year in which they accrue and shall be charged to the profit and loss account. Advance payments or payments for the lease shall be charged to profit or loss over the lease period as theeconomic benefits of the leased asset are transferred 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 Instructions

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 to dates. specified, to cash flows that 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 by 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 otherwise evidenced, shall be the transaction price , which shall be equal to the value. reasonable of the considerationdelivered, plus the transaction costs directly attributable to them.

However, claims on commercial transactions maturing not exceeding one year and not having an explicit contractual interest rate, as well as staff claims , dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, may be measured at nominal value when the effect of not updating flows of cash is not significant.

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 been determined.

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 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 reversal of impairment is limited to the original book 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, thenecessary valuation adjustments must 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. Collectively valued, it 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 caused by the insolvency of the debtor.

The impairment loss on the value of these financial assets shall be the difference between their carrying amount and the present value of future cash flows, including, in where appropriate, those proceeding from the enforcement of the security rights and personal guarantees, which are estimated to generate, discounted at the effective interest rate calculated at the time of their initial recognition. For variable interest rate financial assets, the effective interest ratecorresponding 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 on 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 offuture cash flows, provided that it 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 amortized 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 liabilitiesincluded 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 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 disbursements required by third parties on shares, the amount of which is expected to be paid in the short term, may be valued at their value nominal, when 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 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.

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. Where 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 accrued amounts that would have been recognised directly In equity, it determines the gain or loss arising from the write-off of that asset and forms part of the profit or loss for the financial year 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 deregistration of a financial liability is carried out as follows: the difference between the carrying amount of the financial liability (or the part thereof which has been written off) and the consideration paid, including attributable transaction costs, and in which any Assets transferred other than actual assets or liabilities assumed are recognised in the profit and loss account for the period in which they take 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 loss account and earnings. The effective interest method has been used for the recognition of interests. Dividends are recognized when the member's right to receive it is declared.

3.8. Foreign Currency Operations

Transactions carried out in foreign currency are recorded in theGroup'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 orpayment 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 measuredby 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. Stock

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 transport, customs duties, insurance and others directly attributable to the acquisition of stock.

Since the Company's inventories do not need a period of timeof more than one year to be able to be sold, no financial expenses are included in the purchase 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

The income tax expense or income purchases from the portionrelating to the current tax expense or income and the portion corresponding to the 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 the differences between the carrying amounts of assets and liabilities and their tax value, as well as negative tax bases outstanding and credits for tax deductions not applied tax-exempt. 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 forthose arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax result nor the accounting result and is not a business combination.

Deferred tax assetsare 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 be have future tax gains in sufficient amount.

Deferred tax assets and liabilities arising from transactions with direct charges or credits to equity accountsare 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 as they become 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 recognized right to offset current tax assets against current tax liabilities and when deferred tax assets and deferred tax liabilities are derived of the income tax corresponding to the same tax authority, which fall on the same entity or taxable subject, or different entities or tax subjects , which They 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. Income and expenditure

The Group recognizes the income from the ordinary development of its activity when there is a transfer of control of the goods or servicescommitted 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 customer.

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; performance that takes place when the customer obtains control of that good or service, so that the amount of income from ordinary activitiesrecognized will be the amount allocated 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 during theterm or at a certain time.

Revenues derived from commitments that are fulfilled over time are recognized according to the degree of progress or progress towards full compliance with contractual obligations provided that the Group has reliable information to carry out the mediation of 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 , received or to be received.

Expect to receive. 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 interestincorporated into the nominal of the credits.

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, thegroup 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 bequests shall generally be entered in the accounts 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 expenditure 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 for finance operating deficits for future years, in which case they will be charged in those years.

b) Where granted for thepurpose of financing specific expenditure: they shall be charged as revenue in the same financial year in which the expenditure which 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 charged as income of the year in which they are sold, valuation adjustment for impairment or reduction in the balance sheet.

− Financial assets: they will be imputed as income for the year in which their disposal occurs, valuation adjustment for impairment or reduction in the balance sheet.

− Cancellation of debts: they will be charged as income for the year in which such cancellation occurs, except where they are granted in relation to specific financing, in whichcase 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 it is 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, the liabilities incurred or assumed, the equity instruments issued and any consideration with reference that depends on future events or of the fulfillment of certain conditions in exchange for the 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 obligationsarising 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 allocated 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 shown in the equity of theconsolidated 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 of the subsidiaries, after considering the adjustments and eliminations of the This is determined on the basis of the percentages of participation existing at the end of the financial year, without considering the possible exercise or conversion of 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 income and expenses recognized in equity of the subsidiaries are allocated to the equity attributable to the parent company and the partners. external in proportion to their participation, even if this implies a debit balance of external partners. Agreements between the Group andexternal leisure activities are recognised 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 (either for a a legal, contractual or implicit or tacit obligation), arising as a result of past events, which is considered likely to involve an outflow of resources for liquidation and which is quantifiable.

Provisions are measured at the present value of the best estimate of the amount needed to cancel or transfer the obligation to a third party, with adjustments recorded arise from the updating 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 estimateof the corresponding liability at any given time.

The compensation to be received from a third party at the time of liquidation of the provisions is recognized as an asset, without reducing the amount of the provision, provided that there is no doubt thatsuch 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 events. past, for which there is unlikely to be an outflow of resources for settlement or that cannot be valued 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 durable basis, in which case they are entered in the correspondingitems under the heading "Property, plant and equipment", being depreciated according to 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, by which approves the Standards for the Formulation of the Consolidated Annual Accounts and the modifications contained in RD 602/2016 of December 2 and RD 1/2021 of January 12.

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 goodwill of provisional consolidationfor an amount of 23,483,951.58 euros as a result of the difference between the consideration transferred and the acquired assets and liabilities assumed at fair value at 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 30 June 2021, however, since transactions between that date and the start of the year were not considered significant for accounting purposes, except for the effect of depreciation that has been considered the acquisition date, 1 January 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 other than the one previously registered 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 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 date of acquisition.

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 significantly with respect to 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 fund 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 31.12.21 (*)**	**Additions**	**Low**	**Balance 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 an increase in the of energy costs, circumstances in many cases derived from a war in Ukraine, which seems to be prolonged in time, and which will very possibly lead to a scenario of economic recession in the coming months.

In this context and despite the fact that the business of Artificial Intelligence mainly affects costs and therefore takes advantage of complex environments to grow, The Board of Directors of Substrate Artificial Inteligence, 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. Approve new projections for the years 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 "software as a service" (Saas) Intelligence services Artificial in which the Group is working, having also reevaluated the estimates of 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 saidgoodwill, 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 goodwill. emerged by these corporate operations in 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 this 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 thatneeds to be amortized annually and, therefore, will have an impact on a higher net profit once the business plan evolves as planned.

In general terms, the main assumptions considered by the Group for the calculation of thecurrent value r 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.

In accordance with 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 Airen Ai For Renewable Energy Companies, 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)	-
Total cost	**7.455.608,17**	**402.579,43**	**(353.555,82)**	**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 were made, amounting to €402,579.43, of which €395,129.63 correspond to workcarried out by Group companies for their assets.

Goodwill arose from the acquisition of two production units by the Parent Company 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 transaction price based on future cash flows that could be generated by customers and web domains that already had dichas productive units. 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 a deterio ro testin 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 assumptions of both conservative economic and financial developments, the forecasts of future cash flows allow the net book value of said goodwill recordedas 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 THE MANAGEMENT OF INTENSIVE DAIRY CATTLE TO PRODUCE A PRODUCT CUSTOMIZED FOR END USE USING LEARNING AUTOMATIC	Application prepared and under review
METHODS AND APPARATUS FOR ADAPTIVELY OPTIMISING THE MIXING OF FEED AND DRUG SELECTION USING MACHINE LEARNING TO OPTIMISE ANIMAL REPRODUCTION RATE	Application prepared and under review
METHODS AND APPARATUS FOR ADAPTIVELY OPTIMISING FEED MIXING AND DRUG SELECTION USING MACHINE LEARNING TO OPTIMISE MILK PRODUCTION AND HEALTH OF ANIMALS	Application prepared and under review
SYSTEMS AND METHODS FOR EFFICIENTLY IMPLEMENTINGHIERARCHICAL STATES IN MACHINE LEARNING MODELS USING THE REI NFORCEMENT LEARNING	Application prepared and under review
METHODS FOR AUTOMATICALLY ADJUSTING REINFORCEMENT LEARNING HYPERPARAMETERS USING HYPERPARAMETER MODELS THAT USE THE SHARPE RATIO REWARD SIGNAL TO OPTIMIZE RISK-ADJUSTED RETURNS BY THE AGENT OVER THE TIME	Preparing application
METHOD FOR LEARNING THE AGENT'S BEHAVIOR REPERTOIRE REINFORCEMENT LEARNING USING OPTIONS	Ongoing development
APPARATUS AND METHODS FOR AN INTEGRATED MULTI-MODEL STRATEGY LEARNING AGENT ARCHITECTURE WITH GUIDED BEHAVIOR FOR AFFECTION	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 TO CREATE A REINFORCEMENT LEARNING IMAGINATION SYSTEM THROUGH SYNTHETIC ACTION-STATE TRANSITIONS AND THEIR ASSOCIATED REWARD CUES AND FACILITATE THE PLANNING OF AGENT AND THE CREATION OF OPTION CANDIDATES	Ongoing development
METHOD TO AUTOMATICALLY DETECT AND ADJUST BEHAVIOR OF THE REINFORCEMENT LEARNING AGENT BASED ON A MULTIPLE OBJECTIVE SIGNAL THAT INCLUDES THE VALUE OF THE BIAS SIGNAL	Ongoing development
METHOD FOR EXTRACTING OPTIONS FROM THE DEMO EXPERIENCE AND INITIALIZING AGENTS WITH LEARNED OPTIONS 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 FROM 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	Provisional 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)	Openi ng	Tickets	Output	Perimeter variation	Final bala
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)	Openi ng	Additions	Retreat	Final bala
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
Information 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
Fixed assets in progress	-	17.233,50	-	17.233,50
Total cost	**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 tangible fixed assets 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 30 June 2022, the companies in the group do not have fully depreciated 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 initiallycontracted, 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	**Equity instrument**	**Credits, derivatives and others**	**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:

	30.06.2022		31.12.2021	
(Euros)	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
Personnel	-	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 duein 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 theZona 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 outstanding as of December 31, 2021, part of which has 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 at 30 of June 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 at 30 June 2022 amount to €1,032,027.00 (€267. 711.14 euros 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)	Financial instruments					
Tuition	Financial instruments Long-term		Financial instruments Short-term		TOTAL	
Categories	Derivatives and Other	Debts to credit institutions and financial institutions	Derivatives and Other	Debts to credit institutions and financial institutions	Derivatives and Other	Debts to credit institutions and financial institutions
30.06.2022						
Financial liabilities at amortised cost	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						

Financial liabilities at amortised cost	429.964,00	- 4,993,092.95	14.868,70	5.423.056,95	14.868,70
Total	**429.964,00**	**- 4,993,092.95**	**14.868,70**	**5.423.056,95**	**14.868,70**

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 is not subject to compliance with financial ratios. The maturity by years is as follows:

(Euros)	2024	2025	2026	2027	2028 and Following	Total
Debts owed to credit institutions	92,233.13	96,154.56	100,242.75	104,504.72	203,267.87	596,403.03

The class derivatives and others presents the following detail:

	30.06.2022		31.12.2021	
(Euros)	**Not current**	**Stream**	**Not current**	**Stream**
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 the same. 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 financial markets with a small size and limited volume of contracting, so that investments could bedeprived 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 wherenecessary (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:
  - Interest rate risk: Because both debts and interest rates on the group's indebtedness are low, interest rate risk is minimal.
  - 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.
  - 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 deferrals of payment 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 meansof payment to suppliers in commercial transactions.

This information is detailed below:

	30.06.2022	31.12.2021
	Day	Day
Average period of payment to suppliers	20	11
Ratio of operations paid	20	11
Ratio of operations earring of payment	21	12
	Amount (EUR)	Amount (EUR)
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 shareholder capitalof 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 capitalization of debts, much of it was due to the acquisition described in the 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 ofthe 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 It was for compensation of credits (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, theparent company held 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
Reserves of subsidiaries	(467.544,77)	-
Total	**(1.846.260,30)**	**33.119,28**

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	-
Boalvet AI, S.L.	634,46	
Total	**(467.544,77)**	**-**

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.

In accordance with the Consolidated Text of the Capital Companies Law, a figure equal to 10% of the profit of the year must be allocated to the legal reserve until it Reach, 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, thelegal 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)	-
Fourth Medical Dimension, S.L.	91.246,73	-
Total	**(14.622.340,93)**	**-**

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 totalnumber of sales in foreign currency made by the group amounted 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 Administrations Public to the 30 of June is the following:

	30.06.2022		31.12.2021	
(Euros)	**Non-current**	**Current**	**Non-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 breakdown and movement produced during the financial 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 expenditure

Business 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 integration 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)	DEBIT BALANCES			
	Instrument of heritage	**Appropriations delivered**	**Clients**	**Credit extension of capital**
30.06.2022				
VALUE ZONE FOUNDATION (Group company)	30.000,00	-	-	-
SUBSTRATE UNIPESSOAL (Other Related Party)	-	100.983,93	60.000,00	-
IJANA FILMS (Other related party)		11.000,00	26.504,00	-
KAU SPECIAL SITUATIONS (Other related party)	-	50.034,82	-	-
TOTAL	**30.000,00**	**162.018,75**	**86.504,00**	**-**
31.12.2021				
VALUE ZONE FOUNDATION (Group company)	30.000,00	-	-	-
SUBSTRATE UNIPESSOAL (Other Related Party)	-	68.989,93	60.000,00	-
IJANA FILMS (Other related party)	-	11.000,00	26.504,00	-
KAU SPECIAL SITUATIONS (Other related party)	-	50.034,82	-	336.500,00
TOTAL	**30.000,00**	**130.024,75**	**86.504,00**	**336.500,00**

(Euros)	CREDIT BALANCES			
	Instrument of heritage	**Credits received**	**Suppliers**	**Credit Capital** increase
30.06.2022				
VALUE ZONE FOUNDATION (Group company)	-	-	-	-
SUBSTRATE UNIPESSOAL (Other Related Party)	-	-	-	-
IJANA FILMS (Other related party)	-	-	3.251,74	-
KAU SPECIAL SITUATIONS (Other related party)	-	-	-	-
TOTAL	**-**	**-**	**3.251,74**	**-**
31.12.2021				
VALUE ZONE FOUNDATION (Group company)	-	-	-	-
SUBSTRATE UNIPESSOAL (Other Related Party)	-	20,000.00	-	-
IJANA FILMS (Other related party)	-	-	-	-
KAU SPECIAL SITUATIONS (Other related party)	-	-	-	-
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**
Salary Administrators	217.096,01	53.103,84
Diets	-	-
Senior management	172.648,99	8.680,80
Salaries		
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 which, in any case, does not exceed 4% of the capital of The company, 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 obligations assumed on their behalf as security.

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 remunerationfor 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 breakdowns or explanations.

additional, except as described below :

- The first tranche of the contract of mandatory convertible bonds of 20 million signed with the Alpha fund has been executed in the first week of August and worth 500,000 euros Blue Ocean that assures the company the necessary financing for the development of its business plan. 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 in hotelis of its energy saving system.

Note 18. Other information

Average number of employees

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

	AVERAGE STAFFING STAFF		
	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
Graduate	1	-	1
TOTAL	**16**	**17**	**33**

	AVERAGE STAFFING STAFF		
	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 Results of the group. For this reason, specific breakdowns are not included in this consolidated report.

Madrid , 27 October 2022

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Mr Lorenzo Serratosa Gallardo

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CHRISTOPHER NICO

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Mr Christopher Nicolas Dembik

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Mr Jesús Mota Robledo

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Mr José Iván García Braulio

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CYRILLE RESTIER

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Mr Cyrille François Restier

ANNEX II: REPORT OF THE BOARD OF DIRECTORS TOGETHER WITH THE ACCREDITING CERTIFICATION ISSUED BY THE COMPANY'S AUDITOR ON THE DATA OF THE AFOREMENTIONED CLAIMS

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REPORT OF THE GOVERNING BODY OF SUBSTRATE ARTIFICIAL INTELIGENCE SA ON THE PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL AS WELL AS FOR THE EXCLUSION OF THE RIGHT OF PREFERENCE IF THE INTEREST OF THE COMPANY SO REQUIRES TO SUBMIT IT FOR APPROVAL OF THE EXTRAORDINARY GENERAL MEETING TO BE HELD AT THE REGISTERED OFFICE ON JANUARY 30, 2023 AT 1:30 P.M. ON FIRST CALL AND, WHERE APPROPRIATE, THE NEXT **DAY, JANUARY 31, 2023, AT THE SAME TIME AND PLACE ON** SECOND **CALL.**

1. Purpose of the Report

The purpose of this Report is to justify the proposal to delegate to the Board of Directors of **SUBTRATA ARTIFICIAL INTELIGENCE SA** the power to increase the share capital in accordance with article 297.1.b) of the Capital Companies Law with the possibility of excluding the right of preferential subscription, if the interest of the company so requires, under the provisions of Article 506 of the aforementioned Capital Companies Law; all this in order to submit its approval to the General Shareholders' Meeting of the Company, which will be convened for its celebration at the registered office on January 30, 2023 at 1:30 p.m., on first call, and, where appropriate, the following day, January 31, 2023 at the same time and place on second call, under item IV of the Agenda.

In accordance with the provisions of article 286 of the Capital Companies Law in relation to its article 297.1.b) and the articles concordbefore the Regulations of the Commercial Registry, this proposal of resolution to the General Meeting requires the formulation by the Board of Directors of this Report.

Likewise, Article 506 of the Capital Companies Law, relating to the delegation of the directors of the power to exclude the pre-emptive subscription right in the event of the issuance of new shares, requires that from the call of the Meeting a report of the directors be made available to the shareholders inwhat justifies the proposal of delegation of that authority.

2. Justification of the proposal.

Article 297.1.b) of the Capital Companies Law empowers the General Meeting, with the requirements provided for the amendment of the Bylaws, to delegate to the directors the power to agree on one or more times the increase in the share capital up to a certain amount, at the time and in the amount that it decides, without the need for prior consultation of the General Meeting. This provision also provides that these increases may not in any case increase in half of the share capital at the time of their authorisation, and must be made by means of monetary contributions within a maximum period of five years from the date of the resolution of the General Meeting.

To this we must add that article 506 of the Capital Companies Law, applicable to **SUBSTRATE ARTIFICIAL INTELIGENCE SA** by virtue of its Thirteenth Additional Provision, also establishes that when the General Meeting delegates to the directors The power to increase the share capital may also confer on them the power to exclude the pre-emption right in relation to the issue of shares which are the subject of delegation if the interest of the company so requires, if inthis case it could not relate to more than twenty per cent of the capital of the company at the time of authorization.

This Board of Directors understands that the proposal to delegate the power to increase the share capital submitted to the General Meeting is justified by the convenience of the Board of Directors having a mechanism, provided for by current corporate regulations, that allows it to adapt, always within the limits established in the Law, to the dynamics and opportunity of the market, obliging the administrative bodies of commercial companies, and especially listed companies, to have sufficient legal and corporate resources to respond effectively to the needs that may arise in commercial traffic, for which it is mandatory that the company can have new financial resources articulated through new capital contributions that improve its equity structure and its capacity for self-financing.

Although, it is an undoubted fact that in almost all cases , and even more so in this environment of such dynamism, it is impossible not only to determine in advance what the needs of the Company in terms of capital endowment, but to foresee the delays or increases in costs that may entail the intervention of the General Shareholders' Meeting for the adoption of the mandatory resolutions, making it difficult forthe Company to respond effectively and quickly to the needs of the market.

All this makes it highly recommended that the Board be in a position to use the authorized capital provided for in our legal system and that also constitutes a practical practice in the market , providing it with an agile and flexible instrument for a more adequate attention to the needs of the Company depending on the circumstances of the market.

The proposal provides that the disbursement of issued shares, which may be withor without voting rights, expressly provides for the possibility of incomplete subscription of shares issued in accordance with Article 507 of the Capital Companies Law, as well as the registration of the agreement prior to its executionin accordance with the Article 508 of the Capital Companies Law.

In accordance with the provisions of Article 506 of the Capital Companies Law, it is proposed to the General Meeting that the delegation authorize this Board of Directors to exclude the pre-emptive subscription right, since this Board of Directors considers that this additional power, which extends the margin of manoeuvre and responsiveness with respect to the single delegation of the The power to increase share capital is justified by the agility and flexibility with which it is often necessary to act in the markets to take advantage of the most favorable conditions in the appropriate conjunctural context.

Since this total exclusion is a power that the Board delegates to the Board of Directors, its responsible exercisewill depend on the criteria of the Board itself, taking into account the concurrent circumstances and with respect for the legal requirements and the best interests of the Company.

As established in paragraphs 3 and 4 of article 506 of the Capital Companies Law, the extension agreements adopted based on the delegation of the Board will accompany the corresponding supporting report of the administrators, being the nominal value of the shares to be issued, plus, where appropriate, the amount of the issue premium, corresponding to fair value in the terms of the

Article 504(3), for which purpose the Board of Directors shall make it available to shareholders and shall inform the first General Meeting to be held following the extension agreement.

For these purposes, the proposal to delegate to the Board the power to increase the capital of the Company in the amount decided up to the maximum amount equivalent to 20% of the share capital at the time of authorization, that is, up to € 441,376.56.-is submitted to the General Shareholders' Meeting.

3. Proposal for an agreement.

The full text of the proposedresolution submitted for approval by the Extraordinary General Meeting of shareholders to be held on 30 January 2023 at 1:30 p.m., on first call, and, where appropriate, on the following day, 31 January 2023 at the same time and place on second call, as agenda item IV, it was as follows:

*"**Study and approval, where appropriate***, of the authorization to the Board of ***Directors so that, in accordance with the provisions of article 297.1.b), 506 and concordant of the Capital Companies Law***, ***it can carry out*** capital ***increases***, ***for a period of five years, up to the maximum amount of 20% of the share capital in the time of authorization, on one or more occasions, through the issuance of new shares, with or without vote, with the provision of incomplete subscription established in article 507 of the Capital Companies Law. Expressly authorize the Board*** of ***Directors, in the terms established in Article 506 of the Capital Companies Law, to have the power to exclude the right of preferential subscription if the interest of the company so requires; as well as any acts necessaryfor its complete execution***:

"To authorize the Board of Directors, in accordance with the provisions of articles 297.1.b), 506 and related articles of the Capital Companies Law, to agree on one or more occasions the *increase in social capitalup to a certain figure at* the time and in the *amount it decides, in accordance with the following conditions:*

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1. Term: The increase in the share capital may be carried out once or more times within a maximum period of five years from the date of this Meeting.

2. Maximum amount: The maximum total amount of the extension or extensions agreedunder this authorization will not exceed the maximum amount of € 441,376.56, equivalent to 20% of the current share capital at the time of authorization.

3. Scope: The authorization to the Board, through the delegation of the Board, to increase the share capital will be extended, as widely as in law may be required, to the *fixing and determination* of the *conditions inherent in each of the broad The necessary steps may be taken under this agreement, to carry out all necessary formalities and to obtain as many authorizations as may be required by the legal provisions in force.*

By way of example, and not limitation, it shall be for theBoard of Directors to determine, for each increase in share capital, the amount and date of execution, the number of shares to be issued, with or without a vote, with and without an issue premium, consisting of the consideration of the new shares to beissued in monetary contributions, being able to set the terms and conditions of the capital increase and the characteristics of the shares.

Likewise, the Board of Directors is *expressly authorized* so that, in *accordance with* the *provisions* of *Article 506* of the *Capital Companies Law, it can exclude the pre-emptive subscription right if the interest of the company so requires.*

4. Incomplete increase: In accordance with article 507 of the Capital Companies Law, in case ofincomplete registration of the increase or increases in the share capital, these will be effective, being therefore increased or increased only in the amount of the subscriptions made.

5. Delivery of shares: It is expressly provided within the framework of this delegation agreement *that* the capital *increase agreement or agreements are registered in the Commercial Registry before their execution as they have included the possibility of incomplete subscription.*

6. Amendment of the Bylaws: By virtue of this authorization, *the Board of Directors is empowered to, in* *where appropriate*, to *redraft* the *article of* the *Bylaws relating to* share *capital, once the* increase *has been agreed and executed .*

7. Admission to trading: The admission to trading of the new shares that can be *issued under this* agreement in the *different multilateral trading systems will be* requested both in *Spain -BMW Growth- and in the United States -OTC- or any other regulated market through the dual listing system.*

And for the purposes provided for in article 286 of the current Capital Companies Act, and for its availability to the partners of the entity, it issues this Report in Madrid, on December 27, 2022.

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NOTARIA DE D. ALEJANDRO CERVERA TAULET
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VALENCIA

SPECIAL REPORT ON CAPITAL INCREASE DUE TO OFFSETTING OF LOANS, CASE PROVIDED FOR IN ARTICLE 301 OF THE CONSOLIDATED TEXT OF THE CAPITAL COMPANIES

To the shareholders of SUBSTRATE ARTIFICIAL INTELLIGENCE S.A.

For the purposes set forth in Article 301 of the Consolidated Text of the Companies Act, Capital, we issue this Special Report on the proposal to increase the capital in €96,316.10, with an issue premium of €866,844.90, for compensation of Loans amounting to EUR 963 161, including interest accrued and unpaid, paid by the Administrators of SUBSTRATE ARTIFICIAL INTELLIGENCE S.A. on December 27, 2022 presented in the Report attached. We have verified, in accordance with generally accepted auditing standards, the information prepared under the responsibility of the Directors in the aforementioned Report, with respect to the loans intended for the capital increase and that at least 25% of them are liquid, due and payable, and that the maturity of the remaining loans does not exceed five years.

In our opinion, the attached report prepared by the Directors provides adequate information regarding the credits to be offset to increase the share capital of SUBSTRATE ARTIFICIAL INTELLIGENCE S.A., which, at least 25%, are liquid, expired and payable, and that the maturity of the remaining loans is not more than five years.

This Special Report has been prepared solely for the purposes referred to in Article 301 of the Consolidated Text of the Capital Companies Act, so it should not be used for any other purpose.

ERNST & YOUNG, S.L.

Amparo Ruiz Genovés
Socia

December 27, 2022
27 de diciembre de 2022

COLEGIO OFICIAL DE CENSORES JURADOS DE CUENTAS DE LA COMUNIDAD VALENCIANA

ERNST & YOUNG SL

2022 Núm. 30/22/01035

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informe sobre trabajos distintos a la auditoría de cuentas