

Limited Review Report

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND
SUBSIDIARIES
Consolidated Interim Financial Statements
for the six-month period ended June 30, 2023



LIMITED REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS CONSOLIDATED

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

Introduction

We have conducted a limited review of the accompanying consolidated interim financial statements of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. (the Parent Company) and Subsidiaries (the Group), comprising the consolidated balance sheet as of June 30, 2023, the consolidated profit and loss account, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes, for the six-month period ending on that date. Directors are responsible for the preparation of these consolidated interim financial statements, in accordance with the regulatory reporting framework applicable to the entity in Spain, which is identified in note 2 of the explanatory notes and internal control as they deem necessary to enable the preparation of statements Consolidated interim financial statements free of material misstatement due to fraud or error. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

We have conducted our limited review in accordance with the International Standard for Work of Revision 2410, "Auditor's Review of Interim Financial Information Independent of the Entity". A limited review of interim financial statements consists of the conduct of questions, primarily of personnel responsible for financial and accounting matters, and the application of 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 the material matters that may have been identified in an audit have been brought to our attention. Therefore, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which at no time can be understood as an audit of accounts, we have not been informed of any matter that would lead us to conclude that the accompanying consolidated interim financial statements do not express, in all material respects, a true and fair view of the financial position of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. and Subsidiaries, as of June 30, 2023, 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.

Other Information: Consolidated Management Report

The attached consolidated interim management report for the six-month period ended June 30, 2023 contains the explanations that the directors of the Parent Company consider appropriate regarding the important events that occurred in this period and their impact on the consolidated interim financial statements presented, of which it is not a part. We have verified that the accounting information contained in the aforementioned management report is consistent with the consolidated interim financial statements for the six-month period ended June 30, 2023. Our work is limited to the verification of the consolidated interim management report with the scope mentioned in this paragraph and does not include the review of information other than that obtained from the accounting records of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. and subsidiaries.

Other issues

This report has been prepared at the request of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. in connection with 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 listed for trading in the BME Growth segment of BME MTF Equity.

This report corresponds to
the hallmark no. 01/23/20576
issued by the Institute of Chartered
Accountants of Spain

October 26, 2023

ERNST & YOUNG, S.L.

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**SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. And
SUBSIDIARIES**
(SUBSTRATE AI GROUP)

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2023**

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SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)

Consolidated balance sheet as of June 30, 2023
(expressed in euros)

		Notes to the Interim Financial Statements	30/06/2023	31/12/2022
ACTIVE				
NON-CURRENT ASSETS			19.211.089,31	19.129.172,09
Intangible fixed assets			17.270.367,34	17.820.051,66
Consolidation Goodwill	5		11.459.929,30	12.257.097,54
Other intangible fixed assets	7		5.810.438,04	5.562.954,12
Property, plant and equipment	8		157.174,97	141.286,78
Land & Buildings			1.097,38	4.308,51
Technical installations and other property, plant and equipment			156.077,59	136.978,27
Long-term investments in group companies and associates	10.1 and 16		30.000,00	30.000,00
Equity Instruments			30.000,00	30.000,00
Long-term financial investments	10.1		835.668,33	221.468,72
Third-party receivables			212.585,33	189.985,72
Other Financial Assets			623.083,00	31.483,00
Deferred tax assets	13		917.878,67	916.364,93
CURRENT ASSET			2.498.810,61	3.188.835,30
Stock			341.489,88	283.667,75
Commercial			300.724,20	283.667,75
Raw materials and other supplies			39,61	-
Advances to suppliers			40.726,07	-
Trade receivables and other accounts receivable			1.553.195,85	1.266.184,62
Sales and service customers	10.1		1.254.681,56	483.168,23
Miscellaneous debtors	10.1		1.168,04	6.162,72
Personal	10.1		8.000,02	500,00
Other credits with the Public Administrations	13		289.346,23	776.353,67
Short-term financial investments	10.1		17.054,00	14.554,00
Loans to companies			5.500,00	3.000,00
Other Financial Assets			11.554,00	11.554,00
Short-term accruals and accruals	10.1		1.000,00	1.000,00
Cash and cash equivalents	10.1		1.036.070,89	1.623.428,93
Treasury			1.036.070,89	1.623.428,93
TOTAL ASSETS			22.159.899,92	22.318.007,39

Notes 1 to 19 attached are part of the consolidated balance sheet as of June 30, 2023.

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)

Consolidated balance sheet as of June 30, 2023
(expressed in euros)

LIABILITIES AND EQUITY	Notes to the Interim Financial Statements	30/06/2023	31/12/2022
EQUITY		17.620.611,39	17.587.124,55
Equity	11	17.144.688,99	17.287.328,53
Capital		3.638.421,26	2.451.022,80
Issue premium		36.510.725,16	34.548.123,83
Reserves		(1.490.803,23)	(1.352.337,53)
Legal & Statutory		600,00	600,00
Other Bookings		(1.491.403,23)	(1.352.937,53)
(Shares and own holdings of the parent company)		(1.854.317,17)	(1.116.288,60)
Results of previous years		(17.703.031,83)	(1.643.405,05)
Other Partner Contributions		6.000,00	-
Profit or loss for the year attributable to the parent company		(2.628.587,21)	(15.950.454,93)
Other Equity Instruments		666.282,01	350.668,00
Grants, donations, and bequests received.	15	314.472,21	216.463,95
External Partners	6	161.450,19	83.332,08
NON-CURRENT LIABILITIES		2.377.007,38	2.288.657,64
Long-term provisions	3.16	70.760,44	-
Long-term debts	10.2	2.198.485,36	2.213.565,46
Debts to credit institutions		513.615,19	557.179,76
Debts with special characteristics	11	956.703,73	-
Other financial liabilities		728.166,44	1.656.385,70
Deferred tax liabilities	13	107.761,58	75.092,18
CURRENT LIABILITIES		2.162.281,16	2.442.225,19
Short-term provisions	3.16	289.496,48	357.380,84
Short-term debts	10.2	989.690,37	1.295.173,69
Debts to credit institutions		98.357,76	93.226,24
Lease creditors		958,38	3.795,71
Other financial liabilities		890.374,23	1.198.151,74
Trade Creditors and Other Payables	10.2	870.212,69	789.670,66
Suppliers		406.811,99	269.319,82
Miscellaneous creditors		55.352,41	79.592,90
Staff (unpaid wages)		23.022,94	49.368,12
Current tax liabilities	13	25.738,07	29.010,36
Other debts with Public Administrations	13	328.251,65	344.427,09
Advances to customers		31.035,63	17.952,37
Short-term accruals and accruals	3.16	12.881,62	-
TOTAL LIABILITIES AND EQUITY		22.159.899,92	22.318.007,39

Notes 1 to 19 attached are part of the consolidated balance sheet as of June 30, 2023.

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)

Consolidated Profit and Loss Statement
for the six-month period ended June 30, 2023
(expressed in euros)

		Notes to the Interim Financial Statements	30/06/2023	30/06/2022
PROFIT FOR THE YEAR				
CONTINUED OPERATIONS				
Net turnover	14		1.797.509,98	1.245.762,77
Sales			858.558,71	265.827,10
Provision of services			938.951,27	979.935,67
Work carried out by the company for its asset	7		736.459,04	-
Supplies	14		(451.145,89)	(118.565,73)
Consumption of goods			(424.511,30)	-
Consumption of raw materials and other consumables			(8.475,24)	-
Work carried out by other companies			(18.159,35)	(118.565,73)
Other Operating Income			2.186,05	6.292,41
Ancillary and other revenue under current management			2.186,05	6.292,41
Personnel costs	14		(1.520.338,22)	(1.293.100,53)
Wages, salaries and the like			(1.250.430,66)	(1.103.821,55)
Social security contributions			(269.907,56)	(189.278,98)
Other operating expenses			(1.355.723,14)	(1.028.433,45)
External services	14		(1.404.832,60)	(1.004.249,29)
Taxes			(14.952,18)	(9.682,07)
Losses, impairments and changes in provisions for commercial operations			64.120,86	-
Other current management costs			(59,22)	(14.502,09)
Depreciation of fixed assets			(1.134.537,19)	(1.830.647,25)
Allocation of non-financial fixed assets and other subsidies			17.042,34	25.460,35
Impairment and profit or loss on disposals of fixed assets			-	(11.534.130,74)
Other results			(49.952,17)	(48,06)
OPERATING RESULT			(1.958.499,20)	(14.527.410,24)
Financial Income			3,27	-
Financial Expenses	10.2		(466.102,00)	(7.092,33)
Change in fair value in financial instruments			-	(3.145,09)
Exchange Differences	12		(39.895,89)	25.622,22
Impairment and profit or loss on disposals of financial instruments			(8,85)	7.405,63
FINANCIAL RESULT			(506.003,47)	22.790,44
PROFIT BEFORE TAX			(2.464.502,67)	(14.504.619,80)
Income tax	13		(85.966,43)	(99.430,26)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS			(2.550.469,10)	(14.604.050,06)
CONSOLIDATED PROFIT FOR THE YEAR			(2.550.469,10)	(14.604.050,06)
Profit attributable to the parent company			(2.628.587,21)	(14.622.340,93)
Profit attributable to external partners			78.118,11	18.290,87

Notes 1 to 19 attached are part of the consolidated income statement for the six-month period ended June 30, 2023.

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)

Statement of Changes in Consolidated Equity
for the six-month period ended June 30, 2023
(expressed in euros)

a) Consolidated Statement of Recognized Income and Expenses for the six-month period ended June 30, 2023

	Notes to the Interim Financial Statements	30/06/2023	30/06/2022
Profit and loss statement result		(2.550.469,10)	(14.604.050,06)
Income and expenses charged directly to equity			
Grants, Donations and Bequests Received		150.00,00	-
Tax effect		(37.500)	-
Total income and expenses charged directly to consolidated equity		(112.500,00)	-
Transfers to the consolidated profit and loss account			
Grants, Donations and Bequests Received		(17.042,34)	(25.460,35)
Tax effect		4.260,59	-
Total transfers to the consolidated profit and loss account		(12.781,76)	(25.460,35)
TOTAL CONSOLIDATED INCOME AND EXPENSES RECOGNIZED		(2.450.750,86)	(14.629.510,41)
Total income and expenses attributable to the parent company		(2.528.868,97)	(14.647.801,28)
Total income and expenses attributed to external partners		78.118,11	18.290,87

Notes 1 to 19 attached are part of the consolidated statement of recognized income and expenses as at June 30, 2023

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)

Statement of Changes in Consolidated Equity
for the years ended June 30, 2023 and December 31, 2022
(expressed in euros)

b) Total Consolidated Statement of Changes in Equity for the Six Months Ended June 30, 2023

	Capital Deeded	Issue premium	Reserves	Own shares and holdings	Other Equity Instruments	Results of previous years	Result of the financial year attributed to the parent company	Grants, Donations and Bequests Received	Other Partner Contributions	External Partners	TOTAL
Adjusted balance, beginning of the year 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 Recognized Income and Expenses	-	-	-	-	-	-	(15.950.454,93)	82.332,99	-	11.170,58	(15.856.951,36)
Capital increases (note 11)	177.906,00	7.486.344,00	-	-	-	-	-	-	-	-	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)
Conversion of financial liabilities into equity (note 11)	244.140,00	405.856,63	-	-	90.668,00	-	-	-	-	-	740.664,63
Other transactions (note 16)	-	-	-	-	260.000,00	-	-	-	-	-	260.000,00
Transactions in treasury shares (net) (note 11)	-	-	(470.444,55)	(1.122.288,60)	-	-	-	-	-	-	(1.592.733,15)
Other Moves	-	-	(203.327,14)	-	-	-	-	(44.710,29)	-	-	(248.037,43)
Balance as of December 31, 2022	2.451.022,80	34.548.123,83	(1.352.337,53)	(1.116.288,60)	350.668,00	(1.643.405,05)	(15.950.454,93)	216.463,95	-	83.332,08	17.587.124,55
2022 Error Adjustments (Note 2.e)	-	-	-	-	-	(109.171,85)	-	-	-	-	(109.171,85)
Adjusted balance at the beginning of 2023	2.451.022,80	34.548.123,83	(1.352.337,53)	(1.116.288,60)	350.668,00	(1.752.576,90)	(15.950.454,93)	216.463,95	-	83.332,08	17.477.952,70
Total Recognized Income and Expenses	-	-	-	-	-	-	(2.628.587,21)	98.008,26	-	78.118,11	(2.452.460,84)
Capital increases (note 11)	-	-	-	-	-	-	-	-	-	-	-
Other Changes in Equity	-	-	-	-	-	(15.950.454,93)	15.950.454,93	-	-	-	-
Conversion of financial liabilities into equity (note 11)	1.187.398,46	1.962.601,33	-	-	315.614,01	-	-	-	-	-	3.465.613,80
Other transactions (note 16)	-	-	-	-	-	-	-	-	-	-	-
Transactions in treasury shares (net) (note 11)	-	-	-	(732.028,57)	-	-	-	-	-	-	(732.028,57)
Other Moves	-	-	(138.465,70)	(6.000,00)	-	-	-	-	6.000,00	-	(138.465,70)
Balance as of 30.06.2023	3.638.421,26	36.510.725,16	(1.490.803,23)	(1.854.317,17)	666.282,01	(17.703.031,83)	(2.628.587,21)	314.472,21	6.000,00	161.450,19	17.620.611,39

Notes 1 to 19 attached are part of the consolidated statement of changes in equity as of June 30, 2023

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)

Consolidated Statement of Cash Flows
for the six-month period ended June 30, 2023
(Expressed in euros)

	Notes to the Interim Financial Statements	30/06/2023 (6 months)	30/06/2022 (6 months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		(2.464.502,67)	(14.504.619,80)
Result Adjustments		1.562.253,54	13.316.527,21
Depreciation of fixed assets	5, 7 and 8	1.134.537,19	1.830.647,25
Valuation adjustments for impairment	5 and 7	64.120,86	11.534.130,74
Change in provisions		2.876,08	-
Allocation of subsidies		(17.042,34)	(25.460,34)
Profit or loss on retirements and disposals of fixed assets (+/-)		-	(7.405,63)
Financial Income		(3,27)	-
Financial Expenses		466.102,00	7.092,33
Exchange Differences		39.895,89	(25.622,22)
Change in fair value in financial instruments		8,85	3.145,09
Other income and expenses		-	-
Changes in current capital		(805.485,76)	(213.899,44)
Stock		(57.822,13)	(298.649,68)
Accounts receivable and other accounts receivable		(822.890,37)	(456.088,47)
Accounts payable and other accounts payable		62.345,12	499.837,88
Other current liabilities		(57.840,07)	41.000,83
Other non-current assets and liabilities		12.881,62	-
Other cash flows from operating activities		(110.095,21)	(7.092,33)
Interest Payments		(110.095,21)	(7.092,33)
Cash flows from operating activities		(1.817.830,10)	(1.409.084,37)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Payments		(660.685,97)	(1.172.064,52)
Intangible fixed assets	7	(597.407,93)	(7.449,80)
Property, plant and equipment	8	(40.678,43)	(64.614,72)
Other Financial Assets	5	(22.599,61)	(1.100.000,00)
Investment Charges		8.400,00	-
Other Financial Assets		8.400,00	-
Cash flows from investing activities		(652.285,97)	(1.172.064,52)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments for equity instruments		2.417.971,22	2.660.350,00
Issuance of equity instruments	11	3.149.999,79	2.660.350,00
Acquisition of equity instruments		(738.028,57)	-
Other Partner Contributions		6.000,00	-
Grants, Donations and Bequests Received		-	-
Receipts and payments for financial liability instruments		(535.267,19)	685.114,75
Emission:		-	700.000,00
Debts to credit institutions		-	700.000,00
Return and amortization of:		(535.267,19)	(14.885,25)
Debts to credit institutions		(38.433,05)	(14.885,25)
Finance Leases		(2.837,33)	-
Other debts		(496.834,14)	-
Cash flows from financing activities		1.882.704,03	3.345.464,75
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		(587.412,04)	764.315,88
Cash or equivalent at the beginning of the financial year		1.623.482,93	267.711,14
Effect or equivalents at the end of the year		1.036.070,89	1.032.027,00

Notes 1 to 19 attached are part of the consolidated statement of cash flows as of June 30, 2023

**SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. AND SUBSIDIARIES
(SUBSTRATE AI GROUP)**

**Explanatory Notes to the Consolidated Interim Financial Statements for the Six-Month Period
Ended June 30, 2023**

1. CONSTITUTION OF THE GROUP AND ACTIVITY

Activity

Substrate Artificial Intelligence, S.A., hereinafter "Parent Company", was incorporated as a limited company, for an indefinite period of time on December 9, 2010, with the name "Kau Finanzas, S.L.", with its current registered office at María de Molina nº41 Office 503, Madrid. The company is registered in the Mercantile Registry of Madrid, Volume 43321, Book 0, Folio 89, Page M-765355.

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

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

Substrate Artificial Intelligence, S.A. and Subsidiaries (hereinafter, the "Group" or "Substrate AI Group"), have the following 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 literacy and instruments that allow them to interpret such information through the learning modality called e-learning.
- Acquisition, holding and administration management of securities, shares
- Acquisition, possession, marketing, lease and operation of all types of rural or urban real estate
- Preparation of investment reports and financial analysis.
- Financial Mediation Services
- Computer programming activities, design of structures and content, writing of computer code to implement programs 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, MRIs and computed tomography).

The main activity of the Substrate Group consists of the creation and development of state-of-the-art artificial intelligence systems and their application in various sectors, such as energy, livestock, health, human resources and finance, among others. The Group has developed its own technology to address the problems faced by companies in the digitalization and streamlining 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 in the Biologically Inspired Cognitive Architectures and by the patents under development and registration detailed in section 7 of the explanatory notes. The geographical area of operation of the Substrate Group is currently mainly Spain.

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

2. BASIS FOR PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION

a) True image and regulatory framework of reference

The consolidated interim financial statements as of June 30, 2023 have been obtained from the accounting records of the Parent Company and the Subsidiaries included in the scope of consolidation in accordance with the regulatory framework for financial reporting applicable to the Group, which is established in:

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

The accompanying consolidated interim financial statements are presented in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained therein, so that they give a true and fair view of the group's consolidated equity and financial position as of June 30, 2023 and the consolidated results of its operations. changes in consolidated equity and consolidated cash flows for the six-month period then ended.

The accompanying consolidated interim financial statements have been prepared by the Board of Directors of the Parent Company.

b) Non-Mandatory Accounting Principles Applied

The accounting principles and criteria applied for the preparation of these consolidated interim financial statements are summarized in Note 3 to these explanatory notes. All mandatory accounting principles that have 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 valuation and estimation of uncertainty

The information contained in these consolidated interim financial statements is the responsibility of the directors of the Parent Company.

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

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

The Board of Directors makes these estimates at the end of the year, unless they identify signs of impairment in interim closings, and it is possible that events that may take place in the future may force 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 the activity carried out by the Group, differences between projected and actual results could become apparent.

Preparation of the financial projection

The Directors of the Parent Company, in order to carry out the corresponding impairment test on consolidation goodwill and other intangible assets, prepared a financial projection for the coming years in 2022 based on the context of rising inflation rates and interest rates. rising energy prices and the possibility of a recession due to the war in Ukraine and its consequences.

These projections reflect an estimate based on the fulfillment of certain milestones, variables and assumptions, which, despite being based on the worst-case scenarios, are subject to uncertainty and could be substantially modified based on the occurrence of future events considered in such estimates. Any changes in the main future assumptions may materially affect the recoverable value of certain assets (see notes 5 and 7). The main features are:

- The value in use has been used based on future flows 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 2027.
- The development or sale of various products is at an incipient stage.

- 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 expectations of its future evolution.
- Expectation of obtaining new relevant contracts with clients in a reasonable period of time (2 years).
- Increase in average selling prices with the application of artificial intelligence.
- Average EBITDA considered based on estimates and comparables, as historical information is not available for a portion of revenues.
- Increase in the number of customers in lines of business that are already active.

During the first six months of 2023, there have been no significant changes in the methodology of the estimates, compared to those made during the 2022 financial year, and no significant new judgments and estimates have been identified for the preparation of these consolidated interim financial statements.

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, 2023, values characteristic of any startup. The Strategic Plan drawn up by the Group until 2027 is based on the effective application of the artificial intelligence systems developed by the Group.

On the basis of the foregoing, 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 law, for comparison purposes with each of the items in the consolidated Balance Sheet and the Consolidated Statement of Change in Equity, in addition to the figures for the six-month period ended June 30, 2023, those corresponding to the year ended December 31, 2022, which correspond to the Audited Annual Accounts consolidated in that year, are presented. In the case of the consolidated interim Statement of Cash Flows and the interim consolidated Income Statement, the six-month period ended June 30, 2022 is included as comparative information. The same criteria have been applied with respect to the breakdowns included in the Notes to this document relating to these consolidated interim financial statements.

e) Bug fixes

At the interim close of the consolidated as of June 30, 2023, the Company detected that expenses corresponding to the 2022 financial year and an error in the calculation of the accumulated amortization of the consolidation goodwill of previous years were pending. The expenses of the previous year identified amount to 27,297.00 euros and the amortization of previous years amounts to 81,874.85 euros.

The Company has corrected the error retroactively, modifying the result of previous years, in the equity of the 2022 financial year, as well as the initial reserves for the 2023 financial year.

f) Consolidation Perimeter

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

The subsidiaries included in the scope of consolidation are the following:

- **ZONA VALUE GLOBAL, S.L.**
 - Main activities:
 - Acquisition, holding and administration management of securities, shares
 - Acquisition, possession, marketing, lease and operation of all types of rural or urban real estate
 - Registered office: Colón, 4-5 Bº, 46004 Valencia (Spain)
 - Percentage of effective stake in Parent Company: 100%
 - Integration Method: Global Integration
 - Audited
 - Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	859.803,16	(111.580,86)	(200.744,36)	-
31.12.2022	197.399,67	83.000,00	7.151,00	-
- **SUBSTRATE AL SPAIN, S.L.**
 - Main activities:
 - Computer programming activities, design of structures and content, writing of computer code to implement programs for systems, computer applications, databases and web pages.
 - Customization of computer programs, including configuration and modification of existing programs.
 - Registered office: Colón, 4-5 Bº, 46004 Valencia (Spain)
 - Percentage of effective stake in Parent Company: 100%
 - Integration Method: Global Integration
 - Audited

- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	1.212.715,57	148.385,86	(63.445,51)	-
31.12.2022	1.221.948,28	185.863,38	49.109,40	-

- KAU MARKET EAFI, S.L.

- Main activities:

- Preparation of investment reports and financial analysis.
- Financial Mediation Services
- Purchase and sale of real estate and movable property for the realization of the corporate purpose

- Registered office: Colón, 4-5 Bº, 46004 Valencia (Spain)

- Percentage of effective stake 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 euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023 (*)	126.642,63	32.536,95	(165.014,54)	-
31.12.2022	271.367,09	192.075,55	7.904,47	-

(*) Unaudited

- AIREN AI FOR RENEWABLE ENERGY, S.L.

- Main activities:

- Computer programming activities.
- Design of structures and content, and/or the writing of computer code necessary to create and implement programs for computer systems and applications

- Registered office: Colón, 4-5 Bº, 46004 Valencia (Spain)

- Percentage of effective shareholding in Parent Company: 90%

- Integration Method: Global Integration

- Audited

- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	75.890,60	(402.289,03)	-	-
31.12.2022	75.890,60	(215.389,94)	(189.899,09)	-

- BOALVET AI, S.L.

- Main activities:

- Computer programming activities.
- Design of structures and content, and/or the writing of computer code necessary to create and implement programs for computer systems and applications

- Registered office: Plazuela 43, 41370 Seville (Spain)
- Percentage of effective shareholding in Parent Company: 90%
- Integration Method: Global Integration
- Audited
- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	226.767,09	(34.471,70)	(7.483,16)	-
31.12.2022	252.298,31	3.000,00	(45.659,81)	-

- SUBSTRATE AI USA INC.

- Main activities:

- Miscellaneous Businesses, Activities, or Functions
- Engage in any other lawful activity in connection with, or incidental to, the foregoing.

- Registered office: Gunsmoke Dr. Bailey, Colorado, 80421, USA
- Percentage of effective stake in Parent Company: 100%
- Integration Method: Global Integration
- Audited
- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	428.409,36	(95.600,33)	(1.833,26)	-
31.12.2022	309.693,32	(128.439,98)	(151.864,11)	-

- AI SAIVERS LLC

- Main activities:
 - Miscellaneous economic activities
- Registered office: SW 6th Terrace, Miami, FL 33130, USA
- Percentage of effective stake in Parent Company: 100%
- Integration Method: Global Integration
- Audited
- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	24.329,89	23.995,76	(78.421,59)	-
31.12.2022	30.015,53	27.120,65	(275.412,75)	-

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

- Main activities:
 - Marketing and after-sales service of diagnostic imaging machinery (radiology, MRIs and computed tomography).
- Registered office: Baronessa Santa Bárbara, 28, 46740 Carcaixent, Valencia (Spain)
- Percentage of effective stake in Parent Company: 70%
- Integration Method: Global Integration
- Audited by EY in 2022
- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023(*)	1.312.820,64	692.173,79	257.899,32	-
31.12.2022	1.025.337,37	409.496,50	149.457,90	-

(*) Unaudited

- FLEEBE AI S.L. (This company was incorporated during the 2023 financial year and has acquired a production unit managed by the Parent Company, which has no impact on the interim consolidated financial statements)

- Main activities:
 - Electronic exploitation by third parties
- Registered office: Cronista Carreres nº10 bajo, Valencia, Spain

- Percentage of effective stake in Parent Company: 100%
- Integration Method: Global Integration
- Audited
- Financial Information:

(expressed in euros)	Total Assets	Total Equity	Result	Dividends distributed
30.06.2023	2.604.374,21	(163.115,98)	(166.115,98)	-

3. ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

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

The period of all the companies of the group covers from January 1, 2023 to June 30, 2023, therefore, there is temporal homogeneity and homogenization has been carried out in the accounting principles and standards applied. It is not appropriate to apply any adjustments or eliminations for its homogenization, with the exception of those relating to the functional currency.

3.2. Transactions between companies included in the scope of consolidation

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

These transactions have been removed from the consolidated income statement and the consolidated balance sheet for the amount of the transactions.

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

3.3. Intangible assets

Computer Applications

Purchased software licenses are capitalized on the basis of the costs incurred for their acquisition and for making the specific software usable.

Costs associated with the development or maintenance of software are recognized as an expense as they are incurred. 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 recognized as intangible assets. Direct costs include the costs of staff developing the software and an appropriate percentage of overheads.

Goodwill

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

Goodwill is amortized over a 10-year period, ending on June 30, 2031. At the end of each financial year, or earlier if an indication of impairment is identified, the Group carries out an assessment of the recoverability of goodwill, amortizing in advance the part of goodwill that, where appropriate, it does not consider recoverable.

Goodwill is allocated to one or more cash-generating units ("CGUs") that are expected to benefit from the synergies arising from the business combinations. CGUs represent the smallest groups of identifiable assets that generate cash flows in favour of the Group and are mostly independent of the flows generated by other assets or other groups of assets of the Group.

Each CGU(s) to which goodwill is assigned:

- It represents the lowest level at which the entity manages goodwill internally.
- It's not bigger than a business segment.

The CGUs to which goodwill has been attributed are analysed (including the portion of goodwill allocated in their carrying amount) to determine whether they have been impaired. This analysis is carried out at least annually, or whenever there are indications of deterioration. For the purpose of determining the impairment of a CGU to which goodwill has been assigned, the carrying amount of that unit – adjusted by the amount of goodwill attributable to the external shareholders, in the event that the minority interests have not been valued at fair value – is compared with its recoverable amount.

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

If the carrying amount of a CGU is greater than its recoverable amount, the Group recognises an impairment loss; that it is distributed by reducing, first, the carrying amount of the goodwill attributed to that unit and, secondly, if there are any losses to be allocated, by reducing the carrying amount of the rest of the assets; allocating the remaining loss in proportion to the carrying amount of each of the assets in such CGU. In the event that the minority interests have been valued at fair value, the impairment of goodwill attributable to these external partners would be recognized. Impairment losses related to goodwill will never be reversed.

Development

An intangible asset arising from the development (or development phase of 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 made available for use or sale.
- b) Your intent to complete the intangible asset in question, to use or sell it.
- c) Your ability to use or sell the intangible asset.
- d) The way in which the intangible asset will generate likely economic benefits in the future. Among other things, the entity may demonstrate the existence of a market for the production that generates the intangible asset or for the asset itself, or, in the case that it is to be used internally, the usefulness of the market for the entity.
- e) The availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset.
- f) Its ability to reliably 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 cost of production. Capitalized development expenses will be accounted for when the corresponding patent or similar is obtained, including the cost of registration and formalization of industrial property, without prejudice to the amounts that may also be accounted for by reason of the acquisition of the corresponding rights from third parties. These include, but are not limited to, invention patents, utility model protection certificates, industrial design, and introductory patents.

Other intangible fixed assets

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

Subsequent assessment

After initial recognition, an intangible asset will be accounted for at cost less accumulated depreciation and accumulated impairment losses (see note 3.5).

The Group depreciates its intangible assets using the straight-line method to allocate the difference between the cost and its residual values over the estimated useful lives, applying the following coefficients:

	% 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 the corresponding accumulated depreciation and impairment losses.

The historical cost includes the 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 period of time from that of the main good, they are registered and depreciated separately according to their specific useful life. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is likely that the future economic benefits associated with the items will flow to the Group and the cost of the item can be reliably determined. The carrying amount of the replaced part is derecognized in the accounts. The rest of the expenses for repairs and maintenance are charged to the income statement during the period in which they are incurred.

The Group depreciates its property, plant and equipment using the straight-line method to allocate the difference between the cost and its residual values over the estimated useful lives, applying the following coefficients:

	% 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 period, the Group analyses whether there are any indications of impairment of its assets or cash-generating units to which goodwill or other intangible assets have been allocated and, if there are, it verifies by means of the so-called "Impairment Test" the possible existence of losses in value that reduce the recoverable value of such assets to an amount lower than their value at the time. books. When it is not possible to estimate the impairment of assets, they are grouped under Cash Generating Units, considering that it is the minimum unit of income generation.

The recoverable amount is the greater of the market value, less the costs of sale, and the value in use, which is understood to be the present value of the 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. Company Directors estimate 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.

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

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

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

3.6. Operating Leases

In operating lease transactions, ownership of the leased asset, and substantially all of the risks and benefits of the asset, remain with the lessor.

In operating lease agreements, income and expenses will be considered as income and expense for the year in which they are accrued, and will be charged to the profit and loss account. Advance lease receipts or payments will be charged to profit or loss over the lease period as the economic benefits of the leased asset are transferred or received.

When the Company acts as lessee, the lease costs are charged on a straight-line basis to the profit and loss account depending on the agreements and the life of the contract.

3.7. Financial Instruments

Financial Assets

1. Financial assets at amortised cost

A financial asset will be included in this category, even when it is admitted to trading on an organized market, if the company holds the investment for the purpose of receiving the cash flows derived from the performance of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are only collections of principal and interest on the amount of the outstanding principal.

In general, this category includes receivables for commercial transactions and receivables for non-commercial transactions:

- a) Receivables from commercial operations: these are those financial assets that originate from the sale of goods and the provision of services for traffic operations of the company with deferred collection, and

- b) Receivables for non-commercial transactions: these are financial assets that, not being equity instruments or derivatives, are not of commercial origin and whose receipts 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 their fair value, which, unless otherwise evidenced, shall be the transaction price, which shall be equal to the fair value of the consideration paid, plus any transaction costs directly attributable to them.

However, receivables from commercial operations with a maturity of no more than one year and which do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, may be valued at their nominal value when the effect of not updating cash flows is not significant.

Subsequent valuation: Financial assets included in this category will be measured at their amortised cost. Accrued interest shall be recorded in the profit and loss account, applying the effective interest rate method.

However, loans with a maturity of no more than 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 impaired.

Impairment

At least at the end of the financial year, the necessary valuation adjustments should 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, has deteriorated as a result of one or more events that have occurred after its initial recognition and that cause a reduction or delay in estimated future cash flows. which may be motivated by the insolvency of the debtor.

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

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

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

2. Financial assets at cost.

Investments in the equity of group companies, multi-group companies and associates will initially be measured at cost, which will 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 impairment adjustments. This valuation adjustment is quantified as the difference between its carrying amount and the recoverable amount. Unless there is better evidence of the recoverable amount of the investments, the estimation of the impairment of this asset class takes into account the equity of the investee, corrected by the tacit capital gains existing at the valuation date. Impairment adjustments and, where applicable, their reversal, are recorded as an expense or an income, respectively, in the profit and loss account. The impairment reversal is limited to the original carrying amount of the investment. Dividends accrued after the time of acquisition are recognized as income in the profit and loss account when the right to receive them is declared.

Cash and other liquid media

This heading includes cash on hand and banks, demand deposits and other highly liquid short-term investments that are quickly realizable in cash and have no risk of changing in value.

Financial liabilities

1. Financial liabilities at amortised cost.

All financial liabilities shall be classified in this category except where they are to be measured at fair value through 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: these 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 transactions: these are financial liabilities that, not being derivative instruments, do not have a commercial origin, but come from loan or credit operations received by the company.

Financial liabilities included in this category shall initially be measured at their fair value, which, unless otherwise demonstrated, 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, debits for commercial transactions with a maturity of no more than one year and that do not have 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 nominal value, when the effect of not updating cash flows is not significant.

They will then be valued at their amortized cost. Accrued interest shall be recorded in the profit and loss account, applying the effective interest rate method.

However, debits with a maturity of no more than one year which, in accordance with the provisions of the previous section, are initially valued at their nominal value, will continue to be valued at that amount.

Write-off of financial assets and liabilities

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

The Group derecognizes a previously recognised financial liability from the balance sheet when any of the following circumstances occur:

- 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 if it is with the intention of relocating them in the future.
- There is an exchange of debt instruments between a lender and a borrower, provided that they have substantially different terms, and the new financial liability that arises is recognized; In the same way, there is a substantial change in the current conditions of a financial liability, as indicated for debt restructurings.

The accounting for the retirement of a financial liability is carried out as follows: the difference between the carrying amount of the financial liability (or the part of it that has been derecognized) and the consideration paid, including attributable transaction costs, and which must also include any assets transferred other than the cash or liabilities assumed; It is recognised in the profit and loss account for the year in which it occurs.

Criteria used in the determination of income or expenditure from the 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 income statement. The effective interest method has been used for the recognition of interest. Dividends are recognized when the shareholder's right to receive them is declared.

3.8. Foreign Currency Operations

Transactions carried out in foreign currencies are recorded in the functional currency of the Group companies (euros) at the exchange rates prevailing at the time of the transaction. During the financial year, any differences between the posted exchange rate and the exchange rate in force on the date of collection or payment are recorded as financial results in the income statement.

As of June 30, 2023, monetary assets and liabilities determined in foreign currency will be measured at 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 year in which they occur.

3.9. Own shares

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

3.10. Stock

Inventories are valued at their purchase price. The purchase price includes the amount invoiced by the seller, after deducting any discounts, price reductions or other similar items, and all additional expenses incurred until the goods are placed for sale, such as transportation, customs duties, insurance, and others directly attributable to the acquisition of the inventory.

Since the Group's inventories do not need a period of more than one year to be in a position to be sold, no financial expenses are included in the purchase price.

The Group uses weighted average cost to assign value to inventories.

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

3.11. Income tax

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

Current tax is the amount paid by the Group as a result of the income tax assessments relating to a financial year. Deductions and other tax advantages in the amount of tax, excluding withholdings and payments on account, as well as tax losses that can be compensated for in previous years and actually applied in this year, give rise to a lower amount of current tax.

Deferred tax expense or income is the recognition and write-off of deferred tax assets and liabilities. These include temporary differences, which are identified as those amounts that are expected to be payable or recoverable arising from differences between the carrying amounts of assets and liabilities and their tax value, as well as tax losses pending offsetting and credits for tax deductions not applied for tax purposes. These amounts are recorded by applying to the corresponding temporary difference or credit the tax rate at which they are expected to be recovered or settled.

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

Deferred tax assets, on the other hand, are only recognised to the extent that it is considered likely that the Group will have future taxable gains against which it can recredit them.

Likewise, at the consolidated level, any 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 cumulative results generated since the date of acquisition of the investee, from tax deductions associated with the investment and from the translation difference, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognized unless, in the case of taxable differences, the investor can control the timing of the reversal of the difference and, in the case of deductible differences, if the difference is expected to reverse in the foreseeable future and the company is likely to have sufficient future taxable profits.

Deferred tax assets and liabilities, arising from transactions with direct debits or credits to equity accounts, are also accounted for as a counterpart entry in equity.

At each accounting closing, the deferred tax assets recorded are reconsidered, and the appropriate corrections are made 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 recognized to the extent that they are likely to be recovered with future tax benefits.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognized right to offset current tax assets against current tax liabilities and when deferred tax assets and deferred tax liabilities are derived from income tax under the same taxing authority. that fall on the same entity or tax person, or different entities or tax subjects, that 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 realization or settlement.

3.12. Income and Expenses

The Group recognises income from the ordinary development of its business when there is a transfer of control of the goods or services committed to customers.

For the accounting recording of revenues, 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(s) to be fulfilled in the contract, representative of the commitments to transfer goods or provide services to a customer.
- c) Determine the price of the transaction, 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 client.
- d) Assign the price of the transaction to the obligations to be fulfilled, which must be carried out on the basis of the individual sales 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 an obligation committed through the transfer of an asset or the provision of a service; Compliance that takes place when the customer obtains control of that good or service, so that the amount of income from ordinary activities recognized will be the amount assigned to the contractual obligation satisfied.

Recognition

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

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

Revenue derived from commitments that are fulfilled over time is recognized based on the degree of progress or progress towards full compliance with contractual obligations, provided that the Group has reliable information to mediate the degree of progress. With regard to income from training courses, as most of them are recorded courses, they are recognized at the initial moment regardless of when they are viewed.

In the case of contractual obligations that are fulfilled at a particular point in time, the revenue derived from their performance 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 the entity carries it out.
- b) The Group produces or improves an asset that the client controls as the business develops.
- c) The Group develops a customer-specific asset with no 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 at which the client gains control of the asset, the Group considers the following indicators:

- a) The client assumes the significant risks and rewards inherent in owning 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 collection for transferring the asset.
- e) The customer has ownership of the asset.

Assessment

Ordinary income from the sale of goods and the provision of services is measured at the monetary amount or, as the case may be, at the fair value of the consideration, received or expected to be received. The counterpart is the agreed price for the assets to be transferred to the client, deducted: the amount of any discounts, price reductions or other similar items that the Group may grant, as well as the interest incorporated into the nominal amount of the loans.

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

3.13. Transactions with affiliates

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

3.14. Grants, donations, or bequests received

Non-refundable grants, gifts and bequests shall initially generally be accounted for 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 bequest.

Grants, donations and bequests of a monetary nature will be valued at the fair value of the amount awarded.

Grants, donations and legacies that are non-refundable will be charged to profit or loss in accordance with their purpose.

For the purposes of their allocation in the profit and loss account, a distinction must be made between the following types of grants, donations and bequests:

- a) When they are granted to ensure a minimum return or to compensate for operating deficits: they will be charged as income for the year in which they are granted, unless they are intended to finance operating deficits in future years, in which case they will be charged in those years.
- b) When granted to finance specific expenditure: they shall be charged as revenue in the same financial year in which the expenditure being financed is accrued.
- c) When granted to acquire assets or cancel liabilities, the following cases can be distinguished:
 - Intangible fixed assets, tangible assets and real estate investments: they will be charged as income for the year in proportion to the provision for depreciation made in that period for the aforementioned items or, where appropriate, when they are disposed of, adjusted for impairment or derecognized from the balance sheet.

- Inventories that are not obtained as a result of a commercial rebate: they will be charged as income for the year in which they are disposed of, a valuation adjustment for impairment or a write-off from the balance sheet.
 - Financial assets: these will be charged as income for the year in which they are disposed of, adjusted for impairment or derecognized from the balance sheet.
 - Cancellation of debts: they will be charged as income for the year in which such cancellation occurs, except when they are granted in relation to specific financing, in which case the allocation will be made according to the element financed.
- d) Monetary amounts received without earmarking shall be charged as revenue for the year in which they are recognized.

3.15. Business Combination

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

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

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

At the acquisition date, the Group recognises 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 above, without being limited to the amount attributable to the group's shareholding. Assumed liabilities include contingent liabilities to the extent that they represent present obligations arising from past events and their fair value can be reliably measured.

Revenues, expenses and cash flows from the acquired business are included in the consolidated financial statements from the date of acquisition. The excess between the cost of the business combination, plus the value assigned to the 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 shareholders 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 shareholders are presented in the equity of the consolidated balance sheet separately from the equity attributable to the Parent Company. The share of external partners in the profit or loss for the year is also presented separately in the consolidated income statement.

The participation of the Group and the external shareholders in the profits or losses and in the changes in the equity of the subsidiaries, after considering the adjustments and eliminations resulting from the consolidation, 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 potential voting rights and after deducting the effect of dividends. agreed or not, of preferred shares with cumulative rights that have been classified in equity accounts.

The results and the income and expenses recognized in equity of the subsidiaries are allocated to the equity attributable to the Parent Company and the external shareholders in proportion to their shareholding, even if this implies a debit balance of external partners. Agreements entered into between the Group and external partners are recognised as a separate transaction.

3.16. Provisions and contingencies

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

Provisions are measured at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation to a third party, with adjustments arising from the updating of the provision being recorded 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 applied. Provisions are revised at the closing date of each balance sheet and are adjusted to reflect the best current estimate of the corresponding liabilities at any given time.

Compensation to be received from a third party at the time of settling provisions is recognised as an asset, without reducing the amount of the provision, provided that there is no doubt that such repayment will be received, and without exceeding the amount of the obligation recorded. Where there is a legal or contractual relationship for the externalisation of risk, by virtue of which the Group is not obliged to be liable for 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 liabilities arising as a result of past events, the materialization of which is conditional on the occurrence of future events that are not entirely under the control of the Group, and those present obligations arising as a result of past events, for which it is unlikely that there will be an outflow of resources for settlement or that cannot be measured with sufficient reliability. These liabilities are not subject to accounting records, and are detailed in the report, except when the output of resources is remote.

The provisions recorded in the consolidated balance sheet as of June 30, 2023 correspond mainly to the risk associated with the products sold by the subsidiary dedicated to the health business (Cuarta Dimensión Médica S.A.), which are subject to a two-year warranty period.

3.17. Heritage elements of an environmental nature

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

3.18. Transactions with payments based on equity instruments

The Group recognizes, on the one hand, the goods and services received as an asset or as an expense, according to their nature, at the time they are obtained and, on the other hand, the corresponding increase in equity, if the transaction is settled with equity instruments, or the corresponding liability if the transaction is settled with an amount that is based on the value of the equity instruments.

In the case of transactions that are settled with equity instruments, both the services provided and the increase in equity are measured at the fair value of the equity instruments transferred, as of the date of the concession agreement. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liabilities are recognized at the fair value of the latter, referring to the date on which the requirements for their recognition are met.

3.19. Classification of current and non-current assets and liabilities

Assets and liabilities are presented in the consolidated balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current when they are linked to the Group's normal operating cycle and are expected to be sold, consumed, realized or liquidated within a year.

4. CONSOLIDATION OF SUBSIDIARIES

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

5. CONSOLIDATION GOODWILL

The consolidation goodwill arose from the acquisition in 2021 of the subsidiaries Zona Value Global, S.L., Substrate AI Spain, S.L. and Substrate AI USA Inc. for an amount of €23,800,000.00, giving rise to a consolidation goodwill of €23,483,951.58, and from the acquisition on February 25, 2022 of 70% of Cuarta Dimensión Médica, S.L. for an amount of 1,400,000.00 euros, giving rise to a consolidation goodwill of 1,182,930.01 euros.

During the first six months of financial year 2022, there was a progressive deterioration in general economic conditions as a result of high inflation rates, progressively rising interest rates, supply chain tensions and rising energy costs, circumstances in many cases resulting from the war in Ukraine.

For this reason and following the principle of prudence, the Parent Company decided, based on the update of the financial projections, to deteriorate the goodwill arising from these corporate operations by €9,324,072.01 despite the fact that prior to the IPO, in March 2022, the firm Grant Thornton Advisory. S.L.P. prepared a valuation report on the shares of Substrate AI as of December 31, 2021 for an amount of €95,153 thousand, including in this valuation the capital increase for an amount of €7,664 thousand carried out in March 2022.

During the first 6 months of the 2023 financial year, there were no signs of impairment, so the Group has not recorded any amount for this item.

Based on the above, the movement for the first six months of 2023 and the 2022 financial year, as well as the net book value of the consolidation goodwill, is as follows:

(Euros)	Balance 31.12.22	Additions	Low	Balance 30.06.23
Consolidation Goodwill	24.586.881,59	-	-	24.586.881,59
Accumulated Depreciation	(3.005.712,08)	(797.166,79)	-	(3.802.878,88)
Deterioration	(9.324.072,01)	-	-	(9.324.072,01)
Net Book Value	12.257.097,54	(797.166,79)	-	11.459.929,30

(Euros)	Balance 31.12.21	Additions	Low	Balance 30.12.22
Consolidation Goodwill	23.483.951,58	1.182.930,01	(80.000,00)	24.586.881,59
Accumulated Depreciation	(1.170.197,58)	(1.835.514,50)	-	(3.005.712,08)
Deterioration	-	(9.324.072,01)	-	(9.324.072,01)
Net Book Value	22.313.754,00	(9.976.656,50)	(80.000,00)	12.257.097,54

6. EXTERNAL PARTNERS

The balance of External Shareholders as of June 30, 2023 corresponds to the percentage of their real participation, which amounts to 10% of the equity of the companies Airen Ai For Renewable Energy, S.L. and Boalvet AI, S.L., as well as 30% of Cuarta Dimensión Médica, S.L. The movement of external partners is as follows:

(Euros)	30.06.2023	31.12.2022
Beginning Balance	83.332,08	(20.209,47)
Business combination effect (note 5)	-	92.370,97
Results for the period attributable to external partners	78.118,11	11.170,58
Ending Balance	161.450,19	83.332,08

7. INTANGIBLE ASSETS.

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

(Euros)	Beginning Balance	Tickets	Outputs	Ending Balance
30.06.2023				
Cost				
Development	1.937.390,84	377.310,80	(20.703,58)	2.293.998,06
Industrial property	163.263,37	1.027,80	(1.027,80)	163.263,37
Goodwill	6.100.000,00	-	-	6.100.000,00
Computer Applications	114.572,57	23.732,17	(29.853,08)	108.451,66
Other Immobilized	509.000,92	239.868,12	-	748.869,04
Total Cost	8.824.227,70	641.938,69	(51.584,46)	9.414.582,13
Accumulated depreciation				
Development	(212.958,02)	(211.688,16)	20.703,58	(403.942,60)
Industrial property	(27.538,05)	(9.190,98)	1.027,80	(35.701,23)
Goodwill	(692.787,56)	(129.083,64)	-	(817.102,87)
Computer Applications	(109.023,53)	(41.820,51)	29.853,08	(120.990,96)
Other Immobilized	(8.966,42)	(2.671,68)	-	(11.638,10)
Total amortization	(1.051.273,58)	(394.454,97)	51.584,46	(1.394.144,09)
Total deterioration	(2.210.000,00)	-	-	(2.210.000,00)
NET BOOK VALUE	5.562.954,12			5.810.438,04
31.12.2022				
Cost				
Development	837.062,10	1.108.437,31	(8.108,57)	1.937.390,84
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	-	(118.278,08)	114.572,57
Other Immobilized	83.517,57	509.000,00	(83.516,65)	509.000,92
Total Cost	7.455.608,17	1.622.918,30	(254.298,83)	8.824.227,70
Accumulated depreciation				
Development	(8.357,74)	(217.965,28)	13.365,00	(212.958,02)
Industrial property	(11.087,05)	(22.370,40)	5.919,40	(27.538,05)
Goodwill	(203.333,00)	(489.454,56)	-	(692.787,56)
Computer Applications	(81.468,62)	(30.589,44)	3.034,53	(109.023,53)
Other Immobilized	(4.177,59)	(4.788,83)	-	(8.966,42)
Total amortization	(308.424,00)	(765.168,51)	22.318,93	(1.051.273,58)
Total deterioration	-	(2.210.000,00)	-	(2.210.000,00)
NET BOOK VALUE	7.147.184,17			5.562.954,12

There have been no investments outside Spanish territory during the first six months of the 2023 financial year, nor during the 2022 financial year. During the 2022 financial year, one of the Group's companies received a subsidy of €600,000 in RED.ES relating to intangible assets, with a total of €225,000.00 in equity, net of taxes, as detailed in note 15, and the remainder as non-current liabilities (see note 10.2). As of June 30, 2023, the entire grant is outstanding (see notes 13 and 15).

In the first six months of 2023, acquisitions of intangible fixed assets amounting to €641,938.69 were made, mainly corresponding to work carried out by the Group's companies for their assets and investments by the parent company and the Global Value Zone. In 2022, acquisitions of intangible fixed

assets amounted to €1,622,918.30, of which €1,494,578.71 correspond to work carried out by the Group's companies for their assets.

The goodwill arose from the acquisition of two production units by the Parent Company in May 2021.

The Parent Company carried out an impairment test in 2022 in accordance with the business plans and updated information on the performance of the businesses and decided to record an impairment of €2,210 thousand 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 caused damage to the value of goodwill.

As of June 30, 2023, there are no indications of additional impairment, so no amount has been recorded in this regard.

The patents in progress, which are pending registration as of June 30, 2023 and December 31, 2022, are as follows:

2023

Title	Case status
METHODS AND DEVICES TO AUTOMATE LIVESTOCK MANAGEMENT MILK PRODUCER UNDER INTENSIVE REGIME TO PRODUCE A PRODUCT CUSTOMIZED BASED ON END USE USING LEARNING AUTOMATIC	Application prepared and under review.
METHODS AND APPARATUS TO ADAPTIVELY OPTIMIZE THE MIXTURE OF FEED AND MEDICINE SELECTION THROUGH LEARNING AUTOMATIC TO OPTIMIZE THE REPRODUCTION RATE OF ANIMALS	Application prepared and under review.
METHODS AND APPARATUS TO ADAPTIVELY OPTIMIZE THE MIXTURE OF FEED AND MEDICINE SELECTION THROUGH LEARNING AUTOMATIC TO OPTIMIZE MILK PRODUCTION AND CHILD HEALTH ANIMALS	Application prepared and under review.
SYSTEMS AND METHODS TO EFFICIENTLY IMPLEMENT STATES HIERARCHICAL IN MACHINE LEARNING MODELS USING REINFORCEMENT LEARNING METHODS TO AUTOMATICALLY ADJUST THE HYPERPARAMETERS OF THE REINFORCEMENT LEARNING USING HYPERPARAMETER MODELS THAT USE THE SHARPE RATIO REWARD SIGNAL TO OPTIMIZE THE AGENT'S RISK-ADJUSTED RETURNS OVER THE PERIOD TIME	Application prepared and under review.
METHOD FOR LEARNING THE REPERTOIRE OF THE BEHAVIOR OF THE REINFORCEMENT LEARNING AGENT USING OPTIONS	Application in preparation
APPARATUS AND METHODS FOR A MULTI-MODEL STRATEGY LEARNING AGENT ARCHITECTURE INTEGRATED WITH GUIDED BEHAVIOR FOR THE AFFECTION	Provisionally expired*
METHOD FOR PRE-TRAINING A LEARNING AGENT BY REINFORCEMENT FROM TABULAR DATA AND EXAMPLES OF IMPERFECT ACTIONS OF EXPERTS WHEN THE SIMULATED ENVIRONMENT IS NOT AVAILABLE	Application prepared and under review.
METHOD TO CREATE A LEARNING IMAGINATION SYSTEM BY REINFORCEMENT THROUGH SYNTHETIC STATE-ACTION TRANSITIONS AND THEIR ASSOCIATED REWARD SIGNALS AND FACILITATING THE PLANNING OF THE AGENT AND THE CREATION OF OPTIONAL CANDIDATES	Application in preparation
METHOD TO DETECT AND AUTOMATICALLY ADJUST THE BEHAVIOR OF THE REINFORCEMENT LEARNING AGENT BASED ON AN OBJECTIVE SIGNAL MULTIPLE THAT INCLUDES THE VALUE OF THE BIAS SIGNAL	Application in preparation
METHOD FOR EXTRACTING OPTIONS FROM THE DEMONSTRATION EXPERIENCE AND INITIALIZE AGENTS WITH LEARNED OPTIONS TO SUPPORT DEMONSTRATION TRANSFER LEARNING	Application in preparation
METHOD TO REDUCE MODEL DATA FOR INCLUSION IN THE DON APPROXIMATOR BY CONSTRUCTING AN ESTIMATE EMPTY VALUES STATISTICS	Application in preparation
METHOD TO PRE-TRAIN A REINFORCEMENT LEARNING AGENT BASED ON TABULAR DATA AND EXAMPLES OF ACTIONS OF IMPERFECT EXPERTS WHEN A SIMULATED ENVIRONMENT IS NOT AVAILABLE	Application in preparation
APPARATUS AND METHOD FOR THE MANAGEMENT OF DATABASES OF MODELS MACHINE LEARNING	Prepared provisional application

*Despite being expired, it is recoverable in the future

2022

Title	Case status
METHODS AND APPARATUS TO AUTOMATE THE MANAGEMENT OF MILK PRODUCING LIVESTOCK IN AN INTENSIVE REGIME TO PRODUCE A PERSONALIZED PRODUCT BASED ON THE END USE USING LEARNING	Application prepared and under review.
AUTOMATIC METHODS AND APPARATUS TO ADAPTIVELY OPTIMIZE FEED MIXING AND MEDICATION SELECTION THROUGH LEARNING AUTOMATIC TO OPTIMIZE THE REPRODUCTION RATE OF ANIMALS METHODS AND APPARATUS TO ADAPTIVELY OPTIMIZE THE MIXTURE OF FEED AND MEDICINE SELECTION THROUGH MACHINE LEARNING TO OPTIMIZE MILK PRODUCTION AND ANIMAL HEALTH	Application prepared and under review.
SYSTEMS AND METHODS TO EFFICIENTLY IMPLEMENT HIERARCHICAL STATES IN MACHINE LEARNING MODELS USING REINFORCEMENT LEARNING	Application prepared and under review.
METHODS FOR AUTOMATICALLY TUNING REINFORCEMENT LEARNING HYPERPARAMETERS USING HYPERPARAMETER MODELS THAT USE THE SHARPE RATIO REWARD SIGNAL TO OPTIMIZE THE AGENT'S RISK-ADJUSTED PERFORMANCES OVER TIME	Application prepared and under review.
METHOD FOR LEARNING THE REPERTOIRE OF THE BEHAVIOR OF THE REINFORCEMENT LEARNING AGENT USING OPTIONS	Application in preparation
APPARATUS AND METHODS FOR A MULTI-MODEL STRATEGY LEARNING AGENT ARCHITECTURE INTEGRATED WITH GUIDED BEHAVIOR FOR THE AFFECTION	Provisionally expired*
METHOD TO PRE-TRAIN THE LEARNING AGENT BY REINFORCEMENT BASED ON TABULAR DATA AND EXAMPLES OF IMPERFECT ACTIONS OF EXPERTS WHEN THE SIMULATED ENVIRONMENT IS NOT AVAILABLE	Application prepared and under review.
METHOD TO CREATE A LEARNING IMAGINATION SYSTEM BY REINFORCEMENT THROUGH SYNTHETIC STATE-ACTION TRANSITIONS AND THEIR ASSOCIATED REWARD SIGNALS AND FACILITATE AGENT PLANNING AND CREATION OF OPTION CANDIDATES	Application in preparation
METHOD TO DETECT AND AUTOMATICALLY ADJUST THE BEHAVIOR OF THE REINFORCEMENT LEARNING AGENT BASED ON A MULTIPLE OBJECTIVE SIGNAL THAT INCLUDES THE VALUE OF THE BIAS SIGNAL	Application in preparation
METHOD FOR EXTRACTING OPTIONS FROM THE DEMONSTRATION EXPERIENCE AND INITIALIZING AGENTS WITH THE LEARNED OPTIONS TO SUPPORT DEMONSTRATION TRANSFER LEARNING	Application in preparation
METHOD TO REDUCE MODEL DATA FOR INCLUSION IN THE DON APPROXIMATOR BY CONSTRUCTING AN ESTIMATE	Application in preparation
STATISTICS OF EMPTY VALUES METHOD TO PRE-TRAIN A LEARNING AGENT BY REINFORCEMENT BASED ON TABULAR DATA AND EXAMPLES OF ACTIONS BY IMPERFECT EXPERTS WHEN A SIMULATED ENVIRONMENT IS NOT AVAILABLE	Application in preparation
APPARATUS AND METHOD FOR MANAGING DATABASES OF MACHINE LEARNING MODELS	Prepared provisional application

*Despite being expired, it is recoverable in the future

8. PROPERTY, PLANT AND EQUIPMENT.

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

(Euros)	Beginning Balance	Additions	Retreats	Ending Balance
30.06.2023				
Cost				
Constructions	5.500,00	-	-	5.500,00
Machinery	8.357,14	4.850,00	-	13.207,14
Other Facilities	46.951,65	33.089,14	-	80.040,79
Furniture	20.764,93	2.159,89	(908,60)	22.016,22
Information Processing Equipment	40.890,92	579,40	(712,38)	40.757,94
Other Immobilized	114.870,87	-	-	114.870,87
Fixed assets in progress	8.270,14	-	-	8.270,14
Total Cost	245.605,65	40.678,43	(1.620,98)	284.663,10
Accumulated depreciation				
Constructions	(1.191,49)	(3.211,13)	-	(4.402,62)
Machinery	(2.192,79)	(1.156,66)	-	(3.349,45)
Other Facilities	(19.693,29)	(3.301,20)	712,38	(22.282,11)
Furniture	(6.372,92)	(1.692,21)	908,60	(7.156,53)
Information Processing Equipment	(11.221,41)	(3.505,48)	-	(14.726,89)
Other Immobilized	(63.646,97)	(11.923,56)	-	(75.570,53)
Total amortization	(104.318,87)	(24.790,24)	1.620,98	(127.488,13)
NET BOOK VALUE	141.286,78			157.174,97

(Euros)	Beginning Balance	Additions	Retreats	Perimeter Variation	Ending Balance
31.12.2022					
Cost					
Constructions	5.500,00	-	-	-	5.500,00
Machinery	1.152,14	-	-	7.205,00	8.357,14
Other Facilities	90.290,98	54.649,41	(97.988,74)	-	46.951,65
Furniture	9.293,30	9.724,43	-	1.747,2	20.764,93
Information Processing Equipment	34.858,09	6.308,78	(1.390,83)	1.114,88	40.890,92
Other Immobilized	3.450,50	-	-	111.420,37	114.870,87
Fixed assets in progress	17.233,50	-	(8.963,36)	-	8.270,14
Total Cost	161.778,51	70.682,62	(108.342,93)	121.487,45	245.605,65
Accumulated depreciation					
Constructions	(91,45)	(1.100,04)	-	-	(1.191,49)
/Machinery	(650,56)	(1.037,88)	-	(504,35)	(2.192,79)
Other Facilities	(22.957,39)	(9.673,64)	12.937,74	-	(19.693,29)
Furniture	(1.387,32)	(3.326,11)	-	(1.659,49)	(6.372,92)
Information Processing Equipment	(19.213,28)	(6.485,51)	15.230,25	(752,87)	(11.221,41)
Other Immobilized	(579,78)	(4.538,22)	-	(58.528,97)	(63.646,97)
Total amortization	(44.879,78)	(26.161,40)	28.167,99	(61.445,68)	(104.318,87)
NET BOOK VALUE	116.898,73				141.286,78

During the first six months of 2023 and during the 2022 financial year, there have been no investments outside Spanish territory or subsidies related to property, plant and equipment.

During the first six months of 2023 and during 2022, no valuation adjustment for impairment of property, plant and equipment has been recognised or reversed.

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

As of June 30, 2023 and December 31, 2022, the companies of the group did not have fully depreciated property, plant and equipment.

9. OPERATING LEASES

The operating leases correspond to contracts for the rental of the offices in which the Group carries out its activity for an amount of €54,697.96 as of June 30, 2023. As of June 30, 2022, the Group's leases amounted to €60,745.26.

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

(Euros)	1 year	Ages 1 to 5	+5 years
Minimum Future Payments	140.207,00	753.220,00	-

This information is obtained from the lease contracts, taking into account the current maturities and the agreed rents, and it is the intention of the Group and the lessors to renew these contracts for periods similar to those initially contracted, provided that there is no cause that prevents it.

10. FINANCIAL INSTRUMENTS

10.1 Categories of financial assets

The breakdown of current and non-current financial assets as of June 30, 2023, classified by category and maturities, is as follows (loans with the Treasury are not included):

(Euros) Tuition	Long-term financial instruments		Short-term financial instruments	Total
Categories	Equity Instrument	Credits, derivatives and others	Credits, derivatives and others	
30.06.2023				
Financial assets at amortised cost	-	835.668,33	1.280.903,62	2.116.571,95
Financial assets at cost	30.000,00	-	-	30.000,00
Total	30.000,00	835.668,33	1.280.903,62	2.146.571,95
31.12.2022				
Financial assets at amortised cost	-	221.468,72	504.384,95	725.853,67
Financial assets at cost	30.000,00	-	-	30.000,00
Total	30.000,00	221.468,72	504.384,95	755.853,67

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

(Euros)	30.06.2023		31.12.2022	
	Non-current	Stream	Non-current	Stream
Credits granted	212.585,33	5.500,00	189.985,72	3.000,00
Customers for sales and service provision	-	1.254.681,56	-	483.168,23
Miscellaneous debtors	-	1.168,04	-	6.162,72
Personal	-	8.000,02	-	500,00
Grants awarded	600.000,00	-	-	-
Surety bonds and deposits and others	23.083,00	11.554,00	31.483,00	11.554,00
Total	835.668,33	1.280.903,62	221.468,72	504.384,95

The increase in the heading "customers for sales and provision of services" compared to December 31, 2022 is mainly due to the increase in activity in R+D projects. Long-term bonds and deposits correspond mainly to deposits as a result of Group rentals. These claims are mainly from related parties and third parties. The loans granted are due in 2026.

There are no credits that are doubtful of their collection.

A subsidiary company has a subsidy outstanding at 30 June 2023 as at 31 December 2022 in the amount of €600,000. This grant is expected to be collected at the end of the project at the end of the financial year 2024 (see note 15).

The financial assets at cost as of 30 June 2023 and 31 December 2022 correspond to the foundation endowment provided for the constitution of the Zona Value Foundation amounting to 30,000 euros.

Cash and cash equivalents as of June 30, 2023 amounted to €1,036,070.89, with no restriction on their availability.

10.2 Categories of financial liabilities

The breakdown of current and non-current financial liabilities at the end of the year, classified by category and class, is as follows (not including debts to the Treasury, which are broken down in Note 13, or debts with special characteristics, which are broken down in Note 11.):

Tuition Categories	(Euros)		Financial Instruments			
	Long-term financial instruments		Short-term financial instruments		TOTAL	
	Derivatives & Others	Debts to credit institutions and financial institutions	Derivatives & Others	Debts to credit institutions and financial institutions	Derivatives & Others	Debts to credit institutions and financial institutions
30.06.2023						
Financial liabilities at amortised cost	728.166,44	513.615,19	1.407.555,58	98.357,76	2.135.722,02	611.972,95
Total	728.166,44	513.615,19	1.407.555,58	98.357,76	2.135.722,02	611.972,95
31.12.2022						
Financial liabilities at amortised cost	1.656.385,70	557.179,76	1.618.180,66	93.226,24	3.274.566,36	650.406,00
Total	1.656.385,70	557.179,76	1.618.180,66	93.226,24	3.274.566,36	650.406,00

In 2022, the Parent Company entered into a loan with a financial institution for an amount of €700,000.00, maturing in 2029 and at an interest rate of Euribor 12 months + 3.25%. Such a loan is not subject to compliance with financial ratios. The maturity per year as of June 30, 2023 and December 31, 2022 is as follows:

2023

(Euros)	2023	2024 (H1)	2024 (2nd semester)	2025	2026	2027 and onwards	Total
Debts to credit institutions	43.241,08	43.564,57	45.192,57	95.515,71	102.788,75	270.117,98	600.420,84
Other debts with credit institutions	11.552,11	-	-	-	-	-	11.552,11

2022

(Euros)	2023	2024	2025	2026	2027 and onwards	Total
Debts to credit institutions	84.702,71	90.154,46	96.293,73	102.851,06	267.880,51	641.882,47
Other debts owed to credit institutions	8.523,53	-	-	-	-	8.523,53

The heading "other financial liabilities" includes a loan taken out in 2022, with a crowdfunding platform (Fondo October), maturing in 2026, and at an interest rate of 6.60%. This loan is not subject to compliance with financial ratios and has the following table of maturities as of June 30, 2023 and December 31, 2022:

2023

(Euros)	2023	2024 (H1)	2024 (2nd semester)	2025	2026	2027 and onwards	Total
Other debts	23.983,80	24.775,09	25.592,47	53.745,89	52.428,08	-	180.525,33

2022

(Euros)	2023	2024	2025	2026	2027 and onwards	Total
Other debts	47.201,58	50.367,56	53.745,89	52.428,08	-	203.743,11

The class Derivatives and Others presents the following detail:

(Euros)	30.06.2023		31.12.2022	
	Non-current	Stream	Non-current	Stream
Loans Received	428.166,44	890.374,23	1.208.665,70	1.198.151,74
Grants awarded	300.000,00	-	447.720,00	-
Finance Leases	-	958,38	-	3.795,71
Suppliers for purchases and provision of services	-	406.811,99	-	269.319,82
Other miscellaneous creditors	-	55.352,41	-	79.592,90
Personal	-	23.022,94	-	49.368,12
Customer Advances	-	31.035,63	-	17.952,37
Total	728.166,44	1.407.555,58	1.656.385,70	1.618.180,66

The Group has signed a three-year contract for bonds compulsorily convertible into shares within a period of one year, for up to €20 million, signed with the Alpha Blue Ocean (ABO) fund, which ensures the company the necessary financing for the development of its business plan. This point is key to ensuring the achievement of the objectives set out in the company's business plan.

The loans received reflected in current liabilities in the first 6 months of the 2023 financial year correspond mainly to bonds issued under the contract with ABO pending conversion into equity for an amount of €441,612.94 and to two fixed assets suppliers for an amount of €393,669.60 (€564,777.66 and to two fixed assets suppliers for an amount of €577,259.00 at the end of 2022).

The bonds are associated with a certain number of equity warrants that are determined according to the price of the Company's shares and that may or may not be exercised by the fund over a period of 3 years. The bonds issued are recorded as debt instruments at amortized cost by the difference between the amount received for the issuance of the different tranches and the fair value of the warrants issued together with the convertible debentures. The amount of the warrants is recorded in an equity account. Within one year, the fund can convert this debt at any time and if the bonds have not been converted within that period, they become compulsorily convertible. At the time of conversion, the liabilities generated will be reclassified as equity as share capital and share premium.

The breakdown of these bonuses in the first six months of 2023 and the 2022 financial year is as follows:

Emission	Date Emission	Date Conversion	Nominal	Capital	Issue premium	Warrants	Balance Debt
T-1	2022	2022	500.000,00	152.607,00	297.390,01	52.910,00	
T-2	2022	2022	150.000,00	91.533,00	108.466,62	41.666,00	
ACCUMULATED BALANCE AS OF DECEMBER 31, 2022				244.140,00	405.856,63		564.777,66
T-2	2022	2023	150.000,00	65.476,10	84.523,69	41.667,00	
T-3	2022	2023	500.000,00	157.575,60	342.423,90	476.190,00	
T-4	2023	2023	500.000,00	203.302,90	296.696,41	285.714,00	
T-5	2023	2023	500.000,00	250.000,00	250.000,00	285.714,00	
T-6	2023	2023	500.000,00	161.290,30	338.709,63	312.500,00	
T-7	2023	2023	500.000,00	177.339,70	322.659,72	256.410,00	
T-8	2023	2023	500.000,00	172.413,70	327.586,03	285.714,00	
T-9	2023		500.000,00			285.714,00	
CUMULATIVE BALANCE AS OF JUNE 30, 2023				1.187.398,30	1.962.599,38		441.612,94

Long-term loans have a fixed maturity of 2026.

The balance under the heading "loans received" as at 30 June 2023, amounting to €452,941.53, corresponds mainly to loans received from related parties (see note 16) and the debt to the October fund described above. At the end of the 2022 financial year, this balance amounted to €1,208,665.70, and the variation corresponds mainly to debts to third parties that were capitalised during the first six months of 2023 (see note 11).

Financial expenses from financial liabilities in the 6-month period ended June 30, 2023 amounted to €466,102.00 (€138,400.36 as of December 31, 2022). Interest accrued and outstanding as of June 30, 2023 and December 31, 2022 amounted to €426,449.08 and €70,442.29 respectively.

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

- Credit risk: Credit risk represents the losses that the group would suffer in the event that a counterparty defaulted on its contractual payment obligations to the group. This risk is reduced, due to the collection method required of its customers.
- Liquidity risk: Liquidity risk in the Group's financial assets would exist in the event that the Group invests in small-cap securities or in financial markets with a small size and limited trading volume, which could result in investments being deprived of liquidity. Management regularly monitors the Group's liquidity forecasts based on expected cash flows.
- 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 group borrowing are low, interest rate risk is minimal.

- Exchange rate risk: the group does not have any financial assets or liabilities in currencies other than the euro at the end of the year, so it is not exposed to the risk of exchange rate fluctuations.
- Price risk of shares or stock market 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 deferrals of payment made to suppliers

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

The following is a detailed description of this information:

	30.06.2023 Days	31.12.2022 Days
Average Payment Period to Suppliers	31	31
Ratio of Paid Trades	30	30
Ratio of outstanding transactions	33	39
	Amount (euros)	Amount (euros)
Total payments made	3.666.115,46	3.349.269,24
Total Outstanding Payments	852.748,28	628.874,60

Likewise, the amount of payments made during the first half of the 2023 financial year in a period below the established maximum is 3,188,239.83 euros (87% of the total), corresponding to 95% of the total invoices amounting to 1,880 invoices. The amount of payments made during the 2022 financial year in a period below the established maximum is 3,316,659.48 euros (87% of the total), corresponding to 98% of the total invoices amounting to 3,234 invoices.

11. CONSOLIDATED EQUITY AND EQUITY

The share capital of the Parent Company as of June 30, 2023 is €3,638,421.26, divided into 36,384,211 ordinary shares with a par value of €0.1 each, fully subscribed and paid up. As of December 31, 2022, the share capital of the Parent Company amounted to €2,452,022.80 (24,519,228 ordinary shares with a par value of €0.1 each). All shares are of the same class, grant the same rights and are subject to listing on the BME Growth.

During the 2021 financial year, 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. These increases represented a total increase of €2,025,526.80 in capital and €25,656,223.20 in share premium.

In March 2022, prior to the IPO, the shareholders of the Parent Company carried out a capital increase of €177,906.00, with an issue premium of €7,486,344.00, of which €5,004,000.00 was for the offsetting of loans and the rest, €2,660,250.00 in monetary contribution.

In relation to the contract with ABO described in note 10.2 of the accompanying consolidated report, as of June 30, 2023, ABO has converted the amounts described in said note, reflecting in the section on the conversion of financial liabilities into equity the concepts of written capital and share premium for a value of €1,187,398.46 and €1,962,601.33 respectively; Likewise, 315,614.01 euros have been capitalized for warrants.

Taking into account the capital increases described above, the share premium amounts to €36,510,725.16 as of June 30, 2023 (€34,548,123.83 as of December 31, 2022).

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

Non-Voting Shares

The Extraordinary General Meeting of Shareholders of the Parent Company held on 30 January 2023 approved a capital increase by offsetting receivables through the creation of 96,316,100 new non-voting shares of series B with a par value of €0.001 each and an issue premium of €0.009.

The Group has classified this issue as a composite financial instrument and has estimated that the liability component of this instrument corresponds, mainly, to the amount issued, amounting to €963,161, classifying this amount under the heading "debts with special characteristics" of the non-current liabilities of the consolidated balance sheet minus the nominal value of the shares of this type that the company holds as treasury stock (€6,457.27).

Own shares

The breakdown of the Group's own shares as of June 30, 2023 and December 31, 2022 is as follows:

	30.06.2023			31.12.2022		
	Euro			Euro		
	Nº of shares	Acquisition price	Market Value	Nº of shares	Acquisition price	Market Value
Ordinary	300.347	1.641.917,17	86.499,94	633.546	1.122.288,60	181.194,15
No Vote	645.727	212.400,00	306.074,60	-	-	-
Total	946.074	1.854.317,17	392.574,54	633.546	1.122.288,60	181.194,15

Subsidiaries and other reserves

The composition of the reserves is as follows:

(Euros)	30.06.2023	31.12.2022
Legal reserve of the Parent Company	600,00	600,00
Other reserves of the Parent Company	(877.750,63)	(739.284,93)
Reserves of subsidiaries	(613.652,60)	(613.652,60)
Total	(1.490.803,23)	(1.352.337,53)

The composition of the reserves of subsidiaries is as follows:

(Euros)	30.06.2023	31.12.2022
Airen AI for renewable energy, S.L..	(188.028,83)	(188.028,83)
Substrate AL Spain, S.L.	(215.939,89)	(215.939,89)
AI Saivers, LLC	(114.147,05)	(114.147,05)
Substrate AI USA, Inc.	(110.630,12)	(110.630,12)
Zona Value Global, S.L.	(304,50)	(304,50)
Kau Markets EAFI, S.L.	(14.652,65)	(14.652,65)
Boalvet AI, S.L.	745,14	745,14
Total	(613.652,60)	(613.652,60)

Negative results from previous years amounting to €17,703,031.83 (negative €1,643,405.05 at 31 December 2022) correspond to losses attributable to the Parent Company from previous years.

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

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

As of June 30, 2023 and 2022, the legal reserve of the Parent Company is not fully constituted in accordance with the previous paragraph.

Profit by company

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

(Euros)	30.06.2023	31.12.2022
Substrate Artificial Intelligence, S.A. (including consolidation adjustments)	(2.140.276,34)	(15.383.540,74)
Airen AI for renewable energy, S.L..	-	(170.909,18)
Substrate AL Spain, S.L.	(63.445,51)	49.109,40
AI Saivers, LLC	(78.421,59)	(275.412,75)
Fleebe AI, S.L.	(166.115,98)	-
Substrate AI USA, Inc.	(1.833,26)	(151.864,79)
Zona Value Global, S.L.	(200.744,36)	7.151,00
Kau Markets EAFI, S.L.	(165.014,54)	2.483,53
Boalvet AI, S.L.	(6.734,84)	(132.091,93)
Cuarta Dimensión Médica, S.L.	180.529,52	104.620,53
Total	(2.628.587,21)	(15.950.454,93)

12. FOREIGN CURRENCY

As of June 30, 2023, the Group had expenses in foreign currency of 125,366.07 US dollars, equivalent to 117,694.68 euros, being 149,995.99 US dollars, equivalent to 143,512.00 euros, as of June 30, 2022. As of June 30, 2023, the total foreign currency sales made by the group amounted to 784.27 US dollars and 37,692.60 Colombian pesos, equivalent to 710.29 euros, with the total foreign currency sales made by the group being 10,889.01 US dollars, 937.08 Mexican dollars and 248,911.39 Colombian pesos as of June 30, 2022. which is equivalent to 10,519.78 euros.

Negative exchange differences in profit for the year amounting to €39,895.89 have been recognized.

13. TAX SITUATION

The general government balances as of June 30, 2023 and December 31, 2022 are as follows:

(Euros)	30.06.2023		31.12.2022	
	Non-current	Stream	Non-current	Stream
Deferred tax assets	917.878,67	-	916.364,93	-
Current tax assets	-	-	-	-
Other credits with the Public Administrations	-	289.346,23	-	776.353,67
Total	917.878,67	289.346,23	916.364,93	776.353,67
Deferred tax liabilities	107.761,58	-	75.092,18	-
Current tax liabilities	-	25.738,07	-	29.010,36
Other debts owed to the Public Administrations	-	328.251,65	-	344.427,09
Total	107.761,58	353.989,72	75.092,18	373.434,45

The balance reflected as "other receivables with the General Administrations" of current assets corresponds mainly to the concept of VAT.

The balance reflected as "other debts to 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 year is as follows:

(Euros)	30.06.2023	31.12.2022
Deferred tax assets		
Deductible Temporary Difference Assets	640.952,22	638.168,05
Right of deduction	175,00	175,00
Receivables for losses to be offset	276.751,45	278.021,88
Total	917.878,67	916.364,93
Deferred tax liabilities	2.937,57	-
Temporary Differences	104.824,01	75.092,18
Total	107.761,58	75.092,18

The corporate income tax expense corresponds mainly to the subsidiary company Cuarta Dimensión Médica, S.L. due to the positive tax base. The corporate income tax payable corresponds to the current tax of this subsidiary, minus the payments on account made during the first six months of the financial year. The tax losses generated by the Group in the first six months of 2023 and in 2022, as a matter of prudence, have not been capitalised, as it is considered that the conditions for this are not met.

14. INCOME AND EXPENSES

Business Segments

The Group is developing the implementation of artificial intelligence in different business lines, but it is currently at an incipient stage, so the information by segment is not relevant.

Net turnover

The breakdown of this heading of the consolidated income statement for the six-month period ended June 30, 2023 and 2022 is as follows:

(Euros)	30.06.2023	31.12.2022
Domestic Businesses	1.610.757,57	974.649,35
Intra-community businesses	79.836,77	252.961,22
Export Business	106.915,64	18.152,20
Total	1.797.509,98	1.245.762,77

Personnel costs

The breakdown of this heading of the consolidated income statement for the six-month period ended June 30, 2023 and 2022 is as follows:

(Euros)	30.06.2023	31.12.2022
Wages, salaries and the like	1.250.430,66	1.103.821,55
Social security to be paid by the company and other social expenses	269.907,56	189.278,98
Total	1.520.338,22	1.293.100,53

External services

The breakdown of this heading of the consolidated income statement for the six-month period ended June 30, 2023 and 2022 is as follows:

(Euros)	30.06.2023	31.12.2022
Leases and royalties	112.003,49	62.117,82
Repairs & Maintenance	9.785,72	10.249,86
Independent Professional Services	823.174,83	346.780,79
Transport	11.242,16	8.412,02
Insurance premiums	4.259,84	2.457,36
Bank fees	4.248,67	5.947,94
Advertising, Advertising & Public Relations	83.348,37	204.708,77
Supplies	20.629,82	21.316,04
Other operating expenses	336.139,70	342.258,69
Total	1.404.832,60	1.004.249,29

15. GRANTS, DONATIONS AND BEQUESTS

During the 2022 financial year, it obtained subsidies amounting to 152,280.31 euros granted by the Institute of Foreign Trade. In addition, he was granted another subsidy of €600,000 per RED.ES, with €225,000.00 of the same net of net wealth taxes (25% of it in 2022 and another 25% in 2023). As milestones are met in the following years, the Group will receive 100% of the subsidy (See note 13). This subsidy, which is financing a development project, will be charged to the profit and loss account annually based on the depreciation criterion of the associated asset when the project ends in 2024. The amount of the subsidies as of 30 June 2023 amounts to €314,472.21 (€216,463.95 as of 31 December 2022).

16. RELATED PARTIES

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

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

(Euros)	DEBIT BALANCES			
	Equity Instrument	Credits Delivered	Clients	Capital Increase Credit
30.06.2023				
ZONA VALUE FOUNDATION (Group Company)	30.000,00	-	-	-
SINGLE-PERSON SUBSTRATE (Other linked part)	-	-	-	-
KAU SPECIAL SITUATIONS (Other related party)	-	80.434,82	-	-
OTHER RELATED PARTIES	-	-	-	-
TOTAL	30.000,00	80.434,82	-	-

31.12.2022				
ZONA VALUE FOUNDATION (Group Company)	30.000,00	-	-	-
SINGLE-PERSON SUBSTRATE (Other linked part)	-	-	-	-
KAU SPECIAL SITUATIONS (Other related party)	-	79.934,82	-	-
OTHER RELATED PARTIES	-	-	26.504,00	-
TOTAL	30.000,00	79.934,82	26.504,00	-

(Euros)	CREDIT BALANCES			
	Equity Instrument	Credits received	Suppliers	Capital Increase Credit
30.06.2023				
ZONA VALUE FOUNDATION (Group Company)	-	29.000,00	-	-
SINGLE-PERSON SUBSTRATE (Other linked part)	-	-	-	-
KAU SPECIAL SITUATIONS (Other related party)	-	212.400,00	3.251,74	-
OTHER RELATED PARTIES	-	-	-	-
TOTAL	-	241.400,00	3.251,74	-

31.12.2022				
ZONA VALUE FOUNDATION (Group Company)	-	29.000,00	-	-
SINGLE-PERSON SUBSTRATE (Other linked part)	-	-	-	-
KAU SPECIAL SITUATIONS (Other related party)	-	219.155,00	-	-
OTHER RELATED PARTIES	-	-	-	-
TOTAL	-	248.155,00	-	-

There have been no relevant income and expense transactions with related parties as of June 30, 2023.

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)	30.06.23	30.06.22
Administrators		
Salaries	239.124,55	217.096,01
Diets	-	-
Senior Management		
Salaries	172.464,89	172.648,99
Option Plans	-	-
Contributions to pension plans	-	-
Total	411.589,44	390.096,00

As of 30 June 2023 and 31 December 2022, the Group had no pension and life insurance obligations owed to former or current members of the Board of Directors.

The company maintains an incentive plan for workers and investors approved by the shareholders' meeting on March 14, 2022, which, in any case, does not exceed 4% of the company's capital, the limit imposed by the aforementioned shareholders' meeting. The incentive plan accrued as of December 31, 2022 amounts to 260,000 euros, which to date is pending settlement. As of June 30, 2023, the directors have not estimated any significant impact given that the plan is subject to the achievement of certain milestones that will be determined at the end of the year.

As of 30 June 2023 and 31 December 2022, there were no advances or credits granted to senior management staff or members of the Board of Directors, nor were there any obligations assumed on their behalf by way of guarantee.

During the period of the first six months of 2023 and 2022, directors' civil liability insurance premiums have not been paid.

In relation to article 229 of the Capital Companies Act, 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 the salaries of Directors includes both the remuneration for the position they hold in the administrative body and their remuneration for their employment relationship.

17. OTHER INFORMATION

Average number of employees

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

AVERAGE WORKFORCE AS OF 30.06.2023			
	MEN	WOMEN	TOTAL
Analyst	2	-	2
Administrative Assistant	1	3	4
Commercial	4	-	4
Board of Directors	1	-	1
Graphic Designer	2	-	2
Management	2	-	2
Project Manager	1	1	2
Senior Boss	1	1	2
Cleaning	-	1	1
First Officer	3	6	9
Second Class Officer	-	1	1
Veterinary Staff – Administrative Assistant	-	1	1
Veterinary Staff – Generalist	1	1	2
Personal Veterianrio – Director	1	-	1
Official Professional 1st	2	-	2
Programmer	3	2	5
Deputy director	-	1	1
Telephonist	-	2	2
Bachelor's degree	3	3	6
Traveller	2	0	2
TOTAL	29	23	52

AVERAGE SQUAD 31.12.2022			
	MEN	WOMEN	TOTAL
Analyst	2	1	3
Administrative Assistant	4	6	10
Commercial	8	-	8
Draughtsman	1	-	1
Graphic Designer	1	-	1
Marketing Manager	-	2	2
Head of Programming	1	-	1
Project Manager	2	1	3
Computer Engineer	1	-	1
Administration Officer	3	10	13
First Officer	2	-	2
Second Class Officer	-	1	1
Programmers	2	2	4
Project manager	-	1	1
Telephonist	-	6	6
Bachelor's degree	1	-	1
TOTAL	28	30	58

Template at the end of the period

	TEMPLATE CLOSING 30.06.2023		
	MEN	WOMEN	TOTAL
Analyst	3	1	4
Administrative Assistant	1	6	7
Commercial	4	-	4
Board of Directors	1	-	1
Graphic Designer	2	-	2
Management	2	-	2
Project Manager	1	3	4
Senior Boss	2	2	4
Cleaning	-	1	1
First Officer	1	8	9
Second Class Officer	-	1	1
Veterinary Staff – Administrative Assistant	-	1	1
Veterinary Staff – Generalist	1	-	1
Veterinary Staff – Director	1	-	1
Official Professional 1st	2	-	1
Programmer	4	2	6
Deputy director	-	1	5
Telephonist	-	1	3
Bachelor's degree	3	3	6
Traveller	2	0	2
TOTAL	30	31	61

	TEMPLATE END 31.12.2022		
	MEN	WOMEN	TOTAL
Analyst	4	1	5
Administrative Assistant	3	8	11
Commercial	6	-	6
Draughtsman	1	-	1
Graphic Designer	1	-	1
Marketing Manager	-	2	2
Head of Programming	1	-	1
Project Manager	3	1	4
Computer Engineer	1	-	1
Administration Officer	4	10	14
First Officer	3	-	3
Second Class Officer	-	1	1
Programmers	1	1	2
Project manager	1	-	1
Telephonist	-	2	2
Bachelor's degree	2	-	2
TOTAL	31	26	57

As of June 30, 2023, the Group does not have any persons with disabilities on its staff (at the end of the 2022 financial year there was one person with a disability of 33%).

The total fees accrued for audit and related services and other services for the six-month periods ended June 30, 2023 (6 months) are broken down below:

(Euros)	2023 (6 months)	2022 (6 months)
Issuance of Consolidated Intermediate EEFF	20.360,00	19.500,00

18. ENVIRONMENTAL INFORMATION

Given the activities to which the Group is engaged, it has no significant liabilities, expenses, assets or provisions or contingencies of an environmental nature. For this reason, specific breakdowns are not included in these consolidated half-yearly interim financial statements.

19. POST-CLOSING EVENTS

As of June 30, 2023, no relevant facts, circumstances and/or information have been disclosed or occurred that would require the Consolidated Interim Financial Statements for the year ended June 30, 2023 to be amended and/or to include additional breakdowns or explanations, except for those described below:

- Up to the date of formulation, 2 additional tranches of the contract signed with ABO (see note 10.2) have been executed for a value of €500,000 each: one in July and one in September 2023, and 627,450 equity warrants associated with the convertible bonds have also been issued.
- During the 2023 financial year, the Substrate Group has resumed its strategy of inorganic growth through the search for and acquisition of businesses that present synergies with the Group's current lines of activity and to which artificial intelligence can be applied in order to improve the efficiency of processes and increase its profitability. In this regard, after the end of the six-month period ended June 30, 2023, the Substrate Group has made the following business combinations in the Human Resources, Health, and Agriculture and Livestock business lines, respectively:
 - On July 31, 2023, the Group's parent company, Substrate Artificial Intelligence, S.A., acquired all the shares of the company domiciled in London, United Kingdom, called Yamro Holding Limited for a purchase price of US\$4,602,573 (US\$), which must be satisfied as follows:
 - US\$290,573 through the issuance of Class A shares (with voting rights) of the purchaser, Substrate Artificial Intelligence S.A. and
 - US\$4,312,000 through the issuance of Class A and B shares (non-voting) in such proportion as may be determined by the purchaser.

Yamro Holding Limited is the head of a group of companies (IFIT Group) with a presence in the United Kingdom, the United States, Spain, Mexico and Costa Rica whose activity consists mainly of:

- Provision of personnel selection services, mainly with a technical profile for consulting and consulting work.
- Provision of subcontracting services in such a way that the IFIT Group hires personnel with a basically technical profile and makes them available to its clients on a temporary basis.

The IFIT Group has a portfolio of clients with a multinational presence to whom it provides services in the geographical areas where it operates. During the 2022 financial year, the Group had a turnover of approximately €4,500,000 with a positive EBITDA of around €500,000.

- On the other hand, on August 1, 2023, the Group, through its subsidiary Diaximag, S.L., acquired a Production Unit called Hospital Equipment dedicated to the distribution, marketing, repair, rental of equipment and diagnostic imaging (Ultrasound Specialization), made up of a series of elements of a material and immaterial nature, for the following consideration:
 - a fixed part for an amount of 2,600,000 euros, of which 600,000 are paid through the delivery of shares of Cuarta Dimensión Médica equivalent to 8% of the capital of this Company, and the rest generates a credit that is offset in shares through a capital increase of the parent company Substrate Artificial Intelligence, S.A. and
 - a variable part that will be the result of multiplying by five the net profit resulting from the agreement between Mater-Dealer and Samsung, included in the Production Unit, during its first year of validity, which will be payable 25 months after the signing of the purchase and sale contract, and which may be reduced by a scale of different amounts if the net amount of the turnover of the acquired Productive Unit does not reach million euros in the 2024 financial year.

The acquired production unit has historically had an annual turnover of more than 500,000 euros, generating positive EBITDA.

- Finally, on August 2, 2023, the company of the Boalvet AI, S.L. Unipersonal Group acquired all the shares of the Spanish company PSVET DAIRYQUALITY, S.L., whose corporate purpose is veterinary consultation and clinic, training for the food and livestock sector, food hygiene services, trade in medicines for animal use and advice on food quality and safety matters, for a total amount of €1,250,000 payable as follows:
 - 250,000 euros are paid through the delivery of shares of Boalvet AI, S.L. Unipersonal representing 12.5% of the capital of said Company.
 - €750,000 generates a credit to be offset in shares through a capital increase of the parent company Substrate Artificial Intelligence, S.A.
 - The remaining €250,000 will be paid 18 months after the signing of the contract, subject to reaching the average annual turnover during the twelve months following the sale and which, therefore, may be reduced by the actual turnover during that period if it is lower than the average.

The company PSVET DAIRYQUALITY, S.L. has an average annual turnover of around 250,000 euros and generates positive EBITDA.

Grupo Substrate is currently in the process of valuing the assets and liabilities acquired in the business combination to determine, where appropriate, the value of goodwill, as well as in a process of estimating the contingent consideration corresponding to the business combinations detailed above.

On the other hand, in order to meet the commitments arising from the aforementioned purchase and sale agreements, on September 19, 2023, the General Shareholders' Meeting of the Company Substrate Artificial Intelligence, S.A. approved a capital increase by offsetting credits for a total amount of 11,748,427 euros through the creation of 27,004,365 Series A shares with voting rights with a par value of 0.10 euros per share and an issue premium of the same value, and the creation of 42,322,360 Series B shares (non-voting) with a par value of €0.001 per share each and an issue premium of €0.149 per share. After this increase, the share capital amounts to €6,867,079.96, consisting of 205,922,775 shares, of which 67,284,315 are class A with a nominal value of €0.10 per share, and 138,638,460 are class B with a nominal value of €0.001 per share.

Finally, in relation to the mandatory convertible bonds described in note 10, after the close as of June 30, 2023, the following transactions took place:

- The issuance of the tenth and eleventh tranche of the contract with ABO for a total amount of €1,000,000 par value, associated with the issuance of a total of 627,450 warrants.
- The conversion into capital of the ninth and tenth tranches of the bonds under the contract with ABO, which has involved the issuance of 3,899,739 new class A shares, which has meant a capital increase of 389,973.90 euros and an increase in the issue premium of 610,024.24 euros.

Madrid, 24 October 2023

Mr. Lorenzo Serratosa Gallardo

Don Christopher Nicolas Dembik

Mr. José Iván García Braulio

Don Tawhid Chtioui

MANAGEMENT REPORT 30.06.2023

1. EVOLUTION OF THE GROUP

During the first 6 months of 2023, the Group grew 100% in revenue, reaching total revenues of €2.55 million, in line with the company's growth plans. This growth was mainly driven by the areas of Agritech, health and third-party projects.

The Agritech area boosted its sales in this quarter thanks to the expected growth in sales of the PAM solution, the AI-powered dairy farm manager, and the boost of digitalization projects for third parties.

The Healthcare area has grown compared to the same period of the previous year, boosting its sales of diagnostic imaging hardware and thanks to its consolidation in the group a few months more than in the first half of 2022. Cuarta dimensión medica SL, the group's subsidiary in the health area, continues to promote the application of Artificial Intelligence to diagnostic imaging.

For its part, in the area of third-party services, contracts worth 836,000 euros have been made, representing exponential growth compared to the results achieved during the first half of 2022.

Among the other business areas, it is worth highlighting the human resources area, which also remained stable compared to the last months of 2022, but which completed the development of the Fleebe Corporate platform for talent detection in large organizations, already having its first "early adopters"

With all this, the picture of the Group's accounts as of June 30, 2023 and June 30, 2022 is as follows:

	2023	2022
Total EBITDA	2.553.197,41	1.277.515,53
Revenue	-774.009,84	-1.162.584,18
Financial result	-506.003,47	22.790,44
Profit before tax	-2.464.502,67	-14.504.619,80
Results for the year	-2.550.469,10	-14.604.050,06

Total income is the result of the sum of: (i) net turnover, (ii) work carried out by the company for its assets, (iii) other operating income and (iv) allocation of non-financial fixed assets and other subsidies.

EBITDA is the operating income excluding depreciation, impairment and other results from the consolidated income statement for the six-month period ended June 30, 2023 and 2022.

These accounts highlight the strong commitment to investment in personnel and development, necessary to carry out the group's business plan by promoting the implementation of its own technology in the various business areas, an investment that should begin to yield results over the coming quarters.

Also noteworthy is the improvement in EBITDA compared to the Group's projections and the increase in expenses below EBITDA due to the costs derived from the financing of the company in the line of financial expenses and the strong expense in amortization related to the purchase of companies that has resulted in the creation of the Substrate AI group.

With all this, the group maintains its expectation of meeting the business plan published for the year 2023.

CREATING B-ACTIONS

During the first half of 2023, the group created and listed non-voting shares of the company. These shares have a preferential dividend of €0.01 per share and have been designed to give international investors entry into the company's capital.

For this reason, in addition to being listed on the BME Growth, the company is working to list these shares in London and the US.

The company expects these shares to become a stable source of funding for both inorganic growth and any other purpose.

2. SIGNIFICANT EVENTS FOR THE GROUP THAT OCCURRED AFTER THE END OF THE FINANCIAL YEAR

As of June 30, 2023, no relevant facts, circumstances and/or information have been disclosed or occurred that would require the Consolidated Interim Financial Statements for the year ended June 30, 2023 to be amended and/or to include additional breakdowns or explanations, except for those described below:

- During the 2023 financial year, the Substrate Group has resumed its strategy of inorganic growth through the search for and acquisition of businesses that present synergies with the Group's current lines of activity and to which artificial intelligence can be applied in order to improve the efficiency of processes and increase its profitability. In this regard, after the end of the six-month period ended June 30, 2023, the Substrate Group has made the following business combinations in the Human Resources, Health, and Agriculture and Livestock business lines, respectively:
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The IFIT Group has a portfolio of clients with a multinational presence to whom it provides services in the geographical areas where it operates. During the 2022 financial year, the

Group had a turnover of approximately €4,500,000 with a positive EBITDA of around €500,000.

- On the other hand, on August 1, 2023, the Group, through its subsidiary Diaximag, S.L., acquired a Production Unit called Hospital Equipment dedicated to the distribution, marketing, repair, rental of equipment and diagnostic imaging (Ultrasound Specialization), made up of a series of elements of a material and immaterial nature, for the following consideration:
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Substrate Group is currently in the process of valuing the assets and liabilities acquired in the business combination to determine, where appropriate, the value of goodwill, as well as in a process of estimating the contingent consideration corresponding to the business combinations detailed above.

On the other hand, in order to meet the commitments arising from the aforementioned purchase and sale agreements, on September 19, 2023, the General Shareholders' Meeting of the Company Substrate Artificial Intelligence, S.A. approved a capital increase by offsetting credits for a total amount of 11,748,427 euros through the creation of 27,004,365 Series A shares with voting rights with a par value of 0.10 euros per share and an issue premium of the same value, and the creation of 42,322,360 Series B shares (non-voting) with a par value of €0.001 per

share each and an issue premium of €0.149 per share. After this increase, the share capital amounts to €6,867,079.96, consisting of 205,922,775 shares, of which 67,284,315 are class A with a nominal value of €0.10 per share, and 138,638,460 are class B with a par value of €0.001 per share.

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3. RESEARCH & DEVELOPMENT

- The Group is developing an R+D project for a third party called "the farm of the future", which aims to create an AI system capable of managing a farm by treating animals independently, prescribing them the necessary supplements to maintain their health, thus helping to improve profitability in livestock farms and reduce the use of medicines.
- In 2022, the Group received a grant for the development and implementation Red.es of its energy saving system in hotels in 2022. The project continues to be successfully developed in the Poseidon hotel chain in Alicante.
- The Group is working on the preparation of a report for a new R+D project planned for 2023 and 2024 that has to do with AI diagnostic imaging. Its goal is to apply our technology to the diagnostic imaging of animal and human diseases.

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

- Fleebe Corporate: Solution for talent detection and retention in large organizations.
- The group has developed for its financial education and information vertical a chat trained with all of Warren Buffett's financial knowledge that can be used for free on the news page serenitymarkets.com
- Cicero. The group has started the development of the virtual lawyer Zicero, a company with which it has an acquisition commitment of 11.76%.

In addition, the group continues to work on improving its own technology based on the developments made by Bren Worth, whose patents are pending approval in the US.

4. OWN ACTIONS

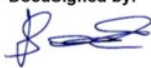
The breakdown of the Group's own shares as of June 30, 2023 and December 31, 2022 is as follows:

	30.06.2023			31.12.2022		
	Euro			Euro		
	Nº of shares	Acquisition price	Market Value	Nº of shares	Acquisition price	Market Value
Ordinary	300.347	1.641.917,17	86.499,94	633.546	1.122.288,60	181.194,15
No Vote	645.727	212.400,00	306.074,60	-	-	-
Total	946.074	1.854.317,17	392.574,54	633.546	1.122.288,60	181.194,15


5. RISKS AND UNCERTAINTIES

- The Group does not face any uncertainties about its future and does not see any risks in its business.
- The Group has sufficient liquidity available to cover the demand for financing implied by the normal evolution of the business.
- Risk Assessment:
 - Credit risk: Credit risk represents the losses that the group would suffer in the event that a counterparty defaulted on its contractual payment obligations to the group. This risk is reduced, due to the collection method required of its customers.
 - Liquidity risk: Liquidity risk in the Group's financial assets would exist in the event that the Group invests in small-cap securities or in financial markets with a small size and limited trading volume, which could result in investments being deprived of liquidity. Management regularly monitors the Group's liquidity forecasts based on expected cash flows.
 - 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 group borrowing are low, interest rate risk is minimal.
 - Exchange rate risk: the group does not have any financial assets or liabilities in currencies other than the euro at the end of the year, so it is not exposed to the risk of exchange rate fluctuations.
 - Price risk of shares or stock market 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.

Madrid, 24 October 2023

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