



**BME - GROWTH**

Palacio de la Bolsa Plaza  
de la Lealtad, 1 28014  
Madrid.

Madrid, June 25, 2024

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

Dear Sirs,

Pursuant to the provisions of Article 17 of Regulation (EU) No 596/2014 on market abuse and Article 227 of Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services, and related provisions, as well as Circular 3/2020 of BME Growth of BME MTF Equity, We hereby inform you of the following information regarding the company **SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. (hereinafter "Substrate AI" or "the Company" indistinctly).**

The Board of Directors, at its meeting held on June 24, 2024, has agreed to convene the Extraordinary General Meeting of Shareholders of the Company, to be held at the registered office, located at Calle María de Molina, 41, office 506, 28006, Madrid, on July 26, 2024, at 1:30 p.m., on first call, and, if the sufficient quorum is not reached, at the same time and place, on 27 July 2024, on second call

The full text of the call, published on the website [www.substrate.ai](http://www.substrate.ai)

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

We remain at your disposal for any clarifications you may deem appropriate.

Kind regards

---

**Mr. Lorenzo Serratosa Gallardo**

Chairman

**NOTICE OF THE CALL FOR THE EXTRAORDINARY GENERAL  
MEETING OF SHAREHOLDERS OF THE COMPANY SUBSTRATE  
ARTIFICIAL INTELIGENCE S.A.**

By agreement of the Board of Directors of **SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.** (hereinafter, the "Company") of June 24, 2024, the shareholders are summoned to the Extraordinary General Meeting of the Company to be held at the registered office, located at Calle María de Molina, 41, office 506, 28006, Madrid, on July 26, 2024, at 1:30 p.m., at first call, and, if a sufficient quorum is not reached, on 27 July 2024 at the same time and place, on second call, for deliberation and, where appropriate, adoption of agreements regarding the following

**AGENDA**

Distribution of reserve for share premium in kind in a maximum amount of €1,500,000.00 through the delivery of ordinary shares of the share capital of the wholly-owned subsidiary Subgen AI Limited, or alternatively, the cash payment equivalent to the reserve distribution for share premium in kind proposed, at the choice of the shareholders; as well as any acts necessary for its complete execution.

Delegation of powers.

Drafting, reading and, where appropriate, approval of the Minutes of the session, or delegation for signature.

**1. Right to information.**

In accordance with the provisions of Articles 197.1 and 197.2. of the Capital Companies Act, it is hereby stated that from the publication of this notice of call and until the seventh day prior to the day scheduled for the holding of the Meeting at first call, shareholders have the right to request in writing the information or clarifications that refer to items included in the agenda of the meeting, or to ask the questions they consider necessary. In addition, during the holding of the general meeting, shareholders may verbally request the information or clarifications they deem appropriate regarding the matters included in the agenda. If the shareholder's right cannot be satisfied at that time, the directors will be obliged to provide the information requested in writing, within seven days following the end of the meeting.

With regard to the first item on the agenda, the report prepared by the Company's Board of Directors for this purpose is made available to shareholders

In accordance with the provisions of Articles 414 and 417, it is hereby stated that, as of the publication of this notice of call, the Company makes available to shareholders the reports made by the Board of Directors in relation to each of the proposed resolutions corresponding to item I of the Agenda. which details, among others, the information on Subgen AI Limited, the description and justifying reasons for the allocation of reserve for share premium in kind, the procedure to be followed within the framework of the distribution, and the valuation given to the assets subject to the distribution. All the aforementioned documentation is available to shareholders on the Company's website ([www.substrate.ai](http://www.substrate.ai)). Likewise, the Board of Directors has proposed to the General Meeting of Shareholders to provide an alternative so that shareholders who consider that the ordinary shares of Subgen AI Limited are potentially a less liquid asset than their current participation in the Company, can choose to receive in cash the amount equivalent to the reserve distribution for share premium in kind that corresponds to them. based on Subgen AI Limited's valuation that has been validated by an independent third party.

## **2. Right to assistance and representation.**

In accordance with Article 15 of the Bylaws in force, shareholders who prove that they are holders of at least one thousand (1,000) shares and appear as holders in the corresponding book entry register, five (5) days prior to its celebration, may attend the General Meeting, present or by means of a power of attorney granted in writing. which they may prove by means of the appropriate attendance card, a certificate issued by one of the entities legally authorized to do so or by any other form admitted by law. The proxy may be granted in writing, physical or electronic or by any other means of remote communication that duly guarantees the identity of the shareholder granting it. If it is not recorded in a public document, it must be special for each Meeting.

Any shareholder who requests it and proves his or her status as such and compliance with the aforementioned attendance requirements set out in the bylaws may obtain the aforementioned attendance card, nominative and personal, at the registered office, which will allow him or her to exercise any rights that correspond to him or her as a shareholder of the Company. They can also obtain the assistance card by requesting it by sending an email to the following address: [accionistas@substrate.ai](mailto:accionistas@substrate.ai)

For the purposes of accrediting the identity of the shareholders or of whoever validly represents them, at the entrance to the premises where the General Meeting is held, attendees may be requested, together with the presentation of the corresponding attendance card, to prove their identity by presenting the

National Identity Document or any other official document generally accepted for this purpose. In the case of shareholders of legal persons, a copy of the document accrediting the signatory's sufficient representative powers must be attached.

Shareholders are informed that it will not be possible to attend the Meeting remotely or electronically as the Company does not have the technical means to allow the recognition and identification of attendees, permanent communication between attendees, as well as the intervention and casting of the vote in real time.

### **3. Complement of call.**

Under Article 172 of the Capital Companies Act, shareholders representing at least five percent (5%) of the share capital may request that a supplement to this call for the General Shareholders' Meeting be published by including one or more items on the agenda. The exercise of this right must be done by means of a reliable notification that must be received at the registered office within five days of the publication of the call.

### **4. Data protection.**

The personal data that shareholders send to the Company for the exercise of their rights of attendance, delegation and voting at the General Meeting, or that are provided by the banks and securities companies and agencies in which said shareholders have deposited their shares, or through the entity legally authorised to keep the book entry register, IBERCLEAR, will be processed for the purpose of managing the development, compliance and control of the existing shareholder relationship.

Likewise, shareholders are informed that said data will be incorporated into a computer file owned by the Company, and shareholders will have the possibility of exercising their right of access, rectification, cancellation and opposition, in accordance with the provisions of Regulation 2016/679 of the European Parliament and of the Council, on Data Protection and Organic Law 3/2018, of 5 December, on the Protection of Personal Data and guarantee of digital rights, and by written communication addressed to the Company (Calle María de Molina, 41, office 506, 28006, Madrid) or by email [accionistas@substrate.ai](mailto:accionistas@substrate.ai).

In Madrid, on 24 June 2024.

JOSE IVAN GARCIA BRAULIO

Secretary of the Board of Directors

LORENZO SERRATOSA GALLARDO

Chairman of the Board of Directors

**REPORT BY THE BOARD OF DIRECTORS OF SUBSTRATE ARTIFICIAL INTELLIGENCE S.A. IN RELATION TO THE DISTRIBUTION OF RESERVE BY SHARE PREMIUM IN KIND OR, ALTERNATIVELY, THE PAYMENT IN CASH EQUIVALENT, AT THE CHOICE OF THE SHAREHOLDERS, REFERRED TO IN THE FIRST ITEM ON THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF SUBSTRATE ARTIFICIAL INTELLIGENCE S.A.**

**1. PURPOSE OF THE REPORT**

The Board of Directors of Substrate Artificial Intelligence S.A. ("**Substrate AI**" or the "**Company**") issues this report in order to justify the proposal regarding the distribution of the share premium reserve in a maximum amount of €1,500,000 through, at the election of the Company's shareholders: (i) the transfer and delivery of ordinary shares of the share capital of the company Subgen AI Limited ("**Subgen AI**"), a private *company limited by shares*, of English nationality, having its registered office at 100 Avebury Boulevard Milton Keynes, United Kingdom, MK9 1FH, registered in the *United Kingdom Companies House* under number 15374966, or alternatively, (ii) the cash payment equivalent to the proposed share premium reserve share in kind (the "**Share Share**"); the approval of which is proposed to the Extraordinary General Meeting of shareholders of the Company.

**2. SUBSIDIARY INFORMATION**

The Subsidiary is a company specialized in computer development and generative artificial intelligence ("**AI**") activities, focused on the development of its own "*large language model*" ("**LLM**") models that are "*domain specific*".

Recently, the Subsidiary has launched "Serenity Star", an ecosystem designed to scale generative AI that includes more than 100 LLMs, as well as agents, co-pilots and *plugins*. This platform allows companies to build generative AI projects from a "*low-code-no-code*" perspective, that is, without the need to be specialists in the field, thus democratizing the use of this advanced technology.

The Subsidiary was incorporated on December 29, 2023. The share capital of the Subsidiary consists of 150,000,000 *ordinary shares*, fully paid-up, with a nominal unit value of £0.01 each, i.e. with a share capital of £1,500,000. The shares of the Subsidiary are represented by a global certificate for all the shares. The Company is the sole owner of the entire share capital of the Subsidiary.

For more information about the Subsidiary, including its activity, technology and equipment, the Company makes available to its shareholders the Subsidiary's website (<https://subgen.ai/es/>).

**3. DESCRIPTION AND JUSTIFYING REASONS FOR THE ALLOCATION**

The Board of Directors of the Company proposes to the Extraordinary General Meeting of shareholders the distribution of the Company's share premium reserve in kind, through the transfer and delivery to the Company's shareholders, at their choice, of shares of the Subsidiary. This decision is based on a number of strategic and financial reasons that are detailed below.

### **3.1 FACILITATE THE FINANCING OF THE SUBSIDIARY**

The Company seeks to enhance the growth of the Subsidiary's business by obtaining new financing for its activity. The new financing would allow commercial opportunities to be captured more quickly, especially through Serenity Star and its LLMs, thus consolidating the Subsidiary's competitive position in the market.

The generative AI sector is experiencing rapid growth, and the agility to carry out new business initiatives by participants is crucial to gaining market share. Therefore, securing a solid source of funding for the Subsidiary is essential to take advantage of this moment of development in the market and remain a leader in technological innovation.

With the above objective, the Subsidiary is in the process of seeking financing through potential investors or strategic partners. The Company's Board of Directors considers that the possibilities of obtaining financing would increase if the share capital of the Subsidiary has a greater shareholder diffusion and is no longer controlled by the Company. By distributing the shares of the Subsidiary among the Company's shareholders, the door is opened to the entry of additional financing providers, which will enhance the growth and development of the Subsidiary.

### **3.2 REORGANIZATION AND RESTRUCTURING OF THE SUBSTRATE AI GROUP. PREPARATION FOR A POTENTIAL IPO OF THE SUBSIDIARY**

The Distribution is also part of a broader process of reorganisation and restructuring of the business group of which the Company is the head (the "**Substrate AI Group**"). The objective pursued with this process of business reorganization and restructuring is multiple.

On the one hand, the aim is for the Company's shareholders to be able to participate more directly in the new project of the Substrate AI Group related to AI and which is being developed through the Subsidiary. This strategic move aligns the interests of the Company's shareholders with the new objectives of the Substrate AI Group, also ensuring their involvement and participation in the future success of the Subsidiary.

Likewise, the shareholder diffusion of the share capital of the Subsidiary prepares the ground for a possible IPO of the same in the medium term. Ensuring adequate disclosure of the Subsidiary's shareholding is a key aspect of meeting the requirements for admission to initial trading of the Subsidiary's shares on a regulated or non-regulated market. The Distribution allows the diversification of the Subsidiary's shareholder base, making it more attractive to future investors and facilitating its eventual listing on the stock exchange.

Finally, although through the Distribution the Company will lose direct control of the Subsidiary, it will maintain a significant stake in it (as described in section 4 below). This will allow the Company to benefit from the revaluation of the Subsidiary through its percentage of participation, which would be beneficial for the Company and the rest of the Substrate AI Group.

### **3.3 SHAREHOLDER GUARANTEES**

Finally, the mechanism by which the execution of the Distribution has been designed includes a series of safeguards for the interests of the Company's shareholders, including minority shareholders, which we briefly set out and which are developed in sections 4 and 5 of this report.



- Equal rights: firstly, the Company has two classes of shares and both would be entitled to the Distribution, opting for a formula in which class A shares and class B shares will receive shares of the Subsidiary in proportion to the nominal value of their participation in the Company's share capital (taking into account that the nominal value of class B shares is 100 times lower than that of class A shares). This ensures a proportional distribution of the Subsidiary's shares.
- Shareholders' option to choose between receiving shares of the Subsidiary or cash: The shareholders of the Company will have the option to choose between receiving the shares of the Subsidiary or the cash amount equivalent to the market value of the shares of the Subsidiary to which they are entitled. This flexibility allows each shareholder to decide according to their own financial needs and preferences and the Company's Board of Directors considers that the position of shareholders is strengthened in the face of the possible perception of less liquid assets that may not be of interest to them.
- Valuation of the Subsidiary and the alternative cash amount validated by an independent third party: for the purposes of implementing the cash equivalent option within the framework of the Distribution, and although it is not mandatory, the Board of Directors of the Company has had an independent third party to issue a valuation report on the shares of the Subsidiary

#### **4. PROCEDURE TO BE FOLLOWED WITHIN THE FRAMEWORK OF THE DISTRIBUTION**

##### **4.1 SHAREHOLDERS ENTITLED TO PARTICIPATE IN THE DISTRIBUTION**

The Distribution would be made in favour of the shareholder of the Company on the cut-off date established after the holding of the Extraordinary General Meeting in which the Distribution is agreed, and including those shareholders who on that date have such status<sup>1</sup> (without prejudice to the fact that their shares are not yet registered in the registers of the Registry Systems Management Company, Compensación y Liquidación de Valores S.A.U.) (the "**Reference Date**").

##### **4.2 NUMBER OF SHARES OF THE SUBSIDIARY THAT ARE PART OF THE DISTRIBUTION AND NUMBER OF SHARES OF THE COMPANY REQUIRED TO RECEIVE EACH SHARE OF THE SUBSIDIARY**

As explained above, the assets subject to the Distribution in its modality in kind will be shares of the Subsidiary. The Company has two classes of shares and both would be entitled to the Distribution:

- (i) shares belonging to class "A" with a par value of 0.10 euros each, and which are the ordinary shares of the Company (the "**Class A Shares**"); and
- (ii) shares belonging to class "B" with a par value of 0.001 euros each, and which are non-voting shares of the Company (the "**Class B Shares**").

---

<sup>1</sup> In accordance with Article 148 of the Capital Companies Act, the economic rights inherent in the Class A Shares and Class B Shares (as defined below) owned by the Company on the Reference Date shall be attributed proportionally to the rest of the Company's shares. In this regard, the Company's shareholders will receive the cash amount corresponding to these shares in treasury stock.

The Board of Directors has opted for a formula in which Class A Shares and Class B Shares will receive shares of the Subsidiary in proportion to the nominal value of their participation in the Company's share capital, with the ratio of Class A Shares being 1:1 and taking into account that the nominal value of Class B Shares is 100 times lower than that of Class A Shares.

Therefore, it is proposed that the number of shares of the Company, for each class, that it will be necessary to own in order to be entitled to receive a share of the Subsidiary (the "**Distribution Ratio**") will be:

- (a) 1 share of the Subsidiary for every 1 Class A Share; and
- (b) 1 share of the Subsidiary for every 100 Class B Shares.

Taking into account that the total share capital of the Subsidiary is 150,000,000 shares, the shares of the Subsidiary that are effectively delivered to the shareholders will be lower than the maximum, in accordance with the previous Distribution Ratio, as well as the effect of the Company's shareholders who choose to receive the equivalent cash amount. The shares of the Subsidiary that are not distributed will remain under the ownership of the Company.

#### **4.3 LIQUIDATION OF THE "PEAKS"**

In application of the Distribution Ratio, shareholders of Class B Shares who hold shares in a number that do not reach this proportion or their multiples, will generate surplus shares, called "peaks". In this case, the Company will pay in cash the amount equivalent to the fraction resulting from dividing the remaining Class B Shares by the aforementioned multiple, and multiplying said fraction by the Reference Price (as defined below), rounding the result to the nearest euro cent. The same procedure will be applied to the "picos" for the payment of the equivalent cash amount, *mutatis mutandis*.

#### **4.4 PROCEDURE FOR CHOOSING SUBSIDIARY SHARES OR CASH EQUIVALENT**

Once the Distribution agreement has been adopted by the Extraordinary General Meeting of shareholders of the Company, an option period of two months will be granted to the shareholders of the Company who are entitled to participate in the Distribution (the "**Option Period**"). During the Option Period, shareholders may contact the Company and its depositary institution and communicate their option to receive the Distribution in shares of the Subsidiary or, instead, the value of the shares of the Subsidiary that correspond to them in cash.

The option mechanism will be articulated through a form for this purpose that will be made available to the shareholders of the Company, and which must be sent completed, in which it is stated that you are aware of the adoption of the Distribution agreement and its terms, which confirms either your choice to receive cash or shares from the Subsidiary. as well as any other data that is necessary for the execution of the Distribution.

Within a period established after the end of the Option Period, payment will be made by transfer through Banco Sabadell, and not through Iberclear's systems, to those shareholders who have opted to receive the amount in cash, in accordance with the bank details provided. At that time, the payment in cash of the "peaks", as appropriate, and of the amount derived from the right of creditor of the treasury stock existing in the Company will also be made, regardless of whether or not the receipt of the amount of the cash distribution has been chosen, in the same way.

Likewise, within a period established after the end of the Option Period, for those other shareholders who have chosen to receive shares of the Subsidiary, the transfer and delivery in their favour of the shares of the Subsidiary will be formalised, through the subscription of any documents that may be necessary or convenient in accordance with the law applicable to the transfer of shares.

Shareholders entitled to participate in the Distribution who do not complete and submit the form within the Option Period may, for an additional period [of approximately one month] after the end of the Option Period, apply to the Company to formalize the transfer and delivery of the shares of the Subsidiary if they so wish. After this period, the Company will make available to the shareholder the equivalent amount in money that would have corresponded to him at the time.

The market will be notified of the final number of shares of the Subsidiary that are distributed to the shareholders of the Company, as well as the equivalent cash amount that is paid, as part of the final result.

An estimated calendar with the main dates of the Distribution is included in section 7 of this report.

## **5. VALUATION OF THE SUBSIDIARY, PRICE OF THE EQUIVALENT CASH AMOUNT AND AMOUNT OF THE DISTRIBUTION**

### **5.1 VALUATION REPORT ON THE SHARES OF THE SUBSIDIARY**

Within the framework of the Distribution, and despite the fact that it is not mandatory, the Board of Directors of the Company has had an independent third party, Checkpoint Partners S.L.U., for the issuance on June 21, 2024 of a valuation report of the shares of the Subsidiary according to their market value, based on generally accepted valuation criteria.

The Company's Board of Directors takes note of the above report, which shows a valuation per share of the Subsidiary of 0.01 euros per share (and therefore a total value of the Subsidiary's share capital of 1,500,000 euros, a valuation that the Board of Directors therefore considers appropriate to take as a reference for the Distribution). It also follows from this valuation that the shares of the Subsidiary will not be distributed for a value lower than that which they have on the Company's balance sheet.

### **5.2 CASH AMOUNT EQUIVALENT TO THE SHARE PREMIUM RESERVE IN KIND**

Based on the above valuation of the Subsidiary, shareholders who have chosen to receive the equivalent cash amount will receive €0.01 for each share of the Subsidiary that corresponds to them in accordance with the Distribution Ratio (the "**Reference Price**").

Therefore, the maximum reference market value for the Distribution, taking into account 100% of the share capital of the Subsidiary, is 1,500,000 euros.

Also attached as **Appendix 1** is a balance sheet as of December 31, 2023 prepared by the Board of Directors, which serves as the basis for the Distribution, from which it appears that there is a reserve for share premium distributable in accordance with the "Share Premium" account, freely available, in an amount sufficient for the maximum Distribution and that the Company's net worth is not, nor is it a result of the maximum distribution, lower than the share capital of the Company.

### 5.3 FINAL AMOUNT OF THE DISTRIBUTION

As already indicated, the effective amount of the Distribution will depend on the number of shares of the Subsidiary that are part of the Distribution in accordance with the Distribution Ratio and on the Reference Date, and will be the result of multiplying the final number of such shares by the Reference Price. The final amount of the Distribution will be communicated to the market as part of the final result.

The Board of Directors proposes to the Meeting, within the framework of the Distribution agreement, to jointly and severally empower each of the members of the Board of Directors, with express powers of substitution, to set the number of shares of the Subsidiary that are part of the Distribution in accordance with the Distribution Ratio and therefore the amount of the share premium reserve that will be the subject of the Distribution.

### 6. TAX TREATMENT

From a tax point of view, there will be no obligation for the Company to withhold or pay on account in the distribution of share premium to shareholders, regardless of whether it chooses to receive shares or cash and the tax residence and nature of the shareholder. This is established by the regulations governing Personal Income Tax, Corporation Tax and Non-Resident Income Tax.

Shareholders who are tax residents in Spain for the purposes of Personal Income Tax and Corporation Tax, as applicable to them under the regulations of the common territory, will generally reduce their acquisition value and, once exhausted, the excess will be taxed as income from movable capital or income depending on whether they are natural or legal persons. For the purposes of Non-Resident Income Tax, it will also reduce the acquisition value, taxing the excess at 19%, unless the exemption provided for in article 14.1.h) of Royal Legislative Decree 5/2004, of 5 March, approving the revised text of the Law on Non-Resident Income Tax or any reduced rate provided for in an agreement to avoid double taxation is applicable signed by Spain.

It should be noted that this analysis of the tax regime does not make explicit all the possible tax consequences of the distribution of the share premium for shareholders. The consequences that may occur in their countries of residence for those shareholders who are not residents in Spain for tax purposes are not detailed, nor is the possible application of exemptions or reduced rates provided for in Spanish regulations and agreements to avoid double taxation. Nor are any particularities that may be applicable to shareholders resident in the Historical Territories of the Basque Country or the Autonomous Community of Navarre analysed. It is recommended that shareholders consult with their tax advisors on the specific tax impact, taking into account the particular circumstances of each shareholder.

### 7. ESTIMATED CALENDAR

The estimated schedule for the execution of the Distribution is as follows, without prejudice to the fact that the Company will communicate detailed information to shareholders on the procedure and schedule of the Distribution after the Extraordinary General Meeting of shareholders, in the event of approval of the Distribution.

- **June 24, 2024.** Notice of the Extraordinary General Meeting of shareholders of the Company, to be held at the registered office, located at Calle María de Molina, 41, office

506, 28006, Madrid, on July 26, 2024, at first call, and, if a sufficient quorum is not reached, at the same time and place, on the following day, July 27, 2024 at second call, Predictably waiting for it to be held on first call.

- **July 26, 2024.** Holding of the Extraordinary General Meeting of shareholders of the Company, foreseeably, at first call.
- **July 26, 2024.** Communication of detailed information to shareholders on the procedure and timing of the Distribution and the option form.
- **July 29, 2024.** Last trading date on which the Company's shares will be traded with the right to participate in the Distribution.
- **July 31, 2024.** Reference date for the identification of the positions of the shareholders entitled to participate in the Distribution.
- **August 1, 2024.** Beginning of the period for shareholders entitled to participate in the Distribution to communicate their choice for the transfer and delivery of the shares of the Subsidiary or the equivalent cash amount.
- **September 30, 2024.** End of the period for shareholders entitled to participate in the Distribution to communicate their choice for the transfer and delivery of the shares of the Subsidiary or the equivalent cash amount.
- **October 14, 2024.** Payment of the equivalent cash amount of those shareholders of the Company who have opted to do so, as well as the rest of the amounts in cash, as applicable.
- **October 31, 2024.** Formalisation of the transfer and delivery of the shares of the Subsidiary to those shareholders of the Company who have opted to do so. Likewise, during the month following the end of the election period, shareholders entitled to participate in the Distribution who have not sent any communication may also contact the Company to formalise the transfer and delivery of the shares of the Subsidiary if they so wish<sup>2</sup>.
- **November 7, 2024.** Communication of the final result of the Distribution.

## **8. PROPOSED RESOLUTION TO BE SUBMITTED TO THE MEETING FOR APPROVAL**

The text of the proposed resolution submitted for approval by the Extraordinary General Meeting of the Company's shareholders **is attached as** Appendix 2.

And for the appropriate legal purposes, the Board of Directors of the Company formulates this report, in Madrid, on June 24, 2024.

---

<sup>2</sup> In the event that any shareholder entitled to participate in the Distribution does not formalise the transfer and delivery of the shares of the Subsidiary after the subsequent month, the Company will make available to them the equivalent amount in money that would have corresponded to them at the time in the following 15 days.

## Annexo Eye Balance

ACTIVE	31/12/2023	LIABILITIES AND EQUITY	31/12/2023
<b>NON-CURRENT ASSETS</b>	<b>44.315.778,57</b>	<b>EQUITY</b>	<b>31.064.234,50</b>
Intangible fixed assets	6.839.539,65	EQUITY	30.726.734,50
Development	1.200.482,69	Capital	7.335.246,75
Patents, licenses, trademarks and the like	4.340,84	Deeded capital	7.335.246,75
Other intangible fixed assets	5.634.716,12	Share premium	45.159.547,17
<b>Property, plant and equipment</b>	<b>77.801,68</b>	Reserves	-1.450.285,90
Land and buildings	3.208,47	Legal and statutory	600
Technical installations and other property, plant and equipment	74.593,21	Other bookings	-1.450.885,90
<b>Long-term investments in group companies and associates</b>	<b>34.838.996,22</b>	<b>Own shares and equity holdings</b>	<b>-1.837.416,02</b>
Equity instruments	5.741.125,60	Results from previous years	-13.419.883,43
Business loans	29.097.870,62	Profit for the year	-6.845.186,08
<b>Long-term financial investments</b>	<b>776.160,99</b>	<b>Other equity instruments</b>	<b>1.784.712,01</b>
Credits to third parties	166.502,99	<b>GRANTS, DONATIONS AND LEGACIES RECEIVED</b>	<b>337.500,00</b>
Other financial assets	609.658,00	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6.919.500,18</b>
<b>Deferred tax assets</b>	<b>1.783.280,03</b>	<b>Long-term debts</b>	<b>5.324.977,30</b>
<b>CURRENT ASSET</b>	<b>6.475.762,03</b>	Debts with credit institutions	467.920,10
Trade receivables and other receivables	3.732.350,74	Other financial liabilities	4.857.057,20
Customers by sales and services	2.682.935,45	<b>Long-term debts to group companies and associates</b>	<b>419.291,86</b>
Clients, group companies and associates	1.041.735,67	Deferred tax liabilities	1.175.231,02
Miscellaneous debtors	5.279,62	<b>TOTAL CURRENT LIABILITIES</b>	<b>12.807.805,92</b>
Personal	2.400,00	<b>Short-term debts</b>	<b>6.454.284,92</b>
<b>Accruals</b>	<b>1.000,00</b>	Debts with credit institutions	93.524,80
Cash and other cash equivalents	2.742.411,29	Other financial liabilities	6.360.760,12
Treasury	2.742.411,29	<b>Short-term debts with group companies and associates</b>	<b>9.300,00</b>
<b>TOTAL ASSETS</b>	<b>50.791.540,60</b>	<b>Trade Receivables and Other Payables</b>	<b>6.344.221,00</b>
		Short-term suppliers	1.317.046,37
		Suppliers, group companies and associates	3.052.417,59
		Miscellaneous creditors	640.021,04
		Personnel (unpaid wages)	6.256,00
		Other debts with the Public Administrations	1.328.480,00
		<b>TOTAL NET WORTH AND LIABILITIES</b>	<b>50.791.540,60</b>

## ANNEX 2

### PROPOSED RESOLUTION TO BE SUBMITTED TO THE MEETING FOR APPROVAL

**"1.- Distribution of reserve for share premium in kind in a maximum amount of 1,500,000 euros through the delivery of ordinary shares of the share capital of the wholly-owned subsidiary Subgen AI Limited, or alternatively, the cash payment equivalent to the reserve distribution for share premium in kind proposed, at the choice of the shareholders.**

To approve the partial distribution of the existing reserve in the Company's balance sheet corresponding to the share issue premium for a maximum amount of €1,500,000, through, at the election of the Company's shareholders: (i) the transfer and delivery of ordinary shares of the share capital of the wholly-owned subsidiary Subgen AI Limited, or alternatively, (ii) the cash payment equivalent to the proposed in-kind share premium reserve distribution (the "**Apportionment**").

It is proposed to carry out the Distribution under the terms and conditions set out below, in accordance with the report of the Board of Directors dated 24 June 2024 in relation to it.

#### **1. Amount of share premium reserve to be distributed, shares of the Subsidiary to be delivered and cash alternative**

Subgen AI Limited is an English private *company limited by shares*, with its registered office at 100 Avebury Boulevard Milton Keynes, United Kingdom, MK9 1FH, and registered in the United Kingdom Companies House under number 15374966 (the "**Subsidiary**"). The share capital of the Subsidiary consists of 150,000,000 *ordinary shares*, fully paid-up, with a nominal unit value of £0.01 each, i.e. with a share capital of £1,500,000.

In accordance with the valuation report issued on 21 June 2024 by Checkpoint Partners S.L.U. on the shares of the Subsidiary, and on the basis of generally accepted valuation criteria, the maximum value of the shares of the Subsidiary subject to the Distribution is €1,500,000 (€0.01 for each share of the Subsidiary, the "**Reference Price**").

The Distribution will be made in favour of the shareholder of the Company on the cut-off date to be established, and including those shareholders who on that date have such status (without prejudice to the fact that their shares are not yet registered in the registers of the Management Company of the Registration Systems, Compensación y Liquidación de Valores S.A.U.) (the "**Reference Date**"), which will be July 31, 2024. In accordance with Article 148 of the Capital Companies Act, the economic rights inherent in the Class A Shares and Class B Shares (as defined below) owned by the Company on the Reference Date shall be attributed proportionally to the rest of the Company's shares. In this regard, the Company's shareholders will receive the cash amount corresponding to these shares in treasury stock.

Both the Class A Shares and the Class B Shares of the Company participate in the Distribution, and will receive shares of the Subsidiary in proportion to the nominal value of their participation in the share capital of the Company, with the ratio of the Class A Shares being 1:1 and taking into account that the nominal value of the Class B Shares is 100 times lower than that of the Class A

Shares. Thus, the number of shares of the Company, for each class, that it will be necessary to hold in order to be entitled to receive one share of the Subsidiary (the "**Distribution Ratio**") will be:

- (a) 1 share of the Subsidiary for every 1 Class A Share; and
- (b) 1 share of the Subsidiary for every 100 Class B Shares.

The shares of the Subsidiary that are not distributed will remain under the ownership of the Company.

The exact distribution amount of the issue reserve will be set by the Board of Directors in accordance with the above Distribution Ratio within the maximum amount, based on the number of Class A Shares and Class B Shares of the Company outstanding on the Reference Date and taking the Reference Price as a reference.

It is also approved to provide an alternative so that shareholders of the Company who consider that the shares of the Subsidiary are potentially a less liquid asset than their current stake in the Company, may choose to receive in cash the amount equivalent to the reserve distribution for share premium in kind, which would amount to an amount per share of the Subsidiary equivalent to the Reference Price. The Company's shareholders will have a period of time to choose between the receipt of shares in the Subsidiary or the equivalent amount in money, based on the valuation determined by Checkpoint Partners S.L.U. in its valuation report.

## **2. Liquidation of the "peaks"**

In application of the Distribution Ratio, shareholders of Class B Shares who hold shares in a number that do not reach this proportion or their multiples, will generate surplus shares, called "peaks". In this case, the Company will pay in cash the amount equivalent to the fraction resulting from dividing the remaining Class B Shares by the aforementioned multiple, and multiplying said fraction by the Reference Price, rounding the result to the nearest euro cent.

## **3. Procedure**

An option period is granted to the shareholders of the Company who are entitled to participate in the two-month Distribution (the "**Option Period**"), which will take place from August 1, 2024 to September 30, 2024, both inclusive. During the Option Period, the Company's shareholders may contact the Company and its depository institution and communicate their option to receive the Distribution that corresponds to them in shares of the Subsidiary or, instead, the value of the shares in cash or for the cash alternative.

The option mechanism will be articulated through a form for this purpose that will be made available to the shareholders of the Company, and which must be sent completed, in which it is stated that you are aware of the adoption of the Distribution agreement and its terms, which confirms either your choice to receive cash or shares from the Subsidiary. as well as any other data that is necessary for the formalization of the delivery of the shares of the Subsidiary.

After the end of the Option Period, payment will be made by transfer through Banco Sabadell, and not through Iberclear's systems, to those shareholders who have opted to receive the amount in cash, in accordance with the bank details provided, which will take place from 14 October 2024. The cash payment of the "peaks", as appropriate, and the amount of the treasury stock credit right



will also be made at that time, regardless of whether or not the amount of the cash distribution has been chosen, in the same way.

Likewise, after the end of the Option Period, for those other shareholders who have chosen to receive shares of the Subsidiary, the transfer and delivery in their favour of the shares of the Subsidiary will be formalised, through the subscription of any documents that may be necessary or convenient in accordance with the law applicable to the transfer of shares. which will take place before October 31, 2024.

Shareholders entitled to participate in the Distribution who do not complete and submit the form within the previous Option Period may, for an additional period of approximately one month after the end of the Option Period, contact the Company to formalise the transfer and delivery of the shares of the Subsidiary if they so wish. After this period, the Company will make available to the shareholder the equivalent amount in money that would have corresponded to him at the time.

Subsequently, the market will be notified of the effective amount of the Distribution, including the final number of shares of the Subsidiary that are distributed to the Company's shareholders, as well as the equivalent cash amount that is paid, as part of the final result.

#### **4. Tax treatment**

From a tax point of view, there will be no obligation for the Company to withhold or pay on account in the distribution of share premium to shareholders, regardless of whether it chooses to receive shares or cash and the tax residence and nature of the shareholder. This is established by the regulations governing Personal Income Tax, Corporation Tax and Non-Resident Income Tax.

Shareholders who are tax residents in Spain for the purposes of Personal Income Tax and Corporation Tax, as applicable to them under the regulations of the common territory, will generally reduce their acquisition value and, once exhausted, the excess will be taxed as income from movable capital or income depending on whether they are natural or legal persons. For the purposes of Non-Resident Income Tax, it will also reduce the acquisition value, taxing the excess at 19%, unless the exemption provided for in article 14.1.h) of Royal Legislative Decree 5/2004, of 5 March, approving the revised text of the Law on Non-Resident Income Tax or any reduced rate provided for in an agreement to avoid double taxation is applicable signed by Spain.

It should be noted that this analysis of the tax regime does not make explicit all the possible tax consequences of the distribution of the share premium for shareholders. The consequences that may occur in their countries of residence for those shareholders who are not residents in Spain for tax purposes are not detailed, nor is the possible application of exemptions or reduced rates provided for in Spanish regulations and agreements to avoid double taxation. Nor are any particularities that may be applicable to shareholders resident in the Historical Territories of the Basque Country or the Autonomous Community of Navarre analysed. It is recommended that shareholders consult with their tax advisors on the specific tax impact, taking into account the particular circumstances of each shareholder.

#### **5. Delegation of powers**

Each of the members of the Board of Directors of the Company is jointly and severally empowered, with express powers of substitution in the Legal Advisor of the Board and his Professional Firm, to

the fullest extent that is necessary in law, to execute this agreement, and that any of them may carry out any legal acts or transactions that are necessary or convenient for the fullest execution thereof. In particular, and without limitation, the following may be included:

- (i) To develop, extend, clarify, specify, interpret, complete and correct this agreement, setting the terms and conditions thereof in all matters not provided for in this agreement and, in particular and without limitation, to establish, within the maximum amount agreed by the Extraordinary General Meeting of shareholders, the amount of the share premium reserve that will be the subject of the Distribution, the number of shares of the Subsidiary that will be part of it and that correspond to each shareholder of the Company in accordance with the Distribution Ratio, and the relevant dates of the Distribution and the details of its procedure.
- (ii) To carry out on behalf of the Company any action, declaration or management that is required before any body or entity or public or private, Spanish or foreign, in relation to the Distribution.
- (iii) To execute on behalf of the Company as many public or private documents as may be necessary or convenient for the better execution of the Distribution and this agreement, as well as to correct any omissions, defects or errors, in substance or form, contained in said documents.
- (iv) Determine all other circumstances that may be necessary, adopting and executing the necessary agreements, formalising the necessary documents and completing all the appropriate procedures, proceeding to comply with all the requirements necessary for the fullest execution of the agreement.

Report that is signed by all members of the Board of Directors in proof of conformity with its full content and for the purposes legally established in Madrid on June 24, 2024.

Mr. Lorenzo Serratosa Gallardo

Mr. José Iván García Braulio

Don Christopher Nicolas Dembik

Don Tawhid Chtioui

Mr. Jesús Hidalgo Quesada