

**REDUCED EXTENSION DOCUMENT FOR BME MTF EQUITY'S BME GROWTH
TRADING SEGMENT**



SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.

January 2025

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

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

Shareholders and investors are advised to read this Reduced Increase Document in its entirety and carefully prior to any investment decision regarding the newly issued shares.

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

Deloitte Auditores, S.L., domiciled for these purposes at Plaza Pablo Ruiz Picasso, 1, 28020, Madrid and holder of C.I.F. number B-79104469, duly registered in the Mercantile Registry of Madrid, Volume 13,650, Section 8, Folio 188, Page M-54414, as Registered Advisor in the BME Growth segment of the BME MTF Equity market, acting in that capacity with respect to Substrate Artificial Intelligence, S.A., the entity that has requested the listing of the newly issued shares subject to the capital increase in the BME Growth segment, and for the purposes set out in Circular 4/2020, of 30 July, on the Registered Advisor in the BME Growth trading segment of BME MTF Equity ("**BME Growth Circular 4/2020**"),

DECLARES

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

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

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

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

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

Substrate Artificial Intelligence, S.A. prepared the corresponding Market Listing Information Document (hereinafter "DIIM" or "Information Document") on the occasion of the listing of its shares on BME

Growth, which took place on May 17, 2022, in accordance with the model established in the Annex to Circular 1/2020, of July 30, 2020. on requirements and procedures applicable to the listing and delisting of BME MTF Equity in the BME Growth trading segment, as amended by Circular 2/2022 of 22 July 2022 amending Circular 1/2020 of 30 July 2020 on the requirements and procedure applicable to listing and delisting in the BME Growth trading segment of BME MTF Equity (the "**BME Growth Circular 1/2020**").

In addition, Substrate AI prepared, on the occasion of the listing of 96,316,100 class B shares for trading on BME Growth, which took place on April 4, 2023, the corresponding Reduced Increase Document (hereinafter "**DAR April 2023**") required by BME Growth Circular 2/2020.

Similarly, on the occasion of the listing of 27,000,365 class A shares and 42,322,360 class B shares for trading on BME Growth, which took place on December 22, 2023, Substrate AI prepared the corresponding Reduced Increase Document (hereinafter "**DAR December 2023**") required by BME Growth Circular 2/2020.

Substrate AI also prepared the corresponding Reduced Increase Document (hereinafter "DAR July 2024") required by BME Growth Circular 2/2020 on the occasion of the listing of **24,645,665** class A shares on BME Growth, which took place on 23 July 2024.

The aforementioned Documents can be consulted on the website of the <https://substrate.ai/es/> Company, as well as on the website of BME Growth [BME Growth | SUBSTRATE ARTIFICIAL INTELLIGENCE file](#) where you can also find the financial information, privileged information and other relevant information published relating to the Company and its business.

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

Mr. Lorenzo Serratosa, Chairman of the Board of Directors of the Company, on behalf of the Company, in exercise of the delegation expressly granted by the Board of Directors on December 11, 2024, assumes responsibility for the content of this Extension Document, the format of which is in accordance with Annex 2 of BME Growth Circular 2/2020.

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

1.3 Full identification of the issuing entity

Substrate Artificial Intelligence, S.A. is a public limited company incorporated for an indefinite duration and domiciled at c/María de Molina, 41 – Office nº 506, 28006 Madrid (Spain) and, with NIF A-98306228, and legal entity identifier (LEI) number 959800K3URS2BMHE3P84. The Company is registered in the Mercantile Registry of Madrid in Volume 43321, Folio 89. The Company's trading name is "SUBSTRATE AI".

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

The Company was incorporated under the name of KAU Finanzas, S.L. on December 9, 2010 with registered office in Cazalla de la Sierra (Seville), by virtue of a public deed granted on the same date. On May 3, 2012, the General Meeting of Shareholders agreed to transfer the registered office of the company to c/ Convento Santa Clara number 8 door 7^a 46002 Valencia by virtue of a public deed granted on May 4, 2012. Subsequently, the Sole Administrator agreed to transfer the company's registered office to c/Colon number 4, 5^oB, Valencia, by virtue of a public deed granted, on January 10, 2018.

On March 23, 2018, the General Meeting of Partners agreed to change its previous corporate name to Zona Value, S.L. by virtue of a public deed granted on that same date.

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

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

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

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

The Company's corporate purpose is set out in Article 2 of its Articles of Association ("**Articles of Association**"), the literal wording of which as of the date of this Information Document is as follows:

'Article 2. CORPORATE PURPOSE

1.- The purpose of the Company shall be:

a) Computer programming activities.

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

- System programs (including patches and updates).

- *Computer applications (including patches and updates).*
- *Databases.*
- *Websites.*

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

d) The preparation of investment reports and financial analyses or other forms of general and non-personalized advice, relating to transactions in financial instruments, as well as advice on capital structure, industrial strategy and related issues, and other services in relation to mergers and acquisitions of companies.

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

f) The purchase and sale of movable and immovable property necessary for the realization of the corporate purpose.

2.- CNAE main activity: 6201 - Computer programming activities.

3.- Exceptions are made for activities expressly reserved by the Law to Collective Investment Institutions, as well as those expressly reserved by the Securities Market Law for Securities and Stock Exchange Agencies and/or Companies.

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

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

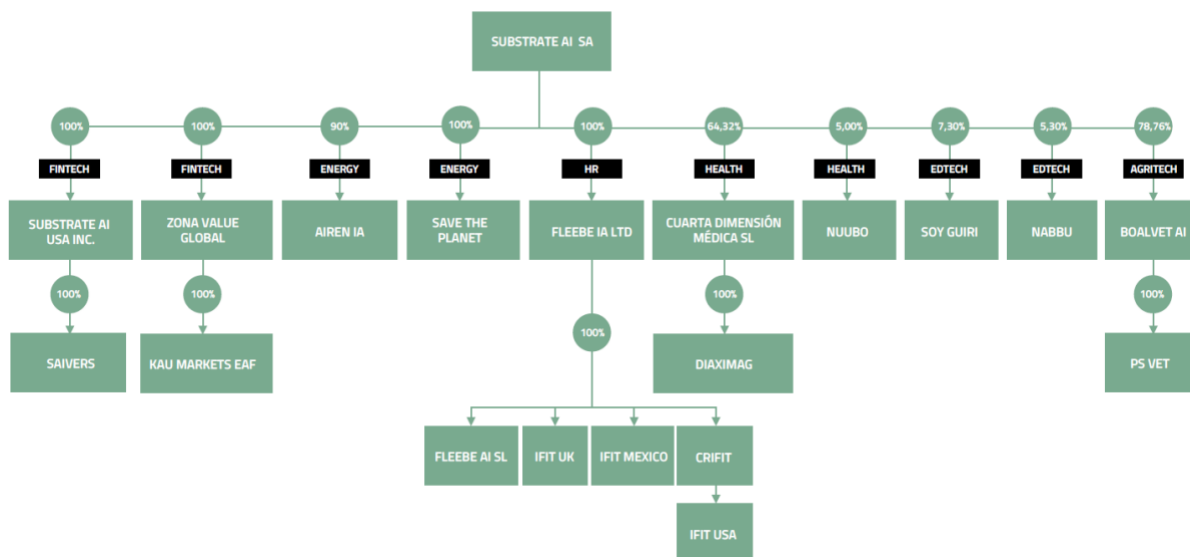
5.- If the law requires any type of professional qualification, license or registration in special registers for the commencement of some operations, these operations may only be carried out by a person with the required professional qualifications, and only as long as these requirements are met. With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

6.- The activities that make up the corporate purpose may be carried out by the Company totally or partially indirectly, through the ownership of shares or shares in companies with the same or similar purpose, or in collaboration with third parties.'

Substrate AI is a company that creates, buys and scales companies around AI in various sectors such as Health, Finance, Human Resources or Energy. All of them sell products and services built on proprietary technology. The different branches of business are detailed below:

- Healthcare: Group specialized in the production and sale of diagnostic imaging hardware with and without AI.
- Agritech: a group specialized in veterinary medicine that integrates AI in the dairy sector to improve the profitability of farms and produce healthier and more sustainable food through the early detection of diseases.
- Fintech: It is a group created around finance with the aim of offering its clients all the necessary tools to be able to manage their investments in an optimal way, as well as training or advice.
- HR: Fleebe AI is an AI HR 360 company that offers HR software and services to large and small businesses. The solutions range from recruitment to talent management or time control.
- SubgenAI: It is a British artificial intelligence company that develops "as-a-service" models marketed through Serenity Star, its own Maas to scale and promote the use of AI in other companies.

The organizational chart of Substrate AI, S.A. is detailed below:



2. UPDATING THE INFORMATION IN THE ONBOARDING INFORMATION DOCUMENT

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

The purpose of the capital increase subject to this DAR is to execute the resolutions of the General Shareholders' Meeting held on January 19, 2024 where it was approved, among others, to empower the Board of Directors to carry out capital increases, for a period of five years, up to the maximum amount of 20% of the share capital at the time of authorization, on one or more occasions, through the issuance of new shares, with or without vote, as well as expressly authorising the Board of Directors to have the power to exclude the pre-emptive subscription right if the interest of the Company so requires. The resolutions reached at the aforementioned Extraordinary General Meeting were published as Other Relevant Information (hereinafter "OIR") on January 23, 2024.

In this regard, and as reported by the Company through Inside Information (hereinafter "IP") on July 11, 2024, the Board of Directors, exercising the delegation granted by the Extraordinary General Meeting of Shareholders held on January 19, 2024, approved the execution of the following capital increase: capital increase through monetary contributions, with the exclusion of the pre-emptive subscription right, for a total effective amount of TWO MILLION FIVE HUNDRED THOUSAND EUROS (€2,500,000), for this purpose, fifteen million seven hundred and seventy-eight thousand seven hundred and twenty-four (15,778,723) class A shares are issued, with a nominal value of TEN EURO CENTS (€0.10) each, amounting to the total nominal amount of ONE MILLION FIVE HUNDRED SEVENTY-SEVEN THOUSAND EIGHT HUNDRED SEVENTY-TWO EUROS AND THIRTY EURO CENTS (€1,577,872.30) and with a total share premium of NINE HUNDRED AND TWENTY-TWO THOUSAND ONE HUNDRED AND TWENTY-SEVEN EUROS AND SEVENTY EURO CENTS (€922,127.57), with the share premium being:

- 2,620,545 new class A shares with an issue premium of €0.0908 per share.
- 2,893,518 new class A shares with an issue premium of €0.0728 per share.
- 3,276,540 new class A shares with an issue premium of €0.0526 per share.
- 6,988,120 new class A shares with an issue premium of €0.0431 per share.

This agreement was made public by means of a public deed dated June 14, 2024, executed before the Notary Public of Valencia, Mr. Alejandro Cervera Taulet, number 3,464 of his protocol, and registered in the Mercantile Registry of Madrid on November 25, 2024, Page M-765355, Entry 48.

In accordance with articles 297.1 b) and 506 of the Consolidated Text of the Capital Companies Act, the Board of Directors proceeded to issue the corresponding report on the nature and characteristics of the capital increase excluding the pre-emptive subscription right on December 18, 2023.

The above-mentioned report of the Governing Body is attached as Annex II to this RAP.

The disbursement of the aforementioned TWO MILLION FIVE HUNDRED THOUSAND EUROS (€2,500,000) has been carried out by:

- INDICO INVESTMENTS AND MANAGEMENT, S.L. who subscribes eight million seven hundred ninety thousand six hundred and three (8,790,603) newly created class A shares with a par value of TEN EURO CENTS (€0.10) and ZERO WITH ZERO NINE HUNDRED AND EIGHT EURO CENTS (€0.0908) share premium for 2,620,545 shares, ZERO WITH ZERO SEVEN HUNDRED AND TWENTY-EIGHT EURO CENTS (€0.0728) share premium for 2,893,518 shares and ZERO WITH ZERO FIVE HUNDRED AND TWENTY-SIX EURO CENTS EURO (€0.0526) share premium for 3,276,540 shares, which makes a total effective amount between nominal and premium of ONE MILLION FIVE HUNDRED THOUSAND EUROS (€1,500,000).

In this regard, it should be noted that on February 9 and 13, the Company published as "IP" the details of the investment agreement reached on February 7, 2024 with INDICO INVESTMENTS AND MANAGEMENT, S.L., which would materialize in various capital increases for a maximum total amount of TWO MILLION EUROS (€2,000,000).

- UNITED GENERAL LIMITED who subscribes six million nine hundred and eighty-eight thousand one hundred and twenty (6,988,120) newly created class A shares with a nominal value of TEN EURO CENTS (€0.10) and ZERO WITH ZERO FOUR HUNDRED AND THIRTY-ONE EURO CENTS (€0.0431) share premium, which makes a total effective amount between nominal and premium of ONE MILLION EUROS (€1,000,000). The aforementioned amount was contributed by UNITED GENERAL LIMITED on May 13, 2024. The purpose of these funds is to improve working capital in order to cover possible liquidity needs before the company's daily operations.

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

In compliance with the provisions of Circular 3/2020, of 30 July, which has been amended by Circular 2/2022, on the information to be provided by companies listed on the BME Growth segment of BME MTF Equity (the "**BME Growth Circular 3/2020**"), all privileged information and other relevant information, from its incorporation to the Market, is available on the website of the <https://substrate.ai/es/> Company, as well as on the website of BME Growth [BME Growth | SUBSTRATE ARTIFICIAL INTELLIGENCE data sheet](#).

Both websites, in compliance with the aforementioned BME Growth Circular 3/2020, include all the public documents that have been contributed to the Market since the listing of Substrate AI's shares.

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

Pursuant to the provisions of BME Growth Circular 3/2020, Substrate AI published on 31 October 2024 the Consolidated Interim Financial Statements for the six-month period ended 30 June 2024, together with the corresponding Limited Review Report issued by its EY auditors on 30 October 2024, with a favourable opinion (see Annex I of this DAR). In addition, on that date, Substrate AI published the Individual Interim Financial Statements, which were not subject to review or audit.

These interim consolidated financial statements were prepared on October 29, 2024 by the Board of Directors of the Company, in accordance with applicable commercial law, to the standards established in the International Financial Reporting Standards adopted by the European Union (EU-IFRS).

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

The Company's income statement for the nine (9) month period ended September 30, 2024 is attached below. This information has not been audited or subject to limited review by the auditor.

Consolidated Profit and Loss Account

	Euros	
	Nine-month period ended September 30, 2024 (a)	Nine-month period ended September 30, 2023 (b)
Net turnover	12.378.996	3.391.618
Other operating income	4.905.985	749.878
Personnel costs	(5.174.367)	(2.314.353)
Procurement, Other operating expenses and Other income	(9.629.925)	(3.504.443)

Depreciation of fixed assets	(631.341)	(1.698.055)
Allocation of non-financial fixed assets	25.564	25.564
OPERATING PROFIT	1.874.912	(3.349.791)
Financial result	(550.136)	(519.122)
PROFIT BEFORE TAX	1.324.776	(3.868.913)

(a) Figures not audited or revised. The amounts are recorded under IFRS (International Financial Reporting Standards).

(b) Figures not audited or revised. The amounts are registered under NOFCAC regulations.

The Group has reached 17,285 thousand euros in total revenues in the first nine months of the 2024 financial year, which represents a significant improvement compared to the revenues of the first nine months of the previous year. All this has been possible thanks to the good performance of all the Group's businesses.

With regard to "Net turnover", this has grown by 265% compared to the same period of the previous year. This improvement is due to: (i) the positive contribution since the beginning of the year of those businesses that were acquired during the previous year and (ii) the better overall performance of Substrate's main businesses, especially Health, Agritech, Human Resources and Artificial Intelligence Technology.

"Other operating income" amounted to €4,906 thousand (€750 thousand as of September 30, 2023). This increase is due to the development of a project related to a new application to support and improve diagnostic imaging procedures that began in the third quarter of 2023.

During the first nine months of 2024, the Group incurred personnel expenses totalling €5,174 thousand (€2,314 thousand in the same period of 2023), procurement expenses amounting to €1,765 thousand (€641 thousand in the same period of 2023) and operating expenses amounting to €7,865 thousand (€2,863 thousand in the same period of 2023). This increase in the different items is mainly due, as well as in turnover, to the costs associated with the businesses that were acquired during the second half of the 2023 financial year and that have therefore contributed income and expenses since the beginning of 2024 while they were not part of the Group in the first months of 2023.

The depreciation and amortisation section includes depreciation of assets acquired in previous years. The amount of "Allocation to the depreciation of fixed assets" for the first nine months of 2024 amounted to €631 thousand (€1,698 thousand in the same period of 2023).

On January 15, 2025, the advance results corresponding to December 31, 2024 were published as Inside Information.

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

On May 17, 2023, the Ordinary and Extraordinary General Meeting of shareholders of the Company approved the delegation to the Board of Directors of the power to issue debentures convertible into

shares of the Company for a maximum amount of €17,200,000, to which convertible warrants will be linked. In this regard, since 1 January 2024, the Board of Directors has issued the following issues:

1. On January 18, 2024, Substrate published an OIR to inform that the Board of Directors of Substrate had made the thirteenth issuance of 50 Bonds convertible into shares of the Company for a joint nominal conversion amount of 500,000 euros, as well as the issuance of 370,370 convertible warrants, with Global Corporate Finance Opportunities being the sole recipient of these issuances.
2. On March 20, 2024, Substrate published an OIR to inform that the Board of Directors of Substrate had made the fourteenth issuance of 50 Bonds convertible into shares of the Company for a joint nominal conversion amount of €500,000, as well as the issuance of 416,666 convertible warrants, with Global Corporate Finance Opportunities being the sole recipient of these issuances.

These bonds have been converted during the period as follows:

- On February 22, 2024, an OIR was published informing of the conversion of 50 debentures for a joint nominal amount of €500,000, resulting in a capital increase for a nominal amount of €250,609, through the issuance and circulation of 2,506,090 new class A shares. Of the total number of new shares of the Company, 227,272 shares are issued at an issue rate of €0.22 per share (€0.10 nominal plus €0.12 share premium), 476,190 shares are issued at an issue rate of €0.21 per share (€0.10 nominal plus €0.11 share premium), 750,000 shares are issued at an issue rate of €0.20 per share (€0.10 nominal plus €0.10 share premium) and 1,052,628 shares are issued at an issue rate of €0.19 per share (€0.10 nominal plus €0.09 share premium), with the total share premium of the increase being €249,390.06 and the effective amount (nominal plus premium) of the capital increase being €499,999.06 and. The converted bonds corresponded to the thirteenth issue. As of the date of this DAR, the aforementioned shares have been listed on BME Growth on October 30, 2024.
- On May 13, 2024, an OIR was published informing of the conversion of 50 debentures for a joint nominal amount of €500,000, resulting in a capital increase for a nominal amount of €303,775.4, through the issuance and circulation of 3,037,754 new class A shares. Of the total number of new shares in the Company, 789,471 shares are issued at an issue rate of €0.19 per share (€0.10 nominal plus €0.09 share premium), 166,666 shares are issued at an issue rate of €0.18 per share (€0.10 nominal plus €0.08 share premium). 294,117 shares are issued at an issue rate of €0.17 per share (€0.10 par value plus €0.07 share premium), 187,500 shares are issued at an issue rate of €0.16 per share (€0.10 nominal plus €0.06 share premium) and 1,600,000 shares are issued at an issue rate of €0.15 per share (€0.10 nominal plus €0.05 premium of issue) being the total share premium of the increase of 196,223.86 euros and the effective amount (nominal plus premium) of the capital increase of 499,999.26 euros. The converted bonds corresponded to the fourteenth issue. As of the date of this DAR, the aforementioned shares have been listed on BME Growth on October 30, 2024.

Following the completion of the above operations by Global Corporate Finance Opportunities, all the convertible bonds issued have been redeemed.

In addition, it should be noted that the Extraordinary General Shareholders' Meeting held on July 26, 2024 agreed to the distribution of the share premium reserve in kind, for a maximum amount of €1,500,000 through the delivery of ordinary shares of the share capital of the wholly owned subsidiary Subgen AI Limited ("Subgen AI"), or alternatively, the cash payment equivalent to the proposed share premium reserve distribution in kind, at the choice of the shareholders (the "Apportionment"). The procedure established to carry out the Distribution was communicated to the market by means of an OIR on 29 July 2024, and on 7 November 2024 the Company published an OIR with the result of the Distribution, which was as follows:

Of the class A shares, the shareholders who have responded account for 99.43% of the class A shares, of which 93.94% have chosen the payment of premium in kind in Subgen AI shares, and the remaining 6.06% the payment in cash.

As for the Class B shares, the shareholders who have responded are equivalent to 99.85% of the Class B shares, of which 100% have chosen the payment of premium in kind in Subgen AI shares.

The Company has therefore distributed to the shareholders of the Company entitled to participate in the Distribution: (i) a total of 115,276,486 shares of Subgen AI, representing 76.85% of its share capital, the rest remaining under the ownership of the Company (i.e. 34,721,456 shares of Subgen AI, representing 23.15% of its share capital); and (ii) a total of 80,421.47 euros.

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

In relation to the financing provided for the development of the issuer's activity, Substrate has the financing obtained from the agreement signed with Global Corporate Finance Opportunities 15 described above, and additionally plans to carry out various capital increases of class A and B shares, under the credit clearing modality, in which current or new shareholders will participate.

Additionally, it should be noted that in relation to the aforementioned investment agreement formalized with INDICO INVESTMENTS AND MANAGEMENT, S.L. on February 7, 2023 for a maximum amount of two million euros (€2,000,000) that will end on February 7, 2027, there is a tranche of 500,000 euros (€500,000) pending disposal. The remaining amount (€1,500,000) has been drawn down to date and is part of the capital increase by monetary contributions subject to this DAR.

On December 31, 2024, BME's Fixed Income Market, MARF, has admitted to trading a new Substrate AI Promissory Note Program for an amount of €10 million. With this issuance program, Substrate AI diversifies and expands its sources of financing through its access to the fixed income markets and placement of new issues of promissory notes that will allow it to reach maturities of up to 2 years. Link Securities participates as the Placement Entity of the program. And Didendum EAF will act as a Registered Substrate AI Advisor at MARF.

2.5 Numerical forecasts or estimates of future revenues and costs in the Incorporation Information Document regarding the degree of compliance therewith

On April 11, 2024, the Company published an "IP" with its estimates and forecasts on the evolution of certain financial figures in the 2024 financial year. In this regard, the projections approved for the 2024 financial year and their degree of compliance as of September 30, 2024 are as follows:

	Euros		
	2024 forecasts	September 30, 2024 Real (*)	Degree of progress
Net turnover	15.400.500	12.378.996	80%
Other income	5.171.000	4.905.985	95%
Total Revenue	20.571.500	17.284.981	84%
Personnel costs	(6.987.646)	(5.174.367)	74%
Procurement, Other operating expenses and Other income	(9.558.027)	(9.629.925)	101%
EBITDA	4.025.827	2.480.689	62%
Allocation of non-financial fixed assets	-	25.564	-
Depreciation of fixed assets	(2.238.265)	(631.341)	28%
Operating profit	1.787.562	1.874.912	105%
Financial result	(785.752)	(550.136)	70%
Profit before tax	1.001.810	1.324.776	132%

(*) Unaudited and unrevised figures

The Group has achieved total revenues of €17,285 thousand in the first nine months of 2024, which represents 84% of the estimated amount for the full year, significantly improving on the previous year. All this is due to the good performance of all businesses, but especially Health, Agritech, Human Resources and Artificial Intelligence Technology, so the pre-tax profit forecast for the 2024 financial year is improving.

On the other hand, it should be mentioned that "Other income" has reached 95% of the estimated amount for the whole year (4,906 thousand euros) since the vast majority of R+D projects¹ are in a development phase and therefore are gradually increasing.

The Group has incurred personnel costs of €5,174 thousand, which represents 74% of the expected costs for the full year. In relation to operating expenses, the Group has incurred expenses totalling €9,630 thousand, which are slightly above the costs forecast for the full year, which are broken down into procurement expenses amounting to €1,765 thousand and operating expenses amounting to €7,865 thousand. While these figures are aligned with revenue growth given that the projects are already in a development phase.

As a result of the events described above (84% increase in the degree of compliance with revenues and operating costs – personnel costs and other operating expenses – of 89%), the degree of EBITDA growth compared to forecasts is 62%.

"Amortization" expense for the first nine months of 2024 has reached 631 thousand euros (28% of the forecast for the year) mainly due to the fact that the project to develop a new application to support and improve diagnostic imaging procedures is ongoing and has not begun its amortization.

In relation to the financial result, the advanced pace of development of R+D projects in the first nine months of 2024 has led to higher expenditure and with it a greater need for financing and consequently a higher financial cost, being as of September 30, 2024 aligned with the estimated degree of progress for the 2024 financial year.

2.6 Working Capital Statement

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

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

¹ the main project being developed by the Group is related to a new application to support and improve diagnostic imaging procedures that began in the third quarter of 2023.

2.7 Risk factors. Update of the risk factors included in the Incorporation Information Document

The existing risk factors described below do not differ materially from those included in the Market Entry Information Document (DIIM) published on May 11, 2022, in the Reduced Expansion Document (DAR) published on April 4, 2023, in the Reduced Expansion Document (DAR) published on December 19, 2023, and in the Reduced Expansion Document (DAR) published on July 12, 2024. However, these risks cannot be taken as an exhaustive list, but are those identified by the Company as the most significant. Consequently, it may be the case that future risks, currently unknown or not considered to be relevant at the present time, could have an effect on the Company's business, results, prospects or financial, economic or equity situation.

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

Risks linked to actions

➤ **Non-return of 100% of the investment in Substrate AI**

Investors in companies traded on BME Growth should be aware that they are taking on a greater risk than investing in companies listed on the stock exchange. In this regard, investment in companies listed on BME Growth must be adequately advised by an independent professional and the investor is advised to read this Increase Document in its entirety and properly prior to any investment decision relating to the Company's shares. In this regard, and in the particular case of Substrate AI, as of September 30, 2024, the price of the Company's class A shares had fallen by 97.6% compared to the starting price (€0.1024 per share vs. €4.3 per share). In the case of class B shares, the fall is 49.6% (€0.238 per share vs. €0.472 per share).

➤ **Class B share liquidity**

As of the date of this Document, the Company has a small number of shareholders holding class B shares, which has meant and may mean that the aforementioned shares have reduced liquidity.

➤ **Dilution**

The capital increases planned in the future will generate a strong dilution for shareholders who did not participate in it in proportion to their participation in the capital before the increase. In particular, this risk, as indicated below in the risk "Future financing capacity", will materialise in the capital increases resulting from the conversion into shares of the bonds associated with the investment agreement with Global Corporate Finance Opportunities 15.

➤ **The distribution of dividends in the future cannot be assured**

The Company's ability to distribute dividends may be influenced by the risks described above. Dividends depend on income and financial situation, obligations assumed in financial contracts, liquidity requirements, regulatory requirements and other factors deemed relevant. It cannot therefore be assured that dividends will be distributed in the future, although it should be noted that

in the short and medium term the Company will not distribute results (see section 2.12.3 of the Information Document).

Risks relating to the financing of the Company

➤ Future financing capacity

Substrate AI's business forecasts include investment needs of approximately €2,500 thousand for the next (12) months, which will involve resource needs that will be covered through capital increases, debt subscriptions or through the placement of promissory notes on the MARF. Failure to obtain such financing could condition the fulfillment of the business plan and, therefore, the growth and economic evolution of Substrate AI.

The construction of the recently announced Data Center will require new sources of funding in addition to the subsidy obtained from the Junta de Castilla la Mancha. Specifically, Substrate AI must close agreements worth €60m, either for investment by new partners in the project or for financing. At this time, the company is evaluating various proposals that contemplate various scenarios and structures.

In this regard, it should be noted that on June 15, 2022, the Company signed an investment agreement with Global Corporate Finance Opportunities 15 that materializes through the issuance of bonds convertible into shares for a maximum amount of €20 million, divided into tranches of €500,000. This financing mechanism has caused and may continue to cause a strong dilution of the Company's shareholders, given that they do not have the capacity to subscribe to the aforementioned obligations. To date, the Company has made available fourteen (14) tranches of 500,000 euros.

The future capacity of the Issuer to meet the obligations committed under the financing agreements, to meet the payment of the principal and interest on the derivative debt or to be able to refinance it if necessary, is conditioned by the results of the business and by other economic factors and factors specific to the sectors in which the Company operates. Failure to comply with the obligations assumed by the Issuer vis-à-vis the different financial institutions could lead to the early maturity of the payment obligations and that these financial institutions would demand in advance the payment of the principal of the debt and its interest and, where appropriate, execute the guarantees that may have been granted in its favour. which could negatively affect the financial, economic and equity situation of the Company. As of September 30, 2024, the financial debt held by the Company amounts to €1,796,188, and almost all of it has a long-term maturity (more than one year). The Company's debt-to-equity ratio at the end of June 2024 is 0.35.

➤ Risk of rising interest rates

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

The possible scenario of an increase in interest rates, especially if this increase does not take place gradually, would have a significant impact on the Company's financing cost. As of the date of this Document, the Company has drawn down variable-rate financing amounting to €499,301, with the reference interest rate being Euribor for 12 months plus a differential of 3.25%.

Issuer's own Operational Risks

The inherent complexity linked to artificial intelligence and reliance on data may pose operational risks and eventually affect the Company's business due to several factors explained below.

➤ **Recoverable risk Goodwill**

The recoverability of the goodwill recorded by the Group amounting to €20,501 thousand as of June 30, 2024 is linked to compliance with the business plan for the period 2025-2026 and subsequent years.

In the event that the Group's income and expenses do not evolve in accordance with the assumptions adopted, this could have an impact on the recoverability of the aforementioned goodwill.

➤ **Risk of non-existence of multi-year sales contracts**

Given that the Group's activity is based on the sale of products and the signing of annual contracts with third parties, it is common for the percentage of guaranteed income (portfolio) to be insignificant at the beginning of each financial year. As of the date of this reduced Extension Document, contracts have been closed for approximately 18% of the expected revenues for the 2025 financial year.

➤ **Risk of joining the Group of non-AI companies**

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

During the 2023 financial year, the Group acquired 4 companies (YAMRO Holding LTD, PsVet DairlyQuality, S.L., Binit, S.R.L. (70%) and Deltanova, S.A. (70%)) and the branch of activity Unidad Productiva Equipos Hospitalarios. During the 2024 financial year, the Group acquired 21% of the capital of the companies Binit, S.R.L. and Deltanova, S.A.

The recovery of the investment made in these acquisitions may pose a risk for the Group, since the management team does not have proven experience in the management of businesses in sectors other than technology, and this is conditional on compliance with the business plan that supports the price paid in each of the acquisitions.

➤ **Risk associated with the fact that a part of the final product is developed by external companies**

As detailed in section 2.6.1.3 of the Onboarding Information Document published on May 11, 2022, Substrate AI products ("the solutions") have two layers of development. The first layer has to do with

the design of the product and the programming of the AI according to the specific problem to be solved, and the second layer has to do with the usability of that product, with how the end customer consumes that solution.

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

Although the objective of this work system is that each layer of development is executed by the one who knows how to do it best, it also generates a series of risks that all outsourcing of services entails. In particular, outsourcing the second layer of product development to a third party may have an impact on the quality of the products and on the time taken to start marketing the solutions, all of which may have an impact on the achievement of the objectives set out in the Group's Business Plan.

➤ **Unwanted departure of key personnel**

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

➤ **Faulty algorithms and glitches in software systems**

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

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

➤ **Risk of non-compliance with the published business plan**

On 11 April 2024, the Company published certain estimates and forecasts on the future evolution of certain financial figures for the financial year 2024 (section 2.5 of this DAR). These forecasts have been based, among other factors, on the expected knowledge and development of the various verticals in which the Group operates and will operate, as well as on the inorganic growth derived from the incorporation of the new companies into the Group.

If, for external or internal reasons, the Group's actual results differ materially from the estimates and forecasts made, the results, the financial, economic or equity situation of the Company or the share price of the Company could be adversely affected.

➤ **Difficulty accessing and processing data**

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

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

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

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

➤ **Risk of delayed product delivery times**

Due to the complexity of the products developed by Substrate AI, there may be a risk of not completing them within the established deadlines. These delays could damage the relationship with customers, pose reputational problems and loss of competitive advantages against their competitors.

➤ **Strategic alliances**

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

➤ **Customer Concentration**

Due to the development phase of Substrate AI's products, the number of customers is currently limited, with a certain concentration of customers (the eight (8) main customers account for 48% of

sales as of September 30, 2024). The commercialization of products currently under development and the launch of new products in other market segments will increase the number of customers, thereby reducing the concentration of revenue in a limited number of customers.

➤ **Competence**

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

➤ **Reputational risk**

The fact that any of Substrate AI's employees do something or are accused of doing something that could be the subject of public criticism or other negative publicity, or that could lead to investigations, litigation or sanctions, could have an adverse effect on the Company by association, even if such criticism or advertising were inaccurate or without any basis.

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

Risks related to the Artificial Intelligence sector

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

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

The need to comply with these standards may imply an additional financial burden for Substrate AI from penalties related to non-compliance or costs related to the implementation of additional procedures to ensure compliance with the regulation.

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

There is a risk that the process of obtaining patents will be delayed in time and/or even that some of the AI-related solutions will not be able to be patented because the regulator will interpret that there are similar solutions already patented. This fact could make it difficult for Substrate AI to monetize new technologies since there would be a risk that other companies will develop a similar solution.

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

➤ **Staff turnover**

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

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

When carrying out its activity, Substrate AI requires a communications and electricity infrastructure in accordance with its data processing volume. Such processing will be determined, among other things, by equipment, different connections and relationship with suppliers. The stoppage, technical failure or errors of said connectivity in the course of the Company's activity could make it difficult to achieve the returns expected by the Issuer in the year.

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

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

Other risks

➤ **Risk of conflict of interest**

Mr. Lorenzo Serratosa, President of Substrate AI, is a shareholder of Ijana Films, S.L.², which is also a service provider of Substrate AI, and a shareholder of Valpisan, S.L., a company dedicated to the agricultural sector, which is one of the verticals in which Substrate AI operates. These facts could give rise to situations in which, directly or indirectly, voluntarily or involuntarily, some actions of Mr. Lorenzo Serratosa are in conflict with the interests of other potential shareholders of Substrate AI.

² Mr. Lorenzo Serratosa owns 50% of the capital

3. INFORMATION REGARDING THE CAPITAL INCREASE

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

The share capital of the Company prior to the capital increase subject to this Document amounted to TEN MILLION SEVEN HUNDRED FIFTY-FOUR THOUSAND ONE HUNDRED NINETY-SIX EUROS AND SEVENTY-SIX EURO CENTS (€10,754,196.76) represented by one hundred and six million one hundred and fifty-five thousand five hundred eighty-three (106,155,583) class A shares with a par value of €0.10 each, and one hundred and thirty-eight million six hundred and thirty-eight thousand four hundred and sixty (138,638,460) class B shares with a par value of €0.001 each.

As indicated in section 2.1 of this Increase Document, the Extraordinary General Shareholders' Meeting held on 19 January 2024 approves the delegation to the Board of Directors to carry out the execution of the following capital increase: capital increase through monetary contributions, excluding the pre-emptive subscription right, for a total effective amount of TWO MILLION FIVE HUNDRED THOUSAND EUROS (€2,500,000), for this purpose, fifteen million seven hundred and seventy-eight thousand seven hundred and three (15,778,723) class A shares are issued, with a par value of TEN EURO CENTS (€0.10) each, amounting to the total nominal amount of ONE MILLION FIVE HUNDRED SEVENTY-SEVEN THOUSAND EIGHT HUNDRED SEVENTY-TWO EUROS AND THIRTY EURO CENTS (€1,577,872.30) and with a total share premium of NINE HUNDRED AND TWENTY-TWO THOUSAND ONE HUNDRED AND TWENTY-SEVEN EUROS AND SEVENTY EURO CENTS (€922,127.63), with the share premium being:

- 2,620,545 new class A shares with an issue premium of €0.0908 per share.
- 2,893,518 new class A shares with an issue premium of €0.0728 per share.
- 3,276,540 new class A shares with an issue premium of €0.0526 per share.
- 6,988,120 new class A shares with an issue premium of €0.0431 per share.

This agreement was made public by means of a public deed dated June 14, 2024, executed before the Notary Public of Valencia, Mr. Alejandro Cervera Taulet, number 3,464 of his protocol, and registered in the Mercantile Registry of Madrid on November 25, 2024, Page M-765355, Entry 48.

In the aforementioned section 2.1. this Increase Document details the contributions subject to capitalisation in this capital increase.

The new shares are class A shares with a par value of €0.10. The new shares shall enjoy the same voting and economic rights as those currently outstanding from the date on which the increase is declared subscribed and paid up, and once the shares have been registered in the name of the shareholders in the register held by the Registry Systems Management Company, Compensación y

Liquidación de Valores, S.A.U. ("Iberclear") and its Participating Entities. All of them are represented by book entries.

Capital resulting from the increases

After the capital increases described, the share capital of the Company amounts to TWELVE MILLION THREE HUNDRED THIRTY-TWO THOUSAND SIXTY-NEW EUROS AND SIX CENTS (€12,332,069.06), represented by 260,572,766 shares, fully subscribed and paid up, belonging to two different classes:

- 1) ONE HUNDRED AND TWENTY-ONE MILLION NINE HUNDRED AND THIRTY-FOUR THOUSAND THREE HUNDRED SIX (121,934,306) shares belonging to class A of TEN EURO CENTS (€0.10) par value each, belonging to the same class and series, and which are the ordinary shares of the company; and
- 2) ONE HUNDRED AND THIRTY-EIGHT MILLION SIX HUNDRED AND THIRTY-EIGHT THOUSAND FOUR HUNDRED AND SIXTY (138,638,460) shares belonging to class B of ONE THOUSANDTH OF A EURO (€0.001) par value, each of them belonging to the same class and series, which are non-voting shares of the company with the legal regime and preferential rights established in article 9 bis of the articles of association.

As discussed in section 2.1 of this Increase Document, in accordance with articles 297.1 b) and 506 of the Consolidated Text of the Capital Companies Act, the Board of Directors issued the corresponding report on the nature and characteristics of the capital increase excluding the pre-emptive subscription right on December 18, 2023 (see Appendix II of this Increase Document).

Joining the negotiation

The Company will request the listing of the new shares in the BME Growth trading segment of BME MTF Equity from the capital increase by monetary contributions in the shortest possible time from the publication of this Reduced Increase Document.

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

The Board of Directors, in exercise of the delegation granted by the Extraordinary General Meeting of Shareholders held on January 19, 2024, excluded the pre-emptive subscription right in the capital increase by monetary contribution of INDICO INVESTMENTS AND MANAGEMENT, S.L. and UNITED GENERAL LIMITED.

3.3 To the extent that the issuing entity is aware of this, information regarding the intention of the main shareholders or members of the Board of Directors to participate in the capital increase

After the capital increases subject to this DAR, the shareholders with a stake (direct and indirect) of more than 5% are:

Class A shares

Shareholder	Direct participation	Indirect participation	Total participation
SUBGEN AI LTD (a)	20.75%	-	20.75%

- (a) Entity owned 19.93% by SUBSTRATE AI, 8.07% by YARO INVESTMENT HOLDING, Ltd. and 5.66% by JMSAN AGENTES FINANCIEROS GLOBALES, S.L. (entity 50% owned by Mr. Lorenzo Serratosa Gallardo and 50% by Mr. José Iván García Braulio).

Class B Shares

Shareholder	Direct participation	Indirect participation	Total participation
Indico Investments and Managements, S.L. (b)	18,13%	-	18,13%
JMSAN Agentes Financieros SL (a)	12,17%	-	12,17%
Fernando Villar del Prado (a)	10,63%	-	10,63%
Francesc Xavier Ramos (b)	-	9,04%	9,04%
United General, LTD (c)	9,37%	-	9,37%
Fco. Javier Muñoz Sanfeliu (a), (b)	1,31%	9,09%	10,40%
Yaro Investment Holding, LTD. (c)	7,57%	-	7,57%

- (a) Entity owned 50% by Mr. Lorenzo Serratosa Gallardo, 50% by Mr. José Iván García Braulio. The 16,875,000 shares come from the execution of the agreement detailed in the OIRs published on 13/09/2023 and 2/09/2023 by which JMSAN Agentes Financieros, S.L. receives 36,000,000 class B shares. The remaining shares (19,125,000) were distributed equally among the former shareholders of JMSAN Agentes Financieros, S.L. (Mr. Fernando Villar del Prado and Mr. Fco. Javier Muñoz Sanfeliu). It should also be noted that 13,088,254 shares owned by JMSAN Agentes Financieros, S.L. are managed by a broker as the owner of the shares.
- (b) All the shares of Mr. Francesc Xavier Ramos and part of the shares of Mr. Fco. Javier Muñoz Sanfeliu have been deposited in "participation accounts" of Indico Investments and Management, S.L.
- (c) The broker that manages the investments (shares) owned by Yaro Investment Holding, Ltd. and United General, Ltd. is listed as the owner of the investments.

This information has been published by OIR on December 18, 2024.

It should be noted that on December 18, 2024, the Company published through an OIR the sale by the Directors and/or directors pursuant to Article 19 of the Market Abuse Regulation, who in turn were significant shareholders to date, of a total of 6,073,157 shares of Substrate AI. These were acquired by Subgen AI.

In turn, it should be noted that on the same dates the rest of the significant shareholders sold a total of 19,226,543 shares of Substrate AI to Subgen AI.

The percentages are calculated on the basis of the 121,934,306 class A shares and 138,638,460 class B shares into which the Company's capital is divided after the capital increases subject to this DAR.

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

The legal regime applicable to the new shares of the Company is that provided for in Spanish law and, specifically, in the provisions included in the Consolidated Text of the Capital Companies Act; Law 6/2023 on Securities Markets and Investment Services; Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("Market Abuse Regulation"), and Royal Decree 814/2023 of 8 November 2023 on financial instruments, admission to trading, registration of negotiable securities and market infrastructures, as well as their respective implementing regulations that may be applicable.

The newly issued shares resulting from the capital increase will be represented by book-entries registered in the corresponding accounting records held by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("Iberclear"), with registered office in Madrid, Plaza Lealtad nº1 and its authorised participating entities. The shares are denominated in euros.

All the shares issued on the occasion of the capital increases subject to this Increase Document are ordinary (class A) and confer the same political and economic rights as the shares currently outstanding from the date on which the capital increase has been declared subscribed and paid up.

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

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

4. OTHER INFORMATION OF INTEREST

Substrate AI has obtained a grant of 19.4 million euros from the Junta de Castilla la Mancha for the construction of a state-of-the-art Data Center in Talavera de la Reina (Toledo) of approximately 24,000 square meters of developable area and 7,600 square meters dedicated to buildings, to support its computing requirements and sell capacity to other computers and customers. The expected construction period is 30 months.

The project has an initial investment of 79.5 million euros that will be financed through the aforementioned grant from the Junta de Castilla la Mancha of 19.4 million euros and the participation of various international investment funds.

5. REGISTERED ADVISOR AND OTHER EXPERTS OR ADVISORS

5.1 Information regarding the registered advisor, including possible relationships and links with the issuer

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

As a result of this appointment, since that date, Deloitte Auditores, S.L. assists the Company in complying with the list of obligations that correspond to it in accordance with BME Growth Circular 4/2020.

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

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

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

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

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

Not applicable.

5.3 Information relating to other advisors who have collaborated in the process of listing the newly issued shares on the Market

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

EXHIBIT I: CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024, TOGETHER WITH THE CORRESPONDING LIMITED REVIEW REPORT

ANNEX II: REPORT OF THE BOARD OF DIRECTORS ON THE DATA ON THE CAPITAL INCREASE BY MONETARY CONTRIBUTIONS

Report on Limited Review

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. Y SOCIEDADES
DEPENDIENTES
Interim Consolidated Condensed Financial Statements
for the six-month period ended
June 30, 2024

REPORT ON LIMITED REVIEW OF INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of SUBSTRATE ARTIFICIAL INTELIGENCE, S.A., at the request of the Board of Directors

Introduction

We have carried out a limited review of the accompanying interim consolidated condensed financial statements of SUBSTRATE ARTIFICIAL INTELIGENCE, S.A. and its subsidiaries, which consists of the balance sheet at June 30, 2024, the income statement, statement of other comprehensive income, the statement of changes in equity, the cash flow statement and the explanatory notes thereto (all of them consolidated and condensed) for the six-month period then ended. The directors are responsible for the preparation of the Company's interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information and for such internal control as they determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim consolidated condensed financial statements for the six-month period ended at June 30, 2024 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements.

Other information: interim consolidated management report

The attached interim consolidated management report for the six-month period ended June 30, 2024 contains the explanations that the directors of the Parent Company consider appropriate on the material events that occurred in this period and their impact on the interim consolidated condensed financial statements presented, of which it is not part, as well as on the information required in accordance with the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in the aforementioned interim consolidated management report is consistent with the interim consolidated condensed financial statements for the six-month period ended June 30, 2024. Our work is limited to the verification of the interim consolidated management report with the scope mentioned in this same paragraph and does not include the review of information other than that obtained from the accounting records of SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. and its subsidiaries.

Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 2.1, which indicates that the abovementioned interim consolidated condensed financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim consolidated condensed financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023. This matter does not modify our conclusion.

Other issues

This report has been prepared at the request of SUBSTRATE ARTIFICIAL INTELIGENCIA, S.A. exclusively for the purpose of 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 on the BME Growth segment of BME MTF Equity.

ERNST & YOUNG, S.L.

(Signed in the original version in Spanish)

María Florencia Krauss Padoani

October 30, 2024

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Condensed consolidated interim comprehensive balance sheet corresponding to the

Six-month period ended June 30, 2024

(Expressed in euros)

ASSETS	Notes	30.06.2024	31.12.2023 (restated)
Non-current assets		38,365,886	35,542,054
Intangible assets and goodwill		33,966,561	31,795,511
Goodwill	4 y 5	20,501,079	20,813,502
Other intangible assets	5	13,465,482	10,982,009
Tangible fixed assets	6	384,263	235,379
Freehold land and buildings		2,658	3,888
Plant, machinery and other equipment		331,605	231,491
Property, plant and Equipment in progress		50,000	-
Right-of-use assets		546,656	551,384
Investment in an associated and a joint venture		251,657	151,000
Share in equity	7.1	250,996	151,000
Other financial assets		661	-
Non-current financial assets	7.1	1,226,760	840,073
Share in equity		31,488	120
Debt instruments		555,284	221,289
Other financial assets		639,988	618,664
Deferred tax assets	10	1,989,991	1,968,707
Current assets		9,663,081	9,716,646
Inventories		2,190,586	783,787
Inventories	12.2	1,848,599	781,287
Advance to suppliers		341,987	2,500
Trade receivables and contract assets		3,561,100	4,357,235
Receivables from third-party customers	7.1	2,872,321	4,270,196
Other debtors	7.1	4,234	7,188
Personnel	7.1	2,424	4,400
Income tax assets	10	85	1,594
Other current tax assets	10	682,035	73,857
Current Financial assets	7.1	1,600,947	27,415
Debt instrumnets		1,553,581	12,111
Other financial assets		47,366	15,304
Prepayments		75,371	32,959
Cash and other equivalent assets		2,235,076	4,515,250
Cash and other equivalent assets		2,204,682	4,515,250
Other equivalent liquid assets		30,394	-
TOTAL ASSETS		48,028,967	45,258,700

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Condensed consolidated interim comprehensive balance sheet corresponding to the
Six-month period ended June 30, 2024
(Expressed in euros)

EQUITY AND LIABILITIES	Notes	30.06.2024	31.12.2023 (restated)
Equity		29,432,807	23,753,061
Shareholders' Equity	9	31,558,489	25,710,791
Issued Capital		10,199,814	7,335,246
Share Premium		50,554,980	45,159,547
Reserves		(5,094,726)	(1,426,843)
Legal & statutory reserves		600	600
Other reserves		(5,095,326)	(1,427,443)
Treasury shares and own equity investments		(2,279,950)	(1,837,416)
Retained earnings		(23,446,979)	(16,469,079)
Net income for the period attributable to the parent		17,683	(8,835,376)
Other equity instruments		1,607,666	1,784,712
Non-controlling interests		1,344,803	931,477
Foreign currency translation reserve		(3,470,485)	(2,889,207)
Non current liabilities		5,952,609	8,361,125
Provisions	7.3	552	4,782
Non current financial liabilities	7.2	3,503,182	6,000,228
Interest-bearing loans and borrowings		444,092	483,732
Debt with special characteristics		2,359,483	2,359,483
Other financial liabilities		247,067	2,700,572
Leasing Liabilities		452,540	456,441
Deferred tax liabilities	10	1,762,629	1,803,861
Income to be distributed over several years	14	686,246	552,254
Current Liabilities		12,643,552	13,144,514
Provisions	7.3	202,036	264,407
Short-term liabilities	7.2	7,633,746	7,022,205
Interest-bearing loans and borrowings		1,408,201	173,950
Leasing Liabilities		156,465	116,000
Other financial liabilities		6,069,080	6,732,255
Liabilities with an associate and joint venture	7.2	9,300	9,300
Trade and other payables		4,742,803	5,848,602
Suppliers	7.2	1,885,765	2,616,530
Other Creditors	7.2	121,317	706,247
Personnel	7.2	216,055	119,681
Income tax liabilities	10	535,214	53,914
Other tax liabilities	10	1,908,181	2,252,751
Client advances	7.2	76,272	99,479
Short-term accruals		55,666	-
TOTAL EQUITY AND LIABILITIES		48,028,967	45,258,700

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Condensed consolidated interim income statement corresponding to the
Six-month period ended June 30, 2024
(Expressed in euros)

	Notes	30.06.2024	30.06.2023 (restated)
CONTINUING OPERATIONS			
Revenues	12.1	6,892,973	1,797,510
Revenue from sales		2,621,187	858,559
Revenue from services		4,271,786	938,951
Cost of Sales	12.2	(2,426,938)	(451,146)
Cost of products		(1,424,845)	(424,511)
Cost of raw materials and others		(34,752)	(8,475)
Other costs of sales		(967,341)	(18,159)
Other operating incomes		2,542,036	738,645
Other current income		4,386	2,186
Other operating income		2,537,650	736,459
Personnel costs	12.2	(2,498,964)	(1,520,338)
Salary and others		(2,065,449)	(1,250,431)
Government funds		(433,514)	(269,908)
Other operating expenses		(2,812,913)	(1,300,425)
Operating expenses	12.2	(2,834,509)	(1,352,777)
Taxes		(41,898)	(11,709)
Expected credit losses of trade receivables and contract assets		63,631	64,121
Other operating expenses		(138)	(59)
Depreciation	5 & 6	(920,908)	(258,438)
Government funds for assets	13	17,042	17,042
Excess provisions		(3,426)	-
Impairment, gain and losses from non current assets		(216,551)	-
Impairment and losses		(216,551)	-
Other expenses		(23,490)	(49,952)
OPERATING PROFIT		548,862	(1,027,102)
Finance incomes		205,108	253
		28,567	-
Interest income from debt instruments and other		176,541	253
Finance expenses		(536,698)	(485,692)
Interest cost from debt instruments and other		(536,698)	(485,692)
Financial instriments fair value		-	-
Third party dbt		-	-
Exchange differences		428,904	(39,896)
Impairment, gain and losses from financial instruments		(139)	(9)
FINANCE PROFIT		97,175	(525,344)
Net position in hyperinflationary economy	3.1	166,844	-
Profit before tax from continuing operations		812,881	(1,552,446)
Income tax expense		(439,802)	(85,966)
Profit for the year from continuing operations		373,078	(1,638,412)
Profit for the year		373,078	(1,638,412)
Equity holders of the parent		17,683	(1,715,465)
Non-controlling interests		355,395	77,053

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A.
AND SUBSIDIARIES

Condensed consolidated interim comprehensive income statement corresponding to the
Six-month period ended June 30, 2024
(Expressed in euros)

Consolidated condensed interim comprehensive income statement for six-month period ending
30 June 2024 (expressed in euros):

Notes	30.06.2024	30.06.2023 (restated)
Consolidated income for the year	373.078	-
Conversion differences	(581.279)	-
Tax effect	-	-
Total income and expenses recognized directly in shareholders' equity	(581.279)	-
Total transfers to the profit and loss account	(208.201)	-
TOTAL CONSOLIDATED REVENUES AND EXPENSES RECOGNIZED	(208.201)	-
Total income and expenses attributable to the parent company	(563.596)	-
Total income and expenses attributed to minority interest	355.395	-

SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A.
AND SUBSIDIARIES

Consolidated condensed statement of changes in interim equity for the six-month period ended June 30, 2024 (Expressed in euros)

Consolidated condensed statement of changes in interim equity for the six-month period ended June 30, 2024 (expressed in euros):

	Deeded capital	Issue premium	Reserves	Treasury stock and shares	Other equity instruments	Results of prior years	Profit for the year attributable to the parent company	Conversion differences	External partners	TOTAL
end balance beginning of fiscal year 2023	2,451,023	34,548,124	(1,357,012)	(1,116,289)	350,668	(1,643,405)	(15,081,519)	-	82,850	18,234,440
Recognized income and expenses	-	-	-	-	-	-	(8,732,037)	(2,888,698)	266,767	(11,353,968)
Increases (note 11)	2,838,676	7,512,825	-	-	-	-	-	-	267,180	10,618,681
Changes in shareholders' equity	-	-	(566,969)	-	-	(14,514,550)	15,081,519	-	-	-
Extinction of financial liabilities into equity (note 11)	2,045,547	3,098,598	-	-	434,044	-	-	-	-	5,578,189
Transactions (note 16)	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Buyback transactions (net) (note 11)	-	-	(38,355)	(721,127)	-	-	-	-	-	(759,482)
Transactions	-	-	535,493	-	-	(311,124)	-	-	319,051	543,420
	-	-	-	-	-	-	-	-	-	-
end balance for the year 2023	7,335,246	45,159,547	(1,426,843)	(1,837,416)	1,784,712	(16,469,079)	(8,732,037)	(2,888,698)	935,848	23,861,280
Adjustment for fiscal year 2023 (note 4.2)	-	-	-	-	-	-	(103,339)	(509)	(4,371)	-
end balance as of 12.31.2023 (restated)	7,335,246	45,159,547	(1,426,843)	(1,837,416)	1,784,712	(16,469,079)	(8,835,376)	(2,889,207)	931,478	23,753,061
Recognized income and expenses	-	-	-	-	-	-	17,683	(581,278)	355,395	(208,200)
Increases (note 11)	400,000	1,600,000.00	-	-	-	-	-	-	-	2,000,000
Changes in shareholders' equity	-	-	(1,953,499)	-	-	(6,881,877)	8,835,376	-	-	0
Extinction of financial liabilities into equity (note 11)	2,464,568	3,535,433	-	-	82,954	-	-	-	-	6,082,955
Transactions (note 16)	-	260,000	-	-	(260,000)	-	-	-	-	-
Buyback transactions (net) (note 11)	-	-	-	(442,534)	-	-	-	-	-	(442,534)
Transactions	-	-	(1,714,384)	-	-	(96,023)	-	-	57,930	(1,752,477)
	-	-	-	-	-	-	-	-	-	-
end balance as of 06/30/2024	10,199,814	50,554,980	(5,094,726)	(2,279,950)	1,607,666	(23,446,979)	17,683	(3,470,485)	1,344,803	29,432,807

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Consolidated condensed interim cash flow statement for the six-month period ended 30 June
2024 (Expressed in euros)

Consolidated condensed interim cash flow statement for the six-month period ended 30 June
2024 (expressed in euros):

STATEMENT OF CASH FLOWS	NOTES	30.06.2024 (6 months)	30.06.2023 (6 months restated)
(A) CASH FLOWS FROM OPERATING ACTIVITIES			
1, Profit before tax for the year		812,881	(2,464,503)
2, Result Adjustments:		859,823	1,562,254
a) Depreciation of fixed assets (+)	5-6	920,908	1,134,537
b) Valuation adjustments for impairment (+/-)		216,551	(64,121)
c) Change in provisions (+/-)		3,426	2,876
(d) Allocation of subsidies		(17,042)	(17,042)
f) Profit or loss on deregistration and disposal of financial instruments (+/-)		139	-
(g) Financial income (-)		(205,108)	(3)
(h) Financial expenditure (+)		536,698	466,102
(i) Exchange rate differences (+/-)		(428,904)	39,896
j) Change in fair value in financial instruments (+/-)		-	9
k) Otros ingresos y gastos (-/+)		(166,844)	-
3, Changes in current capital:		(1,758,876)	(805,486)
(a) Stocks (+/-) (*)		(1,406,799)	(57,822)
(b) Accounts receivable and other accounts receivable (+/-) (*)	7.1	796,135	(822,890)
(c) Other current assets (+/-)		(42,412)	-
(d) Accounts payable and other payables (+/-) (*)	7.2	(1,105,799)	62,345
(e) Other current liabilities (+/-)		-	(57,840)
f) Otros activos y pasivos no corrientes (+/-)		-	12,882
4, Other cash flows from operating activities		(323,706)	(110,095)
a) Interest payments (-)		(284,393)	(110,095)
d) Income tax receivable (payable) (+/-)		(17,994)	-
e) Other receivables and payables (-/+)		(21,319)	-
5, Cash flows generated from operating activities		(409,878)	(1,817,830)
(B) CASH FLOWS FROM INVESTING ACTIVITIES			
6, Investment payments (-)		(2,925,978)	(660,686)
(b) Intangible fixed assets	5	(2,664,109)	(597,408)
(c) Property, plant and equipment	6	(261,869)	(40,678)
(e) Other financial assets	7.1	-	(22,600)
7, Proceeds from divestments (+)		-	8,400
(e) Other financial assets		-	8,400
8, Cash flows from investing activities		(2,925,978)	(652,286)
(C) CASH FLOWS FROM FINANCING ACTIVITIES			
9, Collections and payments for equity instruments		(517,484)	2,417,971
a) Issuance of equity instruments (+)	11	-	3,150,000
c) Acquisition of equity instruments (-)		(517,484)	(738,029)
Other member contributions		-	6,000
10, Receipts and payments for financial liability instruments		1,573,166	(535,267)
a) Issuance:		3,176,002	-
2. Debts to credit institutions (+)		1,176,002	-
4. Other debts (+)		2,000,000	-
(b) Repayment and amortization of:		(1,602,836)	(535,267)
2, Debts to credit institutions (+)		(36,569)	(38,433)
4. Other debts (-)		(1,566,267)	(496,834)
12, Cash flows from financing activities		1,055,682	1,882,704
D) Effect of exchange rate changes		0	
(E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		(2,280,174)	(587,412)
Cash or cash equivalents at the beginning of the financial year		4,515,250	1,623,483
Cash or cash equivalents at the end of the year		2,235,076	1,036,071

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Explanatory notes to the condensed consolidated interim financial statements for the six-month period ended June 30, 2024 (Expressed in euros)

Explanatory notes to the condensed consolidated interim financial statements for the six-month period ended June 30, 2024 (expressed in euros).

1. Group Formation and Activity

1.1 Activity

Substrate Artificial Intelligence, S.A., hereinafter "Parent Company", was incorporated as a limited company, for an indefinite period of time, on December 9, 2010, under the name "Kau Finanzas, S.L.", with its current registered office, at Calle María de Molina nº41 Oficina 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 incorporation into the market gives you valuable tools to obtain the necessary financing based on your growth plan.

Substrate Artificial Intelligence, S.A. and Subsidiary Companies (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 culture and instruments that allow interpreting such information through the learning modality called e-learning.
- Acquisition, holding and administration management of share securities
- Acquisition, holding, marketing, lease and exploitation of all types of rural or urban properties
- Preparation of investment reports and financial analysis.
- Financial Mediation Services
- Computer programming activities, design of structures and content, writing 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 animal and human diagnostic imaging machinery (radiology, MRIs and computed tomography).
- Human resources services.
- Creation and development of state-of-the-art artificial intelligence systems and their application in various sectors

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Explanatory notes to the condensed consolidated interim financial statements for the six-month period ended June 30, 2024 (Expressed in euros)

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 a proprietary technology that allows us to address the problems faced by companies in the digitization and rationalization of processes. This activity is supported by the study "Integrated Multi-Task Agent Architecture with Affect-Like Guided Behavior", carried out by external collaborators of the Group, presented at the Biologically Inspired Cognitive Architectures and by patents in the process of development and registration (see note 6).

The operational geographical scope of the Substrate Group extends to countries such as the United Kingdom, the United States, several Latin American countries and the European Union.

These financial statements are presented in euros as this is the functional and presentation currency of the Parent Company.

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

2.1 True image and regulatory framework of reference

The condensed consolidated interim financial statements have been prepared based on the accounting records of Substrate Artificial Intelligence, S.A. and Subsidiaries. These consolidated interim financial statements have been presented in accordance with International Accounting Standard (IAS) 34 on Interim Financial Reporting. The Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS).

These condensed consolidated interim financial statements for the 6-month period ended June 30, 2024 do not include all the additional information and disclosures required in the consolidated financial statements and, for their correct interpretation, should be read together with the consolidated financial statements of the Substrate Group for the financial year 2023 that are available on the Substrate website (www.). These condensed consolidated interim financial statements have been prepared by the Board of Directors at its meeting on 29 October 2024, in order to present a true image of the financial situation and results of the same six-month period and comply with the requirement established by BME Growth.

Due to the activity of the companies integrated into the Group, the transactions carried out by the Group are not subject to seasonality or relevant cyclical components. The recognition of revenue from contracts with customers depends, fundamentally, on the fulfilment of the performance obligations contained therein.

2.2 Non-mandatory accounting principles applied

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

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Explanatory notes to the condensed consolidated interim financial statements for the six-month period ended June 30, 2024 (Expressed in euros)

2.3 Critical aspects of valuation and estimation of uncertainty

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

In the preparation of these condensed consolidated 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.
Recoverable value of consolidation goodwill and other intangibles.

The management body has made these estimates based on the best information available as of June 30, 2024, 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 Group's activity, differences between projected and actual results could be revealed.

Going concern principle

The directors of the Parent company have prepared these condensed interim consolidated financial statements, assuming the continuity of the Group's activity, stating that the result as of June 30, 2023 has been positive at 373,078 euros (negative result of 1,638,412 euros at 30 June 2023) characteristic values of any startup. The working capital as of June 30, 2024 has been negative in the amount of 2,980,473 euros (negative 3,427,868 euros as of December 31, 2023), however the company has sufficient liquidity to meet its payments described in the next paragraph. The Strategic Plan prepared by the Group until 2028 is based on the effective application of the artificial intelligence systems developed by the Group.

As of June 30, 2024, the Group has a financing agreement of up to 20,000,000 euros with the ABO fund (see note 7), a financing agreement with the company INDICO INVESTMENTS of up to 2,000,0000 euros and a final financing agreement with the company UNITED GENERAL for an amount of 2,000,000 euros (see note 15).

Based on all of the above, the Directors of the Parent Company prepared the consolidated financial statements condensed under the going concern principle.

2.4 Comparison of information

These condensed consolidated interim financial statements and explanatory notes thereto relate to the six-month period ended June 30, 2024 ("the six-month period ended June 30, 2024" or "the first half of 2024"). For its part, the information relating to the year ended December 31, 2023 restated (note 4.2) (hereinafter, "the 2023 financial year") as well as the information referring to the six-month period ended June 30, 2023 (hereinafter, "the six-month period ended June 30, 2023" or "the first half of 2023") is included, solely and exclusively, for comparative purposes with the information as of June 30, 2024 and is presented in accordance with IFRS-EU.

During the first half of 2024, Management has completed the business combinations of YAMRO HOLDING LIMITED (IFIT SOLUTIONS GROUP), PSVET DAIRYQUALITY, S.L., DIAGXIMAG S.L. and BINIT, SRL and DELTANOVA S.A. (as a SUGEN AI LTD subgroup), all of them integrated for the first time in 2023, see Note 4 of the consolidated annual accounts for the year 2023. As a consequence of the facts and circumstances that have become apparent after

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December 31, 2023 and having completed the price allocation process, the Group has adjusted the value of the identifiable net assets acquired in the business combination of the IFIT SOLUTIONS GROUP, of the company PSVET DAIRIQUALITY, S.L. and the DELTANOVA group, modifying the value of the consolidation goodwill, which has been carried out, as established by IFRS 3, retrospectively, being within the period of 1 year from the initial valuation of the business combination (see note 4.2). For its part, no differences have been revealed in the values of the business combination DIAGXIMAG S.L. nor of the rest of the companies belonging to SUBGEN AI LTD.

During fiscal year 2023, the company decided to prepare its consolidated financial statements in accordance with IFRS, preparing its first consolidated financial statements as of December 31, 2023. The interim consolidated financial statements as of June 30, 2024, were presented in accordance with the General Accounting Plan (PGC, Spanish acronym) approved in Royal Decree 1514/3007. That is why the interim consolidated profit and loss account as of June 30, 2023, and the consolidated statement of cash flows as of that date have been restated applying IFRS, for comparison. See the main impacts broken down in note 3.16 of the consolidated financial statements as of December 31, 2023.

2.5 Bug fixes

In the preparation of the condensed consolidated interim financial statements and the accompanying explanatory notes, no significant error has been detected that has led to the restatement of the amounts included in the consolidated financial statements for the financial year 2023.

2.6 Consolidation Perimeter

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

The subsidiaries included in the consolidation perimeter are the following:

Company Name	Country	Percentage of direct ownership	Effective owner	Activity
ZONA VALUE GLOBAL, S.L	Valencia/ España	100,00%	100,00%	Acquisition, holding and administration management of securities and leasing of real estate
KAU MARKET EAF, S.L	Valencia/ España	-	100,00%	Preparation of investment reports and financial analysis
AIREN AI FOR RENEWABLE ENERGY, S.L	Valencia/ España	90,00%	90,00%	Computer programming activities
BOALVET AI, S.L	Sevilla/ España	78,76%	78,76%	Computer programming activities
PSVET DAIRYQUALITY, S.L	Boqueixón/ España	-	78,76%	Veterinary practice and clinic, training for the livestock sector
SUBSTRATE AI USA, INC	Colorado/ USA	100%	100%	Businesses, activities or various functions of technological development and AI
AI SAIVERS LLC	Miami/ USA	-	100%	Various activities related to AI
CUARTA DIMENSION MÉDICA, S.L	Valencia/ España	65,12%	65,12%	Marketing and after-sales service of diagnostic imaging equipment
DIAXIMAG, S.L	Gijón/ España	-	65,12%	Miscellaneous business, activities or functions, including sales of diagnostic imaging
SAVE THE PLANET, S.L.U	Valencia/ España	100,00%	100,00%	Energy efficiency business, activities or functions
YAMRO HOLDING LIMITED (*)	Londres/ UK	100%	100%	Provision of personnel selection services
SUBGEN AI, LTD (**)	Londres/ UK	100%	-	Software development

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(*) This Company is the head of a subgroup made up of the following Companies with similar activity:

Company Name	Country	Effective
IFIT Solutions LTD UK (Includes Permanent establishment Spain)	UK	100,00%
CRIFIT Solutions SLR (costa rica)	Costa rica	100,00%
IFIT Solutions LLC (EEUU)	EEUU	100,00%
IFIT Solutions SRLCV (Mexico)	México	99,50%
FLEEBE AI, S.L.	SPAIN	100%

(**) This Company is the head of a subgroup made up of the following Companies with similar activity:

Company Name	Country	ownership
SUBSTRATE AI SPAIN SL	Spain	100%
BINIT SRL	Argentina	91,00%
DELTANOVA SA	Uruguay	91,00%
BINIT Brasil Holding LTDA	Brazil	91,00%
DELTANOVA Tech SL	Spain	91,00%

3. Accounting Principles and Valuation Criteria

3.1 Consolidation Basis

The condensed consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of June 30, 2024. Dependent companies are considered to be those over which the Company exercises control. The Group has control over a subsidiary if, and only if, the Group has at the same time:

Power of attorney through existing rights that give you the power to direct the relevant activities of the dependent

Exposure, or rights to variable returns derived from their involvement

He can influence such income by exercising his power over the dependent

The subsidiaries have been consolidated by applying the full integration method from the date of acquisition, which is the date on which the Group acquires control, and they continue to be consolidated until the date on which such control ceases.

The result of a subsidiary company, as well as other results in equity, is attributed to external partners, even if it involves recording a debit balance with them. A change in the percentage of interest in a subsidiary company, which does not imply a loss of control, is reflected as an equity transaction.

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The items in the balance sheet and profit and loss account of the companies included in the condensed consolidated interim financial statements and whose functional currency is different from the presentation currency, are translated into euros by applying the closing exchange rate method according to which the conversion involves:

All assets, rights and liabilities are translated using the exchange rate in effect as of the closing date of the condensed consolidated financial statements.

Items in the income statement are translated using the average exchange rate, provided that such average is a reasonable approximation of the cumulative effect of the rates existing at the dates of the transactions, except for the company present in Argentina whose economy was declared hyperinflationary and therefore in accordance with IAS 29 its consolidated statement of comprehensive income has been converted by applying the closing exchange rate of the exercise.

The difference between the amount of the net assets of foreign companies, including the balance of the profit and loss account in accordance with the previous paragraph, converted at the historical exchange rate, and the net equity position resulting from the conversion of the assets, rights and obligations in accordance with the first paragraph above, is recorded, with the corresponding negative or positive sign, in the Equity of the Consolidated Balance Sheet Condensed under the heading of translation differences.

In 2018, Argentina was declared a hyperinflationary economy due, among other causes, to the fact that the accumulated inflation rate of its economy exceeded 100% in a continuous period of 3 years. As a result of the above and the acquisition in 2023 of the Argentine company Binit Srl (see Note 4), the Group applies IAS 29 to the financial statements of this company, i.e., the financial statements that were at historical values have been restated at current values, applying the corresponding general price index and have been converted into the Group's presentation currency, considering the closing exchange rate of the euro with the Argentine peso.

For the restatement of the financial statements at current values, the general price index generally accepted in Argentina has been used. In relation to the conversion to presentation currency, a closing exchange rate of 970.899 Argentine pesos per Euro has been applied.

The impact for the six months of the period as of June 30, 2024, of the hyperinflation adjustment on assets, equity and income statement is 608,338,332 (lower assets), 464,632,411 (lower equity) and 18,956,202 (more income) Argentine pesos, respectively (626,572, 478,559 and 19,524 euros, respectively).

There are no other companies in the Group's consolidation perimeter, except for those mentioned above, that have been considered hyperinflationary economies.

3.2 Criteria used in transactions between related parties

In general, transactions between group companies are recognized at fair value at the outset. Where appropriate, if the agreed price differs from its fair value, the the difference is recorded according to the economic reality of the operation. The subsequent valuation is carried out in accordance with the provisions of the corresponding regulations.

All debit and credit balances and transactions between the Group's companies, as well as the results not yet realized with third parties, have been eliminated in the consolidation process.

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3.3 Accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are the same as those applied in the consolidated annual accounts for the year ended December 31, 2023, since none of the standards, interpretations or modifications that are applicable by for the first time this year it has had an impact on the Group's accounting policies.

The Group intends to adopt the standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, when they come into force, if applicable. Although the Group is currently analyzing its impact, based on the analysis carried out to date, the Group estimates that its initial application will not have a significant impact on its consolidated annual accounts or interim condensed consolidated financial statements.

4. Business Combinations

4.1 ACQUISITIONS

Acquisitions as of December 31, 2023

IFIT Group

On July 31, 2023, the Group's parent company, Substrate Artificial Inteligence, S.A., acquired all the shares of the company domiciled in London, United Kingdom, called Yamro Holding Limited. This company 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

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.

These services are mostly provided to clients in the USA and the United Kingdom.

The cost of the business combination was 4,602,573 US dollars (US\$), recorded at the exchange rate on the day of the transaction for 4,175,427 euros, which must be paid as follows:

- US\$290,573 through the issuance of Class A shares (with voting rights) of the buyer, Substrate Artificial Inteligence S.A. and
- US\$4,312,000 through the issuance of Class A and B shares (non-voting) in the proportion determined by the buyer.

The purchased shares of Yamro Holding Limited are equivalent to 100 ordinary shares at £1 each, representing the entire share capital of the company. The purchased shares have the following guarantees:

If the total sum received by the seller YARO INVESTMENT HOLDING LTD is less than US\$4,312,000, the seller may:

Elect to recover a portion of the sold shares (the 100 common shares of Yamro Holding Limited) to cover the missing value; or

Demand immediate payment to Substrate Artificial Inteligence, S.A. of the missing amount

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The IFIT Group acquired by Substrate was composed of the following companies:

Parent company

Yamro Holding Limited (located in England)

Subsidiaries

IFIT Solutions Limited (located in England) (100% owned by the parent)
 CRIFIT Solutions (located in Costa Rica) (100% owned by the parent company)
 IFIT Solutions SRL de CV (located in Mexico) (99.5% owned by the parent company)
 IFIT Solutions LLC (located in the USA) (100% owned by CRIFIT Solutions)
 IFIT Solutions LTD (Spain) (permanent establishment of Ifit Solutions LTD located in Spain) (100% owned by IFIT Solutions Ltd)

The IFIT Group's transaction scope includes: IFIT Solutions LLC, IFIT Solutions LTD and its permanent establishment in Spain, IFIT Solutions S.R.L.C.V. and CRIFIT Solutions SRL. The IFIT group does not prepare consolidated financial statements for the transaction perimeter.

For the purpose of the business combination, the Group's management prepared a consolidated balance sheet and income statement in U.S. dollars, aggregating the individual financial statements of the transaction perimeter and eliminating the balance sheets and intercompany transactions. Individual financial statements are reported in their local currency, so management converted them into the income statement at the average rate for each fiscal year and the balance sheet at the closing rate.

In accordance with IFRS 3 as of December 31, 2023, the parent company used the possibility of carrying out provisional accounting for one year from the date of acquisition for acquisitions made during that year.

As a result, the parent company has recorded the assets and liabilities acquired at the date of acquisition of the IFIT Group. The provisional accounting and the definitive accounting are presented below:

	<u>Provisional accounting</u>	<u>1</u>	<u>2</u>	<u>Definitive accounting</u>	<u>Definitive accounting</u>
	Fair value registered in the acquisition (U.S. dollars) 31/07/2023	Adjustment accounting Definitive (U.S. dollars) 31/07/2023	Adjustment accounting Definitive (U.S. dollars) 31/07/2023	Fair value registered in the acquisition (U.S. dollars) 31/07/2023	Fair value registered in the acquisition (Eur) 31/07/2023
ASSETS					
Non-current assets	5,973	-	2,644,179	2,650,152	2,404,856
Tangible fixed assets	4,196	-	-	4,196	3,808
Intangible fixed assets	-	-	2,644,179	2,644,179	2,399,436
Long-term financial investments	1,777	-	-	1,777	1,613
Current assets	1,570,392	(385,814)	-	1,184,578	1,074,935
Trade receivables and contract assets	666,963	(481,388)	-	185,575	168,398
Short-term financial investments	7,911	(7,911)	-	-	-
Cash and other equivalent assets	895,518	103,486	-	999,003	906,537
TOTAL ASSETS	1,576,365	(385,814)	2,644,179	3,834,730	3,479,791
LIABILITIES					
Non current liabilities	20,386	-	661,045	681,431	618,358
Current Liabilities	257,213	195,134	-	452,347	411,478
Provisions	-	-	-	-	-
Short-term payables to group companies	39,686	-	-	39,686	36,012
Trade and other payables	217,528	195,134	-	412,661	375,465
TOTAL LIABILITIES	277,599	195,134	661,045	1,133,778	1,029,836
Total fair value of identifiable net assets acquired	1,298,766	(580,947)	1,983,134	2,700,952	2,449,956
Minority interest at fair value	-	-	-	-	-
Goodwill arising from the acquisition	3,303,807	580,947	(1,983,134)	1,901,621	1,725,471
Consideration transferred	4,602,573	-	-	4,602,573	4,175,427

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The previous table shows the adjustments made to record the definitive accounting of this business combination: The first of the adjustments corresponds to the definitive value given to the current assets at the date of acquisition. On the other hand, the parent company has estimated that, according to IFRS 3, there is an intangible asset called customer portfolio whose value at the date of acquisition has been estimated at 2,644,178.65 USD (2,399,436.16 euros), and that will be amortized over the next 12 years. The tax impact of the value of this intangible at the date of acquisition amounts to 661,044.66 USD (599,859.04 euros).

As a result of these adjustments, the consolidation goodwill arising from the acquisition of the IFIT Group has finally amounted to USD 1,901,620.23 (€1,725,471.48).

Finally, the net amount of turnover and profit attributable to the combination from the acquisition date to December 31, 2023 amounted to €2,005 and €259 thousand (€4,811 and €621 thousand if it had been acquired since January 1, 2023).

PSVET DAIRYQUALITY

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 quality and food safety material.

The cost of the business combination has been 1,250,000 euros, which must be paid as follows:

250,000 euros are paid through the delivery of shares of Boalvet AI, S.L. Unipersonal, which represent 12.5% of the capital of said Company.

750,000 euros generate a credit to be offset in shares through a capital increase of the parent company Substrate Artificial Intelligence, S.A.

The remaining 250,000 euros will be paid 18 months after the signing of the contract, conditional on reaching the average annual turnover (270,000 euros) 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, by the application of the ratio of 5 times the real turnover of those twelve months.

In accordance with IFRS 3 as of December 31, 2023, the parent company used the possibility of carrying out provisional accounting for one year from the date of acquisition for acquisitions made during that year.

As a result, the parent company has recorded the assets and liabilities acquired at the date of acquisition of PSVET. The provisional accounting and the final accounting are presented below:

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	Provisional accounting		Definitive accounting
	Fair value registered in the acquisition (Euros) 08/02/2023	Adjustment accounting Definitive (Euros) 08/02/2023	Fair value registered in the acquisition (Euros) 08/02/2023
ASSETS			
Non-current assets	95,194	582,016	677,211
Tangible fixed assets	73,232	-	73,232
Intangible fixed assets	20,548	582,016	602,564
Long-term financial investments	1,415	-	1,415
Deferred tax assets	-	-	-
Current assets	222,373	-	222,373
Trade receivables and contract assets	131,377	-	131,377
Short-term financial investments	-	-	-
Cash and other equivalent assets	90,996	-	90,996
TOTAL ASSETS	317,567	582,016	899,583
LIABILITIES			
Non current liabilities	253,478	145,504	398,982
Current Liabilities	49,594	-	49,594
Provisions	-	-	-
Short-term liabilities	-	-	-
Trade and other payables	49,594	-	49,594
TOTAL LIABILITIES	303,072	145,504	448,576
Total fair value of identifiable net assets acquired	14,495	436,512	451,007
Minority interest at fair value	-	-	-
Goodwill arising from the acquisition	1,235,505	(436,512)	798,993
Consideration transferred	1,250,000		1,250,000

The parent company has estimated that, in accordance with IFRS 3, there is, on the one hand, a higher fair value of the PSVET computer applications in an amount of 395,105.29 euros which will be amortized over the next 3 years and, on the other hand, an intangible asset that it has called the customer portfolio, whose value at the date of acquisition has been estimated at 187,001 euros and which will be amortized over the next 10 years. The tax impact of the value of these intangibles at the date of acquisition amounts to 145,504.07 euros.

As a result of these adjustments, the consolidation goodwill arising from the acquisition of PSVET has finally amounted to 798,992.69 euros.

The net amount of turnover and profit attributable to the combination from the acquisition date to December 31, 2023 amounted to €285 thousand and €47 thousand (€683 and €112 thousand if it had been acquired since January 1, 2023).

DIAGXIMAG

On May 10, 2023, Substrate AI SL has acquired 100% of the shares of Diagximag, S.L. for an amount of 3,300 euros.

Diagximag's services are the acquisition and sale, as well as the intermediation in the purchase and sale of hospital equipment.

The cost of the business combination amounts to 3,300 euros, with the net assets acquired equal to this amount.

Hospital Equipment Production Unit

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On August 1, 2023, the Group, through the subsidiary Diaximag, S.L. mentioned above, 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 intangible nature.

The cost of the business combination is made up of the following:

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 Inteligence, S.A; and

A variable part that will be the result of multiplying by five the net profit resulting from the Master-Dealer agreement with Samsung, included in the Production Unit, during its first year of validity, and which can be reduced in a scale of different amounts if the net amount of the turnover of the acquired Production Unit does not reach one million euros in the 2024 financial year.

In short, the cost of the business combination amounts to €2,687,500, with the value of the integrated assets corresponding to the business inventories being €487,875, generating goodwill of €2,199,625.

The net amount of turnover and profit attributable to the combination from the acquisition date to December 31, 2023 amounted to €697 thousand and €51 thousand (€1,672 and €121 thousand if it had been acquired since January 1, 2023).

Shot SRL y Deltanova SA

On October 31, 2023, the Group acquired 70% of the shares in Binit Srl and Deltanova, S.A.

The Subgroup includes 5 legal entities located in different countries: Binit Holding (Deltanova, S.A), Binit S.R.L (Argentina), Binit Brasil Holding, Ltda. (Brazil) (company to which CIBIT Tecnologia Ltda belongs) and Deltanova Tech, S.L. (Spain)).

The services of Binit Srl and the subgroup Deltanova SA are:

Consulting services and custom software development, provided to both private companies and government entities.

Their core business is carried out by using IGNITE, a high-quality development code, to create the platforms and software they offer to their clients.

- CIBIT es la única empresa del grupo BINIT con una actividad diferente. CIBIT presta servicios a empresas del sector de la producción de proteína animal, ofreciendo una plataforma de gestión personalizada para optimizar esta producción de proteína

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The transaction scope of the BINIT Group includes: BINIT SRL and Deltanova SA, which in turn is the holding company of BINIT Brasil Holding Ltda (a company that in turn has a stake in CIBIT Tecnologia Ltda) and Deltanova Tech, S.L.. This group of companies does not prepare consolidated financial statements for the transaction perimeter, although consolidated financial statements of the Deltanova SA. group as of 10/31/2023 have been prepared in U.S. dollars, aggregating the individual financial statements of the transaction perimeter and taking into consideration the percentages of participation in each company (100% in all except CIBIT Brazil, 32,66%).

The consideration paid was €5,400,000 for 70% of the shares of BINIT, S.R.L. (Argentina), equivalent to 1,998,864 thousand Argentine pesos at the date of acquisition and €600,000 for 70% of the shares of Deltanova, S.A. (Uruguay) equivalent to 637,200 USD at the date of acquisition, totaling €6,000,000.

In accordance with IFRS 3 as of December 31, 2023, the parent company used the possibility of carrying out provisional accounting for one year from the date of acquisition for acquisitions made during that year. As a result of the final evaluation that has been carried out, the values initially posted for Binit SRL have not been modified.

The fair value of the identifiable assets and liabilities of Binit SRL at the acquisition date was:

	Fair value registered in the acquisition <small>(thousands of Pesos)</small> 31/10/2023	Fair value registered in the acquisition <small>(thousands of Euros)</small> 31/10/2023
ASSETS		
Non-current assets	497,019	1,342
Tangible fixed assets	9,545	25.8
Intangible fixed assets	486,146	1,313
Long-term financial investments	1,328	3.6
Current assets	87,818	237
Trade receivables and contract assets	36,000	97
Short-term financial investments	13,891	38
Cash and other equivalent assets	37,927	102
TOTAL ASSETS	584,837	1,579
LIABILITIES		
Non current liabilities	201	0.54
Current Liabilities	311,504	842
Provisions		
Short-term liabilities	212,606	574
Trade and other payables	98,898	267
TOTAL LIABILITIES	311,705	842
Total fair value of identifiable net assets acquired	191,192	516
Minority interest at fair value		
Goodwill arising from the acquisition	1,807,671	4,883
Consideration transferred	1,998,864	5,400

The net amount of turnover and profit attributable to the combination from the acquisition date to December 31, 2023 amounted to €436 thousand and €218 thousand (€1,047 and €524 thousand if it had been acquired since January 1, 2023).

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On the other hand, after the definitive assessment, the fair values of the identifiable assets and liabilities of Grupo Deltanova SA at the acquisition date and the difference with the provisional accounting that was carried out as of 31.12.2023 are:

	Provisional accounting Fair value registered in the acquisition (U.S. dollars) 31/10/2023	Adjustment accounting Definitive (U.S. dollars) 31/10/2023	Definitive accounting Fair value registered in the acquisition (U.S. dollars) 31/10/2023	Definitive accounting Fair value registered in the acquisition (Eur) 31/10/2023
ASSETS				
Non-current assets	5,185	37,216	42,401	39,926
Tangible fixed assets	4,537	-	4,537	4,272
Intangible fixed assets	-	37,216	37,216	35,043
Long-term financial investments	648	-	648	610
Deferred tax assets	-	-	-	-
Current assets	344,739	-	344,739	324,613
Trade receivables and contract assets	216,031	-	216,031	203,419
Short-term financial investments	-	-	-	-
Cash and other equivalent assets	128,708	-	128,708	121,194
TOTAL ASSETS	349,924	37,216	387,140	364,539
LIABILITIES	-	-	-	-
Non current liabilities	-	9,304	9,304	8,761
Current Liabilities	21,258	-	21,258	20,017
Provisions	-	-	-	-
Short-term liabilities	-	-	-	-
Trade and other payables	21,258	-	21,258	20,017
TOTAL LIABILITIES	21,258	9,304	30,562	28,778
Total fair value of identifiable net assets acquired	328,666	27,912	356,578	335,761
% ACQUIRED (70%)	230,066	19,538	249,605	235,033
Minority interest at fair value	-	-	-	-
Goodwill arising from the acquisition	407,134	(19,538)	387,595	364,967
Consideration transferred	637,200	-	637,200	600,000

The parent company has estimated that in accordance with IFRS 3 there is an intangible asset that it has called the customer portfolio whose value at the date of acquisition has been estimated at USD 37,217 (35,043.31 euros) and that it will be amortized over the next 10 years. The tax impact of the value of this intangible as of the date of acquisition amounts to USD 9,304 (EUR 8,760.83).

As a result of these adjustments, the consolidation goodwill arising from the acquisition of Deltanova, SA has finally amounted to USD 387,595.40 (EUR 364,967.43.)

The net amount of turnover and profit attributable to the combination from the acquisition date to December 31, 2023 amounted to €1,465 thousand and €386 thousand (€3,515 and €926 thousand if acquired from January 1, 2023).

SUBGEN AI, LTD

Subsequently, on December 29, 2023, the Company has incorporated the company Subgen AI, LTD with headquarters at Avebury Boulevard nº 100, Milton Keynes (United Kingdom), a company to which on December 30, 2023 and March 8, 2024, Substrate Ai SI has transferred the participants it had in Binit SRL, Deltanova SA (and its subgroup) and Substrate AI Spain, S.L., forming the SUBGEN AI Subgroup.

These transactions have no impact on the consolidated financial statements.

4.2 FINAL ACCOUNTING BUSINESS COMBINATION

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At the end of 2023, the parent had not completed the valuation process of the assets and liabilities acquired in the 2023 business combinations mentioned above, so the values reported were provisional.

As described above, in each of the acquisitions, as of June 30, 2024, the valuation exercise of the assets and liabilities acquired during the 2023 financial year has concluded, recording their final values with the following impact on the financial statements of December 31, 2023, which has been explained above:

ASSETS	Notes	31.12.2023	Grupo Ifit	PsVet	Deltanova	-	31.12.2023
Non-current assets		34,393,169	1,050,567	82,883	15,435	0	35,542,054
Current assets		10,066,749	-350,103	0	0	0	9,716,646
TOTAL ASSETS		44,459,918	700,463	82,883	15,435	0	45,258,700
EQUITY AND LIABILITIES	Notes	31.12.2023	Grupo Ifit	PsVet	Deltanova	-	31.12.2023
Equity		23,861,280	(58,473)	(56,561)	6,815	-	23,753,061
Shareholders' Equity	12	34,546,167	-	-	-	-	34,546,167
<i>Net income for the period attributable to the parent</i>		<i>(8,732,037)</i>	<i>(58,452)</i>	<i>(44,548)</i>	<i>(340)</i>	<i>-</i>	<i>(8,835,376)</i>
Non-controlling interests	5	935,848	-	(12,014)	7,643	-	931,477
Foreign currency translation reserve		(2,888,698)	(21)	-	(488)	-	(2,889,207)
Non current liabilities		7,632,195	580,865	139,445	8,620	-	8,361,125
Current Liabilities		12,966,443	178,071	-	-	-	13,144,514
TOTAL EQUITY AND LIABILITIES		44,459,918	700,463	82,883	15,435	-	45,258,700

Therefore, the parent company has presented as comparative figures those resulting from these modifications.

5. Intangible Asset

The breakdown and movement in the accounts included in intangible assets were as follows as of June 30, 2024, and 2023:

2023:

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(Euros)	31/12/2022	Tickets	Business combination (note 4)	Conversion differences	Outputs	31/12/2023 (restated)
Cost						
Research	-	-	-	-	-	-
Development	1,937,211	240,953	1,927,201	(261,567)	(80,000)	3,763,798
Administrative Concessions	-	-	-	-	-	-
Industrial property	163,263	-	-	-	-	163,263
Goodwill	30,686,882	-	9,971,277	(2,876,182)	-	37,781,977
Transfer rights	-	-	-	-	-	-
Computer Applications	114,574	396,501	187,914	-	(5,085)	693,904
Other Immobilized	-	2,613,602	-	-	-	2,613,602
Advances for intangible assets Intangible assets and work in progress	509,001	5,236,027	-	(254,340)	-	5,490,688
Total cost	33,410,931	8,487,083	12,086,392	(3,392,089)	(85,085)	50,507,232
Accumulated depreciation						
Development	(212,958)	(529,889)	(608,015)	71,849	23,058	(1,255,955)
Administrative Concessions	-	-	-	-	-	-
Industrial property	(27,537)	(16,309)	-	-	-	(43,846)
Goodwill	(1,373,531)	-	-	-	-	(1,373,531)
Transfer rights	-	-	-	-	-	-
Computer Applications	(109,022)	(59,109)	(187,107)	-	5,085	(350,153)
Other Immobilized	(8,967)	(84,326)	-	-	-	(93,293)
Advances for intangible assets Intangible assets and work in progress	(12,979,885)	(2,615,059)	-	-	-	(15,594,944)
Total depreciation	(14,711,900)	(3,304,692)	(795,122)	71,849	28,143	(18,711,722)
NET WORTH	18,699,031	5,182,391	11,291,270	(3,320,240)	(56,942)	31,795,510

2024:

(Euros)	31/12/2023 (restated)	Tickets	Business combination (note 4)	Conversion differences	Outputs	30/06/2024
Cost						
Research	-	-	-	-	-	-
Development	3,763,798	121,639	-	943,009	-	4,828,446
Administrative Concessions	-	-	-	-	-	-
Industrial property	163,263	-	-	-	-	163,263
Goodwill	37,781,977	-	-	(95,872)	-	37,686,105
Transfer rights	-	-	-	-	-	-
Computer Applications	693,904	4,820	-	(1,970)	(117,430)	579,324
Other Immobilized	2,613,602	-	-	78,204	-	2,691,806
Advances for intangible assets Intangible assets and work in progress	5,490,688	2,537,550	-	(12,700)	(8,967)	8,006,571
Total cost	50,507,232	2,664,009	-	910,671	(126,397)	53,955,515
Accumulated depreciation						
Development	(1,255,955)	(673,524)	-	(553,850)	-	(2,483,329)
Administrative Concessions	-	-	-	-	-	-
Industrial property	(43,846)	(8,163)	-	-	5,024	(46,985)
Goodwill	(1,373,531)	-	-	-	-	(1,373,531)
Transfer rights	-	-	-	-	-	-
Computer Applications	(350,153)	(92,695)	-	243,803	117,430	(81,615)
Other Immobilized	(93,293)	(104,249)	-	(3,424)	8,967	(191,999)
Advances for intangible assets Intangible assets and work in progress	(15,594,944)	(216,551)	-	-	-	(15,811,495)
Total depreciation	(18,711,722)	(1,095,182)	-	(313,471)	131,421	(19,988,954)
NET WORTH	31,795,510	1,568,827	-	597,200	5,024	33,966,561

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The additions to the Development in Operation line, which amount to 121,639 euros during the 6-month period ended June 30, 2024, correspond to projects developed by the company Binit Srl, an amount that includes the impact due to hyperinflation (see Note 3.1).

On the other hand, during the same period, the developments of projects carried out mainly in Spain "AI FOR ENERGY MANAGEMENT OF HOTELS" have continued to be recorded in the line of fixed assets in progress, activating an amount of 396,716.40 euros in the first half of 2024. (304,511 euros in 2023), a project that comes from the subsidy received by the parent company from the Public Business Entity RED.ES., equivalent to 600,000 euros (see note 14), and the "DEVELOPMENT OF A NEW RADIOMICS SYSTEM" project being activated in the first half of 2024 an amount of 2,140,833.75 euros (3,868,413 euros in 2023), made for the AIE (Spanish acronym) Trinity 2022.

For the purposes of obtaining recoverability, cash-generating units represent the smallest assets or groups of assets and liabilities which can generate cash flows that are independent of other CGUs. The Group has proceeded to define the following Cash Generating Units:

- HEXENEDEL / SUMMON: this CGU includes income from financial training courses and income obtained from advertising on certain internet portals.
- KAU: this CGU includes income from financial advice.
- IFIT / FLEEBE: this CGU includes income from the provision of recruitment services and outsourcing of temporary skilled workers who perform certain jobs in global clients, as well as the application of artificial intelligence to talent management within organizations through tools such as the Fleebe platform.
- SAVE THE PLANET: this CGU includes income from the provision of energy saving and efficiency services.
- PSVET/ BOALVET: this CGU includes income from the provision of services to improve the quality and efficiency of the livestock and agricultural industry through the application of artificial intelligence.
- 4D / DIAGXIMAG: this CGU includes income from the sale of radiodiagnostic equipment and from the provision of related services in both the human and veterinary fields, as well as the application of artificial intelligence to these areas.
- SUBGEN AI: This CGU includes income from the provision of IT consulting services and income generated from the performance of R+D activities.

During the first six months of 2024 some of the uncertainties mentioned above have eased, however, the Group remains conservative in its business plan estimates and expects to deliver on its strategic plan in the future.

Group Management has assessed the existence of factors that could indicate impairment of the value of consolidation goodwill (such as continued losses on cash-generating units or losses on relevant contracts). Based on this analysis, the Group's Management considers that there are factors that continue to negatively affect the business of SUMMON's CGU, such as the repeated failure to comply with the agreements reached in the purchase of said business or the current

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litigation of the same, which keep the return of the business below the estimated plan for the period 2024 to 2028. and therefore, it has decided to completely impair the associated goodwill of said CGU, thus providing an additional impairment of 216,550.70 euros.

There are no factors indicating the existence of impairment of the remaining consolidation goodwill as of the date of the accompanying condensed consolidated interim balance sheet.

6. Property, plant and equipment

The composition and movement in the accounts included in property, plant and equipment have been as follows for the years 2023 and 2022:

2023:

(Euros)	Opening balance	Business combination (note 4)	Tickets	Exits	Closing balance
31/12/2023					
Cost					
Constructions	5,500	679,00			6,179
Machinery	8,357	-	4,850	-	13,207
Other Facilities	46,951	14,582	26,519	-	88,052
Furniture	20,764	18,924	4,347	(1,257)	42,778
Information Processing Equipment	40,890	136,740	4,073	(3,026)	178,677
Fixed assets in progress	114,871	113,868	21,883	-	250,622
Fixed assets under construction	8,271	-	-	(8,271)	-
Total cost	245,604	284,793	61,672	(12,554)	579,515
Accumulated depreciation					
Constructions	(1,191)		(1,100)		(2,291)
Machinery	(2,192)	-	(1,388)	-	(3,580)
Other Facilities	(19,694)	(7,413)	(7,739)	-	(34,846)
Furniture	(6,372)	(10,495)	(3,269)	909	(19,227)
Information Processing Equipment	(11,221)	(110,832)	(7,195)	3,068	(126,180)
Fixed assets in progress	(63,647)	(77,172)	(17,193)	-	(158,012)
Total depreciation	(104,317)	(205,912)	(37,884)	3,977	(344,136)

2024:

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(Euros)	31/12/2023	Tickets	Business combination (note 4)	Conversion differences	Outputs	30/06/2024
Land and natural assets	-	-	-	-	-	-
Constructions	6,179	-	-	(679)	-	5,500
Technical Facilities	13,427	10,711	-	-	-	24,138
Machinery	13,207	33,051	-	-	-	46,258
Tools	1,704	-	-	-	(1,274)	430
Other Facilities	88,052	-	-	1,857	-	89,909
Furniture	42,778	6,973	-	11,419	(297)	60,873
Information Processing Equipment	178,677	73,191	-	(8,625)	(20,420)	222,823
Other Immobilized	199,703	86,665	-	8,243	-	294,611
Fixed assets in progress	35,788	1,278	-	-	(15,290)	21,776
	-	50,000	-	-	-	50,000
Total Cost	579,515	261,869	-	12,215	(37,281)	816,318
Accumulated depreciation						
Land and natural assets	-	-	-	-	-	-
Constructions	(2,291)	(550)	-	(1)	-	(2,842)
Technical Facilities	(6,826)	(7,084)	-	603	-	(13,307)
Machinery	(3,580)	(859)	-	-	-	(4,439)
Tools	(1,532)	1,274	-	(108)	54	(312)
Other Facilities	(26,488)	(4,472)	-	13,572	-	(17,388)
Furniture	(19,227)	(3,966)	-	(1,700)	297	(24,596)
Information Processing Equipment	(126,180)	(30,758)	-	(34,205)	3,662	(187,481)
Other Immobilized	(118,117)	(10,392)	-	(26,216)	-	(154,725)
Fixed assets in progress	(39,895)	14,531	-	(3,205)	1,603	(26,966)
Total amortization	(344,136)	(42,276)	-	(51,260)	5,616	(432,056)
NET WORTH	235,379	219,593	-	(39,045)	(31,665)	384,262

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There have been no significant investments outside Spanish territory during the first six months of the 2024 and 2023 financial years. There have been no subsidies related to property, plant and equipment.

As of June 30, 2024, no acquisitions of property, plant and equipment have been made between the group companies.

As of June 30, 2024, and in 2023, no valuation adjustment for impairment on property, plant and equipment has been recognized or reversed.

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

In addition, it should be noted that there are no tangible fixed assets subject to guarantees in loan contracts.

7. Financial instruments

7.1 Financial asset categories

The breakdown of current and non-current financial assets as of June 30, 2024 and 2023 classified by category and maturities is as follows (loans with the Public Treasury are not included):

Categories	Long-term financial instruments		Short-term financial instruments		Total
	Equity Instruments	Credits, derivatives and others	Credits, derivatives and others		
31/12/2023					
Financial assets at amortised cost	-	839,953	4,309,199		5,149,152
Financial assets at cost	151,120	-	-		151,120
Total	151,120	839,953	4,309,199		5,300,272
30/06/2024					
Financial assets at amortised cost	-	1,195,933	4,479,927		5,675,860
Financial assets at cost	282,484	-	-		282,484
Total	282,484	1,195,933	4,479,927		5,958,344

As of December 31, 2023, the stake in the company DIGITAL LAWYER CICERO, S.L., corresponding to 11.76% of its capital is included in the financial assets at cost, in addition to the foundational endowment provided for the constitution of the Zona Value Foundation amounting to 30,000 euros.

As of June 30, 2024, in addition to the above, the stake in the company SOY GUIRI corresponding to 7.3% of its capital is included in the financial assets at cost.

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There are no credits whose collection is doubted.

7.2 Categories of financial liabilities

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

(Euros)	Long-term financial instruments		Short-term financial instruments		TOTAL	
Categories	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
31/12/2023						
Financial liabilities at amortised cost	5,516,496	483,732	10,399,492	173,950	15,915,988	657,682
Total	5,516,496	483,732	10,399,492	173,950	15,915,988	657,682
30/06/2024						
Financial liabilities at amortised cost	3,059,090	444,092	8,534,254	1,408,201	11,593,344	1,852,293
Total	3,059,090	444,092	8,534,254	1,408,201	11,593,344	1,852,293

The main loans with credit institutions correspond to a loan with a financial institution for an amount of 700,000 euros, maturing in 2029 and at an interest rate of Euribor 12 months + 3.25%, and a credit policy for an amount of 300,000 euros, with an annual nominal interest of 2.50%, with the financial institution Banco Sabadell. S.A. The expiration of this policy is September 1, 2024. Such loans are not subject to compliance with financial ratios.

As of June 30, 2024, in addition to the loans with credit institutions mentioned above, the increase in this heading corresponds mainly to a loan with a financial institution for an amount of 1,156,000 euros maturing in the first half of 2025 and to a fixed annual interest of 6.00%.

As of 31.12.2023, the maturity by years is as follows:

(Euros)	2024	2025	2026	2027	2028 and onwards	Total
Debts to credit institutions	170,879	103,869	110,618	103,507	165,738	654,611
Other debts owed to credit institutions	3,071					3,071
Total	173,950	103,869	110,618	103,507	165,738	657,682

As of June 30, 2024, the maturity by years of the loan is as follows:

(Euros)	2024	2025	2026	2027	2028 and onwards	Total
Debts to credit institutions	97,429	64,391	110,862	110,660	158,179	541,521
Other debts owed to credit institutions	1,310,772	-	-	-	-	1,310,772
Total	1,408,201	64,391	110,862	110,660	158,179	1,852,293

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The class of derivatives and others is detailed as follows:

(Euros)	31.12.2023		30.06.2024	
	Non-current	Current	Non-current	Current
Deposits received for capital increases	2,000,000	-	-	1,000,000
Credits received	3,060,055	6,732,255	2,606,550	5,069,080
Debts to group companies and associates	-	9,300	-	9,300
Finance Leases	456,441	116,000	452,540	156,465
Suppliers for purchases and provision of services	-	2,616,530	-	1,885,765
Other miscellaneous creditors	-	706,247	-	121,317
Personal	-	119,681	-	216,055
Customer Advances	-	99,479	-	76,272
Total	5,516,496	10,399,492	3,059,090	8,534,254

The credits received reflected in the current liabilities as of June 30, 2024 correspond, mainly, to debts for the acquisition of participations during 2023 that will be settled through capital increases in the amount of 4,600,326 euros in 2024 (mainly 6,000,000 euros in 2023) (see Note 15). For their part, the credits received that are reflected in the non-current liabilities correspond, mainly, to the liability component linked to the B shares issued during 2023 for an amount of 2,359,483 euros (same amount as of December 31, 2023).

Likewise, also in relation to the loans received, in 2023 the Group formalized a loan with a participatory financing platform, maturing in 2026 and at an interest rate of 6.60%. This loan is not subject to compliance with financial ratios. This loan is recognized under the heading "other financial liabilities" of the consolidated balance sheet, with the maturity:

2023:

(Euros)	2024	2025	2026	2027	2028 and onwards	Total
Other debts	50.368	53.746	52.428	-	-	156.542

2024:

(Euros)	2024	2025	2026	2026	2028 and onwards	Total
Other debts	50.222	29.094	52.428	-	-	131.744

The rest of the credits received reflected in current liabilities as of June 30, 2024, correspond to debts with shareholders amounting to 400,350 euros (see note 11) and the rest to other liabilities. For its part, the rest of the credits received in the non-current liabilities correspond to an animal welfare CDTI with an interest rate of 0% that amounts to 136,545 euros, 1,000,000 euros from ABO and the rest are other liabilities.

Finally, and in relation with the previous explanations related to the loans received, in 2022 the Company signed a three-year contract for bonds that are mandatorily convertible into shares within a period of one year, of 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.

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This point is key to ensuring the achievement of the objectives set out in the Group's business plan.

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 for the difference between the amount received for the issuance of the different 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 for 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 bonds. The amount of the warrants is recorded in an equity account. Within a 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 into equity as share capital and share premium. During the first six months of 2024, two tranches of bonds have been issued (T13 and T14) for an amount of €500,000 each, totaling €1,000,000 (during the 2023 financial year, nine tranches of bonds amounting to €500,000 each, totaling €4,500,000). As of June 30, 2024, ABO has converted all the tranches issued as at 31 December 2023, increasing the share capital and share premium (see note 9), leaving an outstanding debt on the balance sheet for the tranches issued in 2024 of 1,000,000 euros, included in the amount described above as credits received from current liabilities.

Likewise, during the first six months of 2024, 787,036 warrants associated with these convertible bonds were issued with exercise prices ranging from €0.21 to €0.34 per share (2,715,894 warrants in 2023 with exercise prices between €0.26 and €0.39), totaling 3,328,327 warrants at the end of the year.

The deposits received in non-current liabilities as of June 2024 correspond, mainly, to a deposit received by the Company UNITED GENERAL of 1,000,000, to go towards an increase for said amount, which is expected to be capitalized in the next 12 months. (see Note 15). As of December 31, 2023, it corresponded mainly to a deposit of 2,000,000 received from the Company IMPULSE TECHNO-LOGY TRANSFER MANAGEMENT TEAM, S.L. to resort to a capital increase for said amount, capitalized in the first half of 2024 (see note 9).

7.3 Provisions

The breakdown of provisions as of June 30, 2024, and at the end of 2023 is as follows:

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(Euros)	Long-term	Short-term	Total
Year 2024			
Provision for warranties	-	199,796	199,796
Provision for maintenance and other	-	-	-
Other provisions	552	2,240	2,792
	-	202,036	202,588
Year 2023			
Provision for warranties	-	-	-
Provision for maintenance and other	-	254,316	254,316
Other provisions	4,782	10,091	14,873
	4,782	264,407	269,189

The movements under these headings are as follows:

(Euros)	Opening balance	Perimeter Change	Endowments	Reversions	Applications	Closing balance
Year 2024						
Provision for warranties	254,316	-	199,796	(254,316)	-	199,796
Provision for maintenance and other	-	-	-	-	-	-
Other provisions	14,873	-	-	(12,633)	-	2,240
	269,189	-	199,796	(266,950)	-	202,036
Year 2023						
Provision for warranties	319,908	-	-	(65,592)	-	254,316
Provision for maintenance and other	37,473	-	-	(37,473)	-	-
Other provisions	-	10,091	4,782	-	-	14,873
	357,381	10,091	14,873	(103,065)	-	269,189

Provision for guarantees

The products sold by the Company are subject to a two-year warranty period, so a provision for guarantees is made annually for the estimated costs that will be incurred for the projects and products with a guarantee in force at the end of the year. The calculation of this provision is determined on the basis of the available historical information on the guarantee costs incurred and their relationship to the volume of sales subject to guarantees.

8. Information on the nature and level of risk from financial instruments.

Credit risk: Credit risk represents the losses that the group would suffer in the event that any counterparty defaulted on its contractual payment obligations to it. This risk is reduced, due to the collection method required of its customers.

The Group carries out periodic checks on its portfolio of invoices pending collection, with a high degree of certainty in considering the correct collection of invoices recorded under this heading. In those invoices in which there are well-founded reasons to doubt the customer's payment, this asset is reclassified and the corresponding provision for expenses is recorded as losses due to impairment of trade receivables. In addition, the Group makes provisions for collection insolvency based on the age of the credit and the expected credit loss in accordance with the simplified method.

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Liquidity risk: The liquidity risk in the Group's financial assets would exist in the event that the Group invested in small-cap securities or in financial markets with a small size and limited trading volume, which could deprive the investments of liquidity. Management regularly monitors the Group's liquidity forecasts based on expected cash flows. The Group is seeking alternative ways to obtain additional sources of funding where necessary.

Market Risk: Market risk represents the Group's losses as a result of adverse movements in market prices. The most significant risk factors could be grouped into the following:

- Interest rate risk: Because both the debts and interest rates of the group's debt are low, the interest rate risk is minimal.
- Exchange rate risk: the group at the closing, except for goodwill, has no significant financial assets or liabilities in currencies other than the euro, so it is not exposed to the risk of exchange rate fluctuations.
- Stock price or stock index risk: 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.

9. Consolidated equity and equity

Subscribed capital

Date	Type of Action	Number of shares	Nominal value (Euros)	Description	Capital paid-in (Euros)
31/12/2023	A	71,966,074	0,1	Ordinaries	7,196,607
	B	138,638,460	0,001	Preferential	138,638
30/06/2024	A	100,611,739	0,1	Ordinaries	10,061,174
	B	138,638,460	0,001	Preferential	138,638

The share capital of the Parent Company as of June 30, 2024 is €10,199,814, divided into 100,611,739 class A shares with a par value of €0.1 each, fully subscribed and paid up, and 138,638,460 non-voting class B shares with a par value of €0.001. As of December 31, 2023, it was €7,335,245, divided into 71,966,074 class A shares with a par value of €0.1 each, fully subscribed and paid up, and 138,638,460 non-voting class B shares with a par value of €0.001. All shares are subject to listing on the BME Growth and the Aquis London market.

During 2021, the Parent Company carried out several capital increases through the monetary contribution and capitalization of debts for amounts of €500,000 and €27,181,750, respectively. Of the capitalization of debts, a large part was due to the acquisition described in Note 4. Business combinations. These increases entailed a total increase of €2,025,527 in capital and €25,656,223 in share premium.

In March 2022, prior to the IPO, the shareholders of the Parent Company carried out a capital increase of €177,906, with an issue premium of €7,486,344, of which €5,004,000 were for offsetting of loans and the rest for €2,660,250 in monetary contribution.

On January 30, 2023, the Company's Extraordinary General Meeting approved the amendment to the bylaws in order to incorporate the legal regime for non-voting shares (B shares). Holders of non-voting shares will enjoy the rights recognised by Royal Legislative Decree 1/2010, which

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approves the Consolidated Text of the Capital Companies Act, and will be entitled to receive a minimum annual dividend of €0.01 for each non-voting share.

At the same Extraordinary Meeting, the issue of 96,316,100 new series B non-voting shares was approved, with a par value of €0.001 each and an issue premium of €0.009, which would amount to an overall par value of €96,316.1 and a premium of €866,844.90. Increase in share capital through the modality of credit compensation.

On the other hand, at the Extraordinary General Meeting held on 19 September 2023, the issue of 27,000,365 new shares with voting rights of series A, with the same par value and content of rights, with a nominal value each of 0.10 euros of par value and an issue premium of 0.10 euros, was approved. amounting to a global par value of €2,700,036.50 and a global share premium of €2,700,036.50, and 42,322,360 new Series B non-voting shares, of the same par value and rights content with a par value of €0.001 each and an issue premium of €0.149, which would amount to a global nominal value of 42,322.36 euros and a global share premium of 6,306,031.64 euros.

In relation to the preferred shares without voting rights approved at the two aforementioned Shareholders' Meetings, the company has distributed the initial carrying amount of the shares issued, assigning a value of 2,359,483.23 euros to the liability component and the difference to the equity component, always recording the capital at the nominal amount of the shares issued

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

In relation to the contract with ABO, as of June 2024 neither of the two tranches unblocked to date, five hundred thousand euros (500,000) each, has been converted. At the end of the 2023 financial year, ABO converted tranches 2 to 12 in their entirety, increasing the share capital and share premium in 2023 by €2,045,548.1 and €3,098,598.35, respectively.

As of June 30, 2024, the share capital and the share premium have increased by 2,864,568 and 5,395,433 euros, respectively, raising the share capital to 10,199,814 euros and the share premium to 50,554,980 euros. . These increases come from the following: i) capital increase in the amount of 2,000,000 euros (400,000 euros share capital and 1,600,000 euros share premium) from the Extraordinary General Meeting that was approved on January 16, 2024, ii) increase for compensation of credits for the acquisition of 70% of BINIT and DELTANOVA for an amount of 6,000,000 euros (2,464,568 euros of capital and the rest as share premium) which was approved at the Extraordinary General Meeting of January 19 of 2024 and iii) for the delivery of incentives for the year 2022 approved at the Extraordinary Meeting of January 19, 2024 in the amount of 260,000 euros.

Share premium

(In Euros)	Opening balance	Capital increase	Closing balance
31/12/2023			
Share Premium	34,548,124	10,611,423	45,159,547
30/06/2024			
Share Premium	45,159,547	5,395,433	50,554,980

Own shares

The Group's own shares as of June 30, 2024 and December 31, 2023 are as follows:

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	30.06.2024			31.12.2023		
	No. of shares	Euros		No. of shares	Euros	
		Acquisition price	Market value		Acquisition price	Market value
Ordinaries	2,317,983	2,072,339	333,790	266,438	1,629,805	60,481
No vote	704,772	207,611	167,736	704,922	207,611	173,411
Total	3,022,755	2,279,950	501,525	971,360	1,837,416	233,892

10. Tax Situation

Balances with public administrations

The balances with general government as of 30 June 2024 and 31 December 2023 are as follows:

(Euros)	31.12.2023		30.06.2024	
	Non-current	Current	Non-current	Current
Deferred tax assets	1,968,707	-	1,989,991	-
Current tax assets	-	1,594	-	85
Other credits with the Public Administrations	-	73,857	-	682,035
Total	1,968,707	75,451	1,989,991	682,120
Deferred tax liabilities	1,803,861	-	1,762,629	-
Current tax liabilities	-	53,914	-	535,214
Other debts owed to the Public Administrations	-	2,252,751	-	1,908,181
Total	1,803,861	2,306,665	1,762,629	2,443,395

The balance reflected as "Other debts with the Public Administrations" of the current liabilities corresponds mainly to balances payable for VAT, Personal Income Tax and Social Security.

The reconciliation of the taxable base with the profit tax result is as follows:

(Euros)	30.06.2024
Taxable income (*)	812,881
Tax rate	25%
Quota	439,802
Offsetting tax loss carryforwards	-
Temporary differences	-
Deductions or incentives for activities	-
Others	-
Withholdings and payments on account	-
Total	439,802

(*) It corresponds to the aggregate prior taxable base of all subsidiaries that file tax settlements at an individual level, with the tax being the average of the taxes borne by them. Negative tax bases are not activated, so the tax is the result of those Companies that have positive bases.

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

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2023:

(Euros)	31.12.2022	Variations	31.12.2023 (restated)
Deferred tax assets			
Deductible Temporary Difference Assets	643,404	1,047,106	1,690,510
Deduction rights	175	-	175
Credits for losses to be offset	278,022	-	278,022
Deferred tax liabilities			
Temporary differences (subsidies)	2,938	1,071,993	1,074,931

2024:

(Euros)	30.06.2023	Variations	30.06.2024
Deferred tax assets			
	1,968,707	21,284	1,989,991
Deductible Temporary Difference Assets	1,690,510	94,650	1,785,160
Deduction rights	175	-	175
Credits for losses to be offset	278,022	(73,366)	204,656
Other deferred tax assets	-	-	-
Deferred tax liabilities			
	1,803,861	(41,232)	1,762,629
Temporary differences (subsidies)	12,200	13,363	25,563
Other deferred tax liabilities	1,791,661	(54,595)	1,737,066

All the changes have been reflected in the consolidated income statement.

The Company has made an estimate of the tax benefits that it expects to obtain in the next five years (period for which it considers that the estimates are sufficiently reliable) in accordance with the budgets. It has also analyzed the reversal period of taxable temporary differences, identifying those that revert in the years in which the negative tax bases pending compensation can be used. Based on this analysis, the Company has recorded the deferred tax assets corresponding to the negative tax bases pending offset and the deductible temporary differences for which it considers probable the generation of sufficient future tax benefits.

Income tax

The conciliation between the consolidated profit / loss for the year and the tax base is detailed below:

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(Euros)	31.12.2023	30.06.2024
Profit before tax from continuing operations	(8,349,997)	812,881
Ajustes de consolidación	(230,716)	(439,802)
Consolidation adjustments	(8,580,713)	373,078
Positive permanent differences	-	-
Negative permanent differences	-	-
Positive temporary differences	4,265,379	-
Negative temporary differences	(4,419,818)	-
Taxable income (tax result) (*)	(8,735,152)	373,078

(*) It corresponds to the aggregate prior tax base of all subsidiaries that file tax settlement at the individual level,

Years pending verification and inspection actions

Under current legal provisions, tax assessments cannot be considered final until they have been inspected by the tax authorities or the statute of limitations, currently set at four years, has elapsed. The Group has the last four years open for inspection for all taxes that apply to it. In the opinion of the Directors of the Parent Company, as well as its tax advisors, there are no tax contingencies of significant amounts that could arise, in the event of an inspection, from possible different interpretations of the tax regulations applicable to the operations carried out by the Group.

11. Related Parties

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

However, the Group maintains 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 personnel of the Group and close relatives of the aforementioned and companies related to them, and those investee companies consolidated by the equity method.

(Euros)	DEBIT BALANCES			
	Equity Instrument	Credits Delivered	Clients	Capital Increase Credit
30/06/2024				
ZONA VALUE FOUNDATION (Group Company)	30,000	-	-	-
SHAREHOLDERS	-	250,000	-	-
Total	30,000	250,000	-	-
31/12/2023				
ZONA VALUE FOUNDATION (Group Company)	30,000	-	-	-
Total	30,000	-	-	-

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(Euros)	CREDIT BALANCES			
	Equity Instrument	Credits received	Suppliers	Capital Increase Credit
30/06/2024				
ZONA VALUE FOUNDATION (Group Company)	-	29,000	-	-
SHAREHOLDERS	2,100,000	389,847		
Total	2,100,000	418,847	-	-
31/12/2023				
ZONA VALUE FOUNDATION (Group Company)	-	29,000	-	-
TOTAL	-	29,000	-	-

There have been no relevant income and expense transactions with related parties as of June 30, 2024. The interest rates accrued on credits delivered and received with related parties are market rates.

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)	30.06.24	30.06.23
Administrators		
Salaries and social charges	318,857	239,125
Diets	-	-
Option Plans	-	-
Senior Management		
Salaries and social charges	204,840	172,465
Option Plans	-	-
Contributions to pension plans	-	-
Totales	523,696	411,590

As of June 30, 2024 and December 31, 2023, the Group had no pension and life insurance obligations to former or current members of the Board of Directors.

As of 30 June 2024 and 31 December 2023, 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 covered by these accounts, no civil liability insurance premiums have been paid to the directors.

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.

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12. Income and expenses

12.1 Revenue

Net turnover

The distribution of the net turnover for the first six months of 2023 and 2024 by geographical markets is as follows:

(Euros)	30.06.2024	30.06.2023
SPAIN	2,711,593	1,610,758
USA	1,636,113	82,604
SOUTH AMERICA	1,270,621	22,044
UK	492,733	2,527
REST OF EUROPE	388,359	76,739
REST OF NORTH AMERICA	374,992	-
Oceania	16,359	504
Asia	2,201	1,965
Africa	-	369
Total	6,892,971	1,797,510

12. 2 Expenses

a) Supplies

The breakdown of the supplies corresponding to the first six months of 2023 and 2024 is as follows:

(Euros)	30.06.2024	30.06.2023
Consumption of goods	1,424,845	424,511
Consumption of raw materials and other consumables	34,752	8,475
Work carried out by other companies	967,341	18,159
Total	2,426,938	451,146

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The inventories detail as of June 30, 2024, and at the end of 2023 are as follows:

(Euros)	30.06.2024	31.12.2023
Raw materials (at cost)	-	-
Work in progress (at cost)	18,999	-
Finished goods (at lower of cost an net real	1,829,600	781,287
Total	1,848,599	781,287

As of June 30, 2024, the Group's total inventory amounts to 1,848,599 euros (781,287 euros as of December 31, 2023), of which 1,829,600 euros correspond to 54 ultrasound machines and the rest to software development.

b) Personnel costs

The breakdown of social security contributions for the first six months of 2023 and 2024 is as follows:

(Euros)	30.06.2024	30.06.2023
Wages, salaries and the like	2,065,449	1,250,431
Social security to be paid by the company and other sc	433,514	269,908
Total	2,498,963	1,520,339

c) External services

The breakdown of external services for the first six months of 2023 and 2024 is as follows:

(Euros)	30.06.2024	30.06.2023 (restated)
Leases and royalties	99,810	59,948
Repairs & Maintenance	20,985	9,786
Independent Professional Services	1,721,620	823,175
Transport	41,847	11,242
Insurance premiums	13,879	4,260
Bank fees	44,798	4,248
Advertising, Advertising & Public Relations	171,128	83,348
Supplies	83,380	20,630
Other operating expenses	637,062	336,140
Total	2,834,509	1,352,777

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13. Segments of operations

The Group has been organized into strategic business units that offer different products and services, thus determining six operating segments on which it must report. These segments are detailed below:

- The FINTECH segment, which includes activities related to financial education courses, advertising on internet portals and financial advice.
- The HUMAN RESOURCES segment, which includes activities related to recruitment services and subcontracting of temporary skilled workers who perform certain jobs in global clients.
- The ENERGY segment, which includes activities related to the provision of energy saving and efficiency services
- The AGRITECH segment, which includes activities related to the provision of services to improve the quality and efficiency of the livestock and agricultural industry through the application of artificial intelligence
- The HEALTH segment, which includes activities related to the sale of radiodiagnostic equipment and the provision of services related to both the human and veterinary fields.
- The ARTIFICIAL INTELIGENCE TECHNOLOGY segment, which includes activities related to the provision of IT consulting services carried out by the SUBGEN AI Group, and the performance of R+D activities, mainly executed by the company Holding Substrate

No operating segments have been added to form the aforementioned segments.

The performance of the segment is evaluated based on the income statement and is measured in a manner consistent with the consolidated income statement.

2023:

31.12.2023 (restated)	FINTECH	HUMAN RESOURCES	ENERGY	AGRITECH	HEALTH	CONSULTING	MATRIZ	Total segments	Adjustments and deletions	Consolidated
Income										
Customers	762,945	2,115,561	0	1,062,254	2,132,837	549,597	1,985,604	8,608,797		8,608,797
Between segments	409,134	1,167,819	0	514,533	1,054,041	1,436,373	804,981	5,386,881	-5,386,881	0
Total income	1,172,079	3,283,380	0	1,576,787	3,186,877	1,985,970	2,790,585	13,995,678	-5,386,881	8,608,797
Income / (expenses)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Work performed by the company for its assets	0.00	0.00	0.00	0.00	0.00	0.00	165,614.96	165,614.96	-165,614.96	0.00
Cost of Sales	-3,000	-18,058	0	-121,703	-1,343,403	-1,048,294	-317,644	-2,852,102		-2,852,102
Other operating incomes	72	0	0	9,399	2,702	0	5,301,950	5,314,123	-100,000	5,214,123
Personnel costs	-888,895	-285,051	0	-222,122	-463,566	-160,470	-1,943,171	-3,963,276		-3,963,276
Depreciation and amortization	0	0	0	0	0	0	0	0		0
Operating expenses	-349,987	-2,468,508	-885	-1,035,466	-1,093,385	-136,246	-11,110,528	-16,195,007	5,486,881	-10,708,125
Depreciation	-152,900	-372,023	0	-84,854	-113,126	-167,046	-373,355	-1,263,305		-1,263,305
rent funds for assets	0	0	0	0	0	34,085	0	34,085		34,085
Impairment, gain and losses from non current assets	-2,615,057	6,480	0	0	0	0	0	-2,608,578		-2,608,578
Other expenses	-18,998	0	0	250	5,797	-64,874	-37	-77,862		-77,862
Finance incomes	1,229	167	0	0	16,644	11,953	142,281	172,273	-165,019	7,255
Finance expenses	-64,468	-21,405	-17,378	-26,129	-26,319	-53,968	-765,961	-975,628	169,260	-806,368
Exchange differences	-486	-952	0	2	1	69	-585	-1,952		-1,952
ant, gain and losses from financial instruments	0	-21,090	0	0	0	0	-9	-21,099		-21,099
lation adjustment	0	0	0	0	0	88,411	0	88,411		88,411
tax expense	-3,472	-77,351	0	-9,688	-72,911	-28,683	-38,610	-230,717		-230,717
Segment income	-2,923,884	25,588	-18,263	86,474	99,311	460,904	-6,149,469	-8,419,340	-161,373	-8,580,713
Total assets	1,971,232	4,248,779	80,074	2,834,766	5,790,937	25,495,811	54,485,465	94,907,063	-49,648,363	45,258,700
Total liabilities	4,116,408	2,064,895	516,948	2,523,920	4,543,684	24,003,931	19,771,847	57,541,633	-36,035,994	21,505,640

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2024:

30.06.2024 Euros	FINTECH	HUMAN RESOURCES	ENERGY	AGRITECH	HEALTH	CONSULTING	MATRIZ	Total segments	Adjustments and deletions	Consolidated
Income										
Customers	257,477.15	2,655,465.89	0.00	280,955.78	2,219,685.20	1,197,937.14	281,451.81	6,892,972.96		6,892,972.96
Between segments	<u>396,682.74</u>	<u>1,461,146.87</u>	<u>0.00</u>	<u>454,967.00</u>	<u>987,474.95</u>	<u>1,298,656.86</u>	<u>1,501,706.34</u>	<u>6,100,634.76</u>	<u>-6,100,634.76</u>	
Total income	<u>654,159.89</u>	<u>4,116,612.75</u>	<u>0.00</u>	<u>735,922.78</u>	<u>3,207,160.15</u>	<u>2,496,594.00</u>	<u>1,783,158.15</u>	<u>12,993,607.72</u>	<u>-6,100,634.76</u>	<u>6,892,972.96</u>
Income / (expenses)										
Work performed by the company for its assets							2,537,650.15	2,537,650.15		2,537,650.15
Cost of Sales	-9,037.80	-354.43		-2,789.17	-759,576.80	-1,454,624.02	-200,556.00	-2,426,938.22		-2,426,938.22
Other operating incomes				0.00	4,385.74			4,385.74		4,385.74
Personnel costs	-326,340.72	-150,739.77		-58,607.23	-375,391.72	-742,383.01	-845,501.10	-2,498,963.55		-2,498,963.55
Depreciation and amortization				0.00	0.00			0.00		
Operating expenses	-433,856.56	-3,567,482.46		-325,541.45	-701,817.83	-416,153.14	-3,468,696.48	-8,913,547.92	6,100,634.76	-2,812,913.16
Depreciation	-74,575.65	-124.20		-25,283.29	-122,985.21	-379,336.51	-318,602.86	-920,907.73		-920,907.73
Government funds for assets						17,042.34		17,042.34		17,042.34
Impairment, gain and losses from non current assets	-216,550.70							-216,550.70		-216,550.70
Excess provisions						-3,425.85		-3,425.85		-3,425.85
Other expenses		-6,772.56		-5,974.06	-10,743.35			-23,489.97		-23,489.97
Finance incomes	403.86	4.99		1,401.12	23,469.02	40,150.07	363,245.94	428,674.99	-223,566.72	205,108.27
Finance expenses	-105,036.75	-4,019.39	-12,739.85	-21,644.80	-70,317.77	-117,531.11	-428,975.50	-760,265.17	223,566.72	-536,698.45
Exchange differences	16,278.09	-63,804.20				480,701.11	-4,271.18	428,903.83		428,903.83
Impairment, gain and losses from financial instruments		-138.72						-138.72		-138.72
Hyperinflation adjustment						166,843.56		166,843.56		166,843.56
Income tax expense		-107,671.94		-67,859.62	-288,941.58		24,670.92	-439,802.22		-439,802.22
Segment income	<u>-494,556.35</u>	<u>215,510.07</u>	<u>-12,739.85</u>	<u>229,624.28</u>	<u>905,240.65</u>	<u>87,877.45</u>	<u>-557,877.96</u>	<u>373,078.29</u>		<u>373,078.29</u>
Total assets	<u>2,470,102.08</u>	<u>3,485,221.58</u>	<u>83,073.75</u>	<u>2,442,891.47</u>	<u>8,469,958.47</u>	<u>27,584,257.07</u>	<u>56,096,706.15</u>	<u>100,632,210.57</u>	<u>-52,603,243.26</u>	<u>48,028,967.31</u>
Total liabilities	<u>4,864,972.44</u>	<u>1,457,072.68</u>	<u>532,687.91</u>	<u>1,845,860.00</u>	<u>5,567,465.03</u>	<u>25,858,318.97</u>	<u>17,924,593.90</u>	<u>58,050,970.93</u>	<u>-39,454,810.23</u>	<u>18,596,160.69</u>

14. Income to be distributed over several years

The movement of the Subsidies as of 30 June 2024 and 31 December 2023 was as follows:

(Euros)	Beginning balance	Additions	Transfer to income	Retirements	Other mov.	Ending balance
jun-24						
Income to be distributed	552,254	151,034	(17,042)	-	-	686,246
Total	552,254	151,034	(17,042)	-	-	686,246
2023						
Income to be distributed	288,619	297,720	(34,085)	-	-	552,254
Total	288,619	297,720	(34,085)	-	-	552,254

In June 2024, an amount of 17,042 euros (34,085 euros in 2023) from the subsidies of the Institute of Foreign Trade has been charged to the income statement, leaving 102,254 euros in income to be distributed pending to be allocated to the result.

During the 2022 financial year, the Public Business Entity RED.ES awarded SUBSTRATE ARTIFICIAL INTELLIGENCE, S.A. a grant of 600,000 euros to finance an experimental artificial intelligence project for the energy management of hotels. Of this subsidy, an amount of 152,280 euros in income to be deferred over several years was recorded in 2022, increasing this amount to 450,000 euros in 2023 remaining the same as June 2024. The amount recognized in income to be deferred in several years corresponds to 100% of the project that has been executed during the first six months of 2024.

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As of June 2024, the assets associated with the subsidy were recorded as fixed assets in progress and were not depreciated. For this reason, no carry-over was made as a result of the subsidy.

15. Subsequent events

Since the closing of these condensed consolidated financial statements, no relevant facts, circumstances and/or information have been revealed or occurred that require modifying interim condensed consolidated financial statements corresponding to the period ending June 30, 2024 and/or including additional breakdowns or explanations, except as described below:

- On June 14, 2024, the parent company has publicly submitted a capital increase deed in 5 tranches approved by the respective Boards of Directors and which in summary comprise 3 tranches totaling 1,500,000 euros subscribed and disbursed by the company INDICO INVESTMENTS AND MANAGERMENTS SL through the issuance of 8,790,204 class A shares and 2 tranches totaling 1,000,000 euros subscribed and paid by the company by the company UNITED GENERAL LTD through the issuance of 6,998,120 class A shares. This The deed is pending entry in the Commercial Registry at the date of issuance of these condensed interim consolidated financial statements, so as of June 30, 2024, these disbursements are included as credits received reflected in current liabilities (see Note 7.2).
- The Extraordinary General Shareholders' Meeting of July 26, 2024, approved the distribution of the 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 equivalent cash payment. According to the approved calendar, the final result of the distribution will be published in November.
- On July 26, 2024, the company signed an investment agreement with the company AULAVIRTUALCTP SERVICIOS DIGITALES, S.L., domiciled in Fuenlabrada, Madrid, for an amount of up to 130,000 euros that will be capitalized in the future.
- On July 30, 2024, the company reached an investment agreement of up to two million euros (2,000,000) with UNITED GENERAL LTD, domiciled in Blenheim Road, England. This agreement will materialize through two capital increases of one million euros (1,000,000) each.
- On August 29, 2024, the company reached an agreement with INDICO INVESTMENTS AND MANAGERMENTS S.L. to acquire 7,407,407 series A shares listed on BME GROWTH for treasury stock for the purpose of paying incentives to employees.
- On September 1, 2024, one of the Group's dependent companies has renewed the credit policy for the amount of 300,000 euros, with a nominal annual interest of 2.50%, with the financial institution Banco Sabadell, S.A. whose expiration is September 1, 2025.

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Audit fees

The auditors' fees as of June 2024 and December 31, 2023 are as follows:

(Euros)	2024	2023
For corporate audit services (individual and consolidated)	-	47,830
For auditing services to subsidiaries	1,648	9,400
Review of consolidated interim financial statements	28,932	20,360
For other services (*)	-	39,500

* *Special report on capital increase and analysis and training for the implementation of IFRS*

16. Environmental Information

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

17. Additional explanation regarding the translation of the financial statements into English

This document is a translation of the consolidated financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

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Explanatory notes to the condensed consolidated interim financial statements for the six-month
period ended June 30, 2024 (Expressed in euros)

Madrid, 29 October 2024

Mr. Lorenzo Serratosa Gallardo

Mr. José Iván García Braulio

Mr. Christopher Nicolas Dembik

Mr. Tawhid Chtioui

Mr. Jesús Hidalgo Quesada as an individual appointed by the Director IMPULSE TECHNOLOGY
TRANSFER MANAGEMENT TEAM SL

Attending, in his capacity as legal advisor, Don Manuel Vera Revilla

SUBSTRATE ARTIFICIAL INTELIGENCE, S.A.
AND SUBSIDIARIES

Condensed consolidated interim annual report for the six-month period ended June 30, 2024
(Expressed in euros)

1. EVOLUTION OF THE SUBSTRATE GROUP

At the end of the first half of 2024, the Group grew its revenue by 270% compared to the same period of the previous year, reaching total revenue of 9,452 thousand euros, an enormous growth that is in line with the Group's published plans.

What stands out in these results is the fact of having achieved not only a positive EBITDA of 1,713 thousand euros but also having obtained a positive result for the year of 373 thousand euros compared to the negative 1,638 thousand euros of the same period of the previous year, which corroborates the chosen path and certifies the strong growth and good development of the businesses acquired and the strategy implemented by the group.

During these six months Substrate AI was focused on the integration of all the acquired businesses and on the preparation and development of the strategy that should drive them in the coming years, working, as usual, on the creation of value through the implementation of artificial intelligence solutions in the sectors in which its investee companies operate.

In this strategy, three subsidiaries stand out compared to the others:

- Subgen AI, the English subsidiary of Deep Tech that has developed and markets Serenity Star under the direction of Leandro Harillo based on all the patents and developments of Bren Worth and that in September of this year launched its first “domain specific” LLM on the market. focused on compliance.
- Fourth medical dimension SL. The Spanish Health subsidiary that has built on Serenity Star technology various developments focused on the use of AI in imaging diagnosis, both for its software and hardware division.
- Fleebe AI. The English Human Resources subsidiary that is applying Serenity Star technology to the world of recruitment and talent management in large companies.

The company published its intention to list these three subsidiaries as a way to boost its growth and show the value created in them with the work carried out. The teams in charge of its realization focus on this objective every day.

In euros	30.06.2024	30.06.2023
Total income (*)	9,452,051	2,553,197
EBITDA (**)	1,713,236	-718,711
Financial income (loss)	97,175	-525,344
Income before taxes	812,881	-1,552,446
Profit for the year	373,078	-1,638,412

(*) Total income includes the following profit and loss accounts: i) revenues, ii) other operating income and iii) government funds for assets.

(**) EBITDA is calculated as follows: Total income minus i) cost of sales, ii) personnel cost and iii) other operating expenses.

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2. SUBSEQUENT EVENTS

Since the closing of these condensed consolidated financial statements, no relevant facts, circumstances and/or information have been revealed or occurred that require modifying interim condensed consolidated financial statements corresponding to the period ending June 30, 2024 and/or including additional breakdowns or explanations, except as described below:

- On June 14, 2024, the parent company has publicly submitted a capital increase deed in 5 tranches approved by the respective Boards of Directors and which in summary comprise 3 tranches totaling 1,500,000 euros subscribed and disbursed by the company INDICO INVESTMENTS AND MANAGERMENTS SL through the issuance of 8,790,204 class A shares and 2 tranches totaling 1,000,000 euros subscribed and paid by the company by the company UNITED GENERAL LTD through the issuance of 6,998,120 class A shares. This The deed is pending entry in the Commercial Registry at the date of issuance of these condensed interim consolidated financial statements, so as of June 30, 2024, these disbursements are included as credits received reflected in current liabilities (see Note 7.2).
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3. RESEARCH & DEVELOPMENT

The Group has continued with the development for third parties of the R&D project started in 2023, which aims to:

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- The creation of a new radiology system for humans and animals managed with artificial intelligence capable of reducing the radiation that animals and humans receive in the diagnosis process and improving it and making it faster, especially focused on human heart diseases.

4. OWN SHARES

As of December 31, 2023, the Parent Company's own shares held by the Group amount to 3,022,755 divided into 2,317,983 class A shares and 704,772 class B shares.

5. RISK AND UNCERTAINTIES

Credit risk: Credit risk represents the losses that the group would suffer in the event that any counterparty defaulted on its contractual payment obligations to it. This risk is reduced, due to the collection method required of its customers.

The Group carries out periodic checks on its portfolio of invoices pending collection, with a high degree of certainty in considering the correct collection of invoices recorded under this heading. In those invoices in which there are well-founded reasons to doubt the customer's payment, this asset is reclassified and the corresponding provision for expenses is recorded as losses due to impairment of trade receivables. In addition, the Group makes provisions for collection insolvency based on the age of the credit and the expected credit loss in accordance with the simplified method.

Liquidity risk: The liquidity risk in the Group's financial assets would exist in the event that the Group invested in small-cap securities or in financial markets with a small size and limited trading volume, which could deprive the investments of liquidity. Management regularly monitors the Group's liquidity forecasts based on expected cash flows. The Group is seeking alternative ways to obtain additional sources of funding where necessary.

Market Risk: Market risk represents the Group's losses as a result of adverse movements in market prices. The most significant risk factors could be grouped into the following:

- Interest rate risk: Because both the debts and interest rates of the group's debt are low, the interest rate risk is minimal.
- Exchange rate risk: the group at the closing, except for goodwill, has no significant financial assets or liabilities in currencies other than the euro, so it is not exposed to the risk of exchange rate fluctuations.
- Stock price or stock index risk: 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.

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**INFORME DEL CONSEJO DE ADMINISTRACIÓN
DE SUBSTRATE ARTIFICIAL INTELIGENCE SA SOBRE LA PROPUESTA
DE AUTORIZACIÓN AL CONSEJO DE ADMINISTRACIÓN PARA
AUMENTAR EL CAPITAL SOCIAL ASI COMO PAR LA EXCLUSIÓN DEL
DERECHO DE PREFERENCIA SI EL INTERÉS DE LA SOCIEDAD ASÍ LO
EXIGIERA A SOMETER A APROBACIÓN DE LA JUNTA GENERAL
EXTRAORDINARIA A CELEBRAR EN EL DOMICILIO SOCIAL EL
PRÓXIMO 19 DE ENERO DE 2024 A LAS 13:30 EN PRIMERA
CONVOCATORIA Y, EN SU CASO, EL 22 DE ENERO DE 2024, A LA
MISMA HORA Y LUGAR EN SEGUNDA CONVOCATORIA.**

UNO. OBJETO DEL INFORME

El presente Informe tiene por objeto justificar la propuesta de delegación en el Consejo de Administración de **SUBTRATE ARTIFICIAL INTELIGENCE SA** de la facultad de aumentar el capital social conforme al artículo 297.1.b) de la Ley de Sociedades de Capital con posibilidad de exclusión del derecho de suscripción preferente, si el interés de la sociedad así lo exigiese, al amparo de lo establecido en el artículo 506 de la citada Ley de Sociedades de Capital; todo ello a fin de someter su aprobación a la Junta General de Accionistas de la Sociedad, que se convocará para su celebración en el domicilio social el próximo día 19 de enero de 2024 a las 13:30 horas, en primera convocatoria, y, en su caso, el 22 de enero de 2024 a la misma hora y lugar en segunda convocatoria, al amparo del punto II del Orden del día.

De acuerdo con lo previsto en el artículo 286 de la Ley de Sociedades del Capital en relación con su artículo 297.1.b) y los artículos concordantes del Reglamento del Registro Mercantil, la presente propuesta de acuerdo a la Junta General requiere la formulación por el Consejo de Administración del presente Informe.

Asimismo, el artículo 506 de la Ley de Sociedades de Capital, relativo a la delegación de los administradores de la facultad de excluir el derecho de suscripción preferente en caso de emisión de nuevas acciones, exige que desde la convocatoria de la Junta se ponga a disposición de los accionistas un informe de los administradores en lo que se justifique la propuesta de delegación de esa facultad.

DOS. JUSTIFICACIÓN DE LA PROPUESTA.

El artículo 297.1.b) de la Ley de Sociedades de Capital habilita a la Junta General para que, con los requisitos previstos para la modificación de los Estatutos Sociales, pueda delegar en los administradores la facultad de acordar en una o varias veces el aumento del capital social hasta una cifra determinada, en la oportunidad y en la cuantía que éste decida, sin necesidad de previa consulta a la Junta General. Dicho precepto dispone igualmente que estos aumentos no podrán superar en ningún caso la mitad del capital social



en el momento de su autorización, y deberán realizarse mediante aportaciones dinerarias dentro del plazo máximo de cinco años a contar desde la fecha del acuerdo de la Junta General.

A ello hay que añadir que el artículo 506 de la Ley de Sociedades de Capital, de aplicación a **SUBSTRATE ARTIFICIAL INTELIGENCIA SA** en virtud de su Disposición Adicional Decimotercera, establece igualmente que cuando la Junta General delegue en los administradores la facultad de aumentar el capital social podrá atribuirles también la facultad de excluir el derecho de suscripción preferente en relación con la emisión de acciones que sean objeto de delegación si el interés de la sociedad así lo exigiera, si bien en este caso no podría referirse a más del veinte por ciento del capital de la sociedad en el momento de la autorización.

Este Consejo de Administración entiende que la propuesta de delegación de la facultad de ampliar el capital social que se presente a la Junta General viene justificada por la conveniencia de que el Consejo de Administración disponga de un mecanismo, previsto por la vigente normativa societaria, que permita adaptarse, siempre con los límites establecidos en la Ley, a la dinámica y oportunidad del mercado, obligando a los órganos de administración de las sociedades mercantiles, y especialmente de las sociedades cotizadas, a disponer de recursos jurídicos y societarios suficientes para dar respuesta eficaz a las necesidades que puedan surgir en el tráfico mercantil, para lo cual se hace preceptivo que la compañía pueda disponer de nuevos recursos financieros articulado mediante nuevas aportaciones en concepto de capital que mejoren su estructura patrimonial y su capacidad de autofinanciación.

Si bien, constituye un hecho indubitado que en la práctica totalidad de las ocasiones, y más aún en este entorno de tanta dinamicidad, se hace imposible no sólo determinar con antelación cuales han de ser las necesidades de la Sociedad en materia de dotación de capital, sino prever los retrasos o incrementos de costes que puede conllevar la intervención de la Junta General de Accionistas para la adopción de los preceptivos acuerdos, dificultando todo ello que la Sociedad pueda responder con eficacia y agilidad a las necesidades del mercado.

Todo ello hace altamente recomendable que el Consejo esté en disposición de emplear el capital autorizado previsto en nuestro ordenamiento y que constituye además práctica habitual en el mercado, dotándole de ágil y flexible instrumento para una más adecuada atención de las necesidades de la Sociedad en función de las circunstancias del mercado.

La propuesta contempla que el desembolso de acciones emitidas, que podrán ser con o sin derecho a voto, prevé expresamente la posibilidad de suscripción incompleta de las acciones que se emitan de conformidad con el artículo 507 de la Ley de Sociedades de Capital, así como la inscripción del acuerdo con anterioridad a su ejecución conforme al artículo 508 de la Ley de Sociedades

de Capital.

De conformidad con lo dispuesto en el artículo 506 de la Ley de Sociedades del Capital, se propone a la Junta general que la delegación autorice a este Consejo de Administración para la exclusión del derecho de suscripción preferente, toda vez que este Consejo de Administración considera que, esta facultad adicional, que amplía el margen de maniobra y capacidad de respuesta respecto a la sola delegación de la facultad de ampliar el capital social, se justifica desde la agilidad y flexibilidad con la que en muchas ocasiones es preciso actuar en los mercados para aprovechar las condiciones más favorables en el contexto coyuntural adecuado.

Toda vez que dicha exclusión total es una facultad que la Junta delega al Consejo de Administración, su ejercicio responsable dependerá del criterio del propio Consejo, atendiendo a las circunstancias concurrentes y con respeto de las exigencias legales y el interés superior de la Sociedad.

Tal como establecen los apartados 3 y 4 del artículo 506 de la Ley de Sociedades de Capital, los acuerdos de ampliación que se adopten con base en la delegación de Junta acompañarán el correspondiente informe justificativo de los administradores, siendo el valor nominal de las acciones a emitir, más, en su caso, el importe de la prima de emisión, correspondiente con el valor razonable en los términos del apartado 3 del artículo 504, para lo cual este Consejo de administración lo pondrá a disposición de los accionistas y lo comunicará a la primera Junta General que se celebre tras el acuerdo de ampliación.

Con tales propósitos, se presenta a la Junta General de Accionistas la propuesta de delegar en el Consejo la facultad de aumentar el capital de la Sociedad en la cuantía que decida hasta la cantidad máxima equivalente al 20% del capital social en el momento de la autorización

TRES. PROPUESTA DE ACUERDO.

1. El texto íntegro de la propuesta de acuerdo que se somete a la aprobación de la Junta General extraordinaria de accionistas a celebrar el próximo día 19 de enero de 204 a las 13:30 horas, en primera convocatoria, y, en su caso, el 22 de enero de 2024 a la misma hora y lugar en segunda convocatoria, como punto II del orden del día, es el siguiente:

"Estudio y aprobación, en su caso, de la autorización al Consejo de Administración para que, conforme a lo dispuesto en el artículo 297.1.b), 506 y concordantes de la Ley de Sociedades de Capital, pueda realizar aumentos de capital, durante un plazo de cinco años, hasta la cantidad máxima del 20% del capital social en el momento de la autorización, en una o varias veces, mediante la emisión de nuevas acciones, con o sin voto, con la previsión de suscripción incompleta establecida en el artículo



507 de la Ley de Sociedades de Capital. Autorizar expresamente al Consejo de Administración, en los términos establecidos en el artículo 506 de la Ley de Sociedades de Capital, para que tenga la facultad de excluir el derecho de suscripción preferente si el interés de la sociedad así lo exigiera; así como de cuantos actos sean necesarios para su completa ejecución:

"Autorizar al Consejo de administración para que, conforme a lo que establecen los artículos 297.1.b), 506 y concordantes de la Ley de Sociedades de Capital, pueda acordar en una o varias veces el aumento de capital social hasta una cifra determinada en la oportunidad y en la cuantía que decida, de conformidad con las siguientes condiciones:

1. Plazo: La ampliación del capital social podrá efectuarse en una o varias veces dentro del plazo máximo de cinco años a contar desde la fecha de celebración de la presente Junta.

2. Importe máximo: El importe máximo total de la ampliación o ampliaciones que se acuerden al amparo de esta autorización no serán superiores a la cantidad máxima equivalente al 20% del capital social actual en el momento de la autorización.

3. Alcance: La autorización al Consejo, a través de la delegación de la Junta, para aumentar el capital social se extenderá, tan ampliamente como en Derecho pueda requerirse, a la fijación y determinación de las condiciones inherentes a cada una de las ampliaciones que se puedan efectuar en virtud de este acuerdo, a la realización de cuantos trámites resulten necesarios y a la obtención de cuantas autorizaciones requieran las disposiciones legales vigentes.

A título meramente enunciativo, y no limitativo, corresponderá al Consejo de Administración determinar, para cada aumento del capital social, el importe y fecha de la ejecución, el número de acciones a emitir, con o sin voto, con prima de emisión y sin ella, consistiendo el contravalor de las nuevas acciones a emitir en aportaciones dinerarias, pudiendo fijar los términos y condiciones del aumento de capital y las características de las acciones.

Asimismo, se autoriza expresamente al Consejo de Administración para que, de conformidad con lo previsto en el artículo 506 de la Ley de Sociedades de Capital, pueda excluir el derecho de suscripción preferente si el interés de la sociedad así lo exigiese.

4. Aumento incompleto: De conformidad con el artículo 507 de la Ley de Sociedades de Capital, en caso de suscripción incompleta del aumento o aumentos del capital social, éstos serán eficaces, quedando por tanto aumentado o aumentados sólo en la cuantía de las suscripciones efectuadas.


substrate AI

5. Entrega de las acciones: Se prevé expresamente en el marco de este acuerdo de delegación que el o los acuerdos de aumento de capital se inscriban en el Registro Mercantil antes de su ejecución al haber incluido la posibilidad de suscripción incompleta.

6. Modificación de los Estatutos Sociales: Por el hecho de la presente autorización, el Consejo de Administración queda facultado para, en su caso, dar nueva redacción al artículo de los Estatutos Sociales relativo a capital social, una vez acordado y ejecutado el aumento.

7. Admisión a negociación: Se solicitará la admisión a negociación de las nuevas acciones que se puedan emitir en virtud de este acuerdo en los diferentes sistemas multilaterales de negociación tanto en España -BMW Growth- como en Estados Unidos -OTC- o cualquier otro mercado regulado a través del sistema de dual listing.

Y a los efectos previstos en el artículo 286 de la vigente Ley de Sociedades de Capital, y para su puesta a disposición de los socios de la entidad, expide el presente Informe en Madrid, a 18 de diciembre de 2023.

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Don Lorenzo Serratosa Gallardo

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Don José Iván García Braulio

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Don Christopher Nicolas Dembik

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Don Tawhid Chtioui