



Magnasense AB (under change of name to Subgen AI AB)

Company description regarding the continued listing on Nasdaq First North Growth Market

IMPORTANT INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland, Iceland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

Eminova Partners
corporate finance

IMPORTANT INFORMATION

This company description (the "**Company Description**") has been prepared by the Board of Directors of Magnasense AB, corporate registration number 559222-2953 ("**Magnasense**" or the "**Company**") (under change of name to Subgen AI AB), in relation to the planned acquisition of all the shares in Subgen AI Limited, corporate registration number 15374966 ("**Subgen**" or, depending on the situation, the "**Group**" in which Subgen is the parent company), paid through a set-off issue of shares, and Magnasense's continued listing on Nasdaq First North Growth Market (the "**Transaction**" or the "**Reverse Takeover**"). The Company Description has been reviewed by Nasdaq Stockholm AB.

This Company Description does not fulfil the requirements of being a prospectus in accordance with Regulation (EU) No 2017/1129 (the "**Prospectus Regulation**") and has not been reviewed or approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen). This Company Description does not constitute an offer or invitation to purchase or subscribe for, or otherwise acquire, shares or any other financial instrument in Magnasense in either Sweden or any other jurisdiction. Distribution of this Company Description is subject to restrictions in law and other regulations. The Company Description may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, in or into the United States, Canada, Australia, Hong Kong, New Zealand, South Africa, South Korea, Switzerland, Singapore, Japan, Russia, Belarus or any other jurisdiction where such announcement, publication or distribution of this information would be unlawful or where such action is subject to legal restrictions or would require additional registration or other measures than those required by Swedish law. Actions contrary to this instruction may constitute a violation of applicable securities legislation. Persons who receive copies of this Company Description, or wish to invest in Magnasense, must inform themselves about and follow such restrictions. Swedish law is applicable in relation to this Company Description. Disputes regarding the Company Description and thereby applicable legal circumstances shall be handled under Swedish law exclusively.

RISKS

An investment in shares is associated with certain risks (investors are therefore encouraged to particularly read the section "Risk factors"). When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorised to provide any information or make any other statements other than those included in the Company Description. If given or made, such information or representation may not be relied upon as having been authorised by the Company nor should the Company be held responsible for such information or statements.

FORWARD-LOOKING STATEMENTS

The Company Description contains certain forward-looking statements that reflect Magnasense's views with respect to future events and financial and operational performance. Such words as "intends," "assesses," "expects," "can," "plans," "estimates" and other expressions that relate to indications or predictions concerning future development or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known as well as unknown risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. Factors that could result in Magnasense's actual earnings and performance deviating from the content of the forward-looking statements include, but are not limited to, the descriptions in the section "Risk factors". Forward-looking statements in the Company Description apply only as of the date of publication of the Company Description. Neither Magnasense nor anyone else give any undertaking that the Company will disclose any updates or revisions of forward-looking statements due to new information, future events or other such matters above and beyond what is required by applicable law or the rules of Nasdaq First North Growth Market.

INFORMATION FROM THIRD PARTIES

The Company Description contains information that has been obtained from third parties. All such information has been reproduced correctly. Magnasense's Board of Directors is responsible for this Company Description and has taken all reasonable precautions to ensure that the information provided in the Company Description complies with the actual facts. Although the Board of Directors believes that these sources are reliable, no independent verification has been made, so the accuracy or completeness of the information cannot be guaranteed. As far as the Board of Directors knows and can assure by comparison with other information published by third parties from which the information was collected, no information has been omitted in such a way that could make the information incorrect or misleading. Industry and market publications generally state that the information reproduced therein has been obtained from sources adjudged to be reliable, but the accuracy and completeness of such information is not guaranteed. Because the information has not been verified by the Company, the Company cannot guarantee the correctness of the market information contained in the Company Description, or that it has been collected or derived from these publications. The Company does not assume responsibility for the correctness of any industry or market information included in the Company Description that has been provided by third parties.

PRESENTATION OF FINANCIAL INFORMATION

Certain financial information and other information presented in the Company Description have been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns may not tally with the total amount specified. All financial amounts are presented in Swedish krona ("**SEK**"), unless otherwise indicated. "SEK thousand" refers to thousands of Swedish kronor and "SEK million" refers to millions of Swedish kronor. "EUR" refers to euro and "EUR million" refers to millions of euros, and "USD" refers to US dollars.

CERTIFIED ADVISER

Magnasense has engaged Eminova Fondkommission AB as Certified Adviser. Eminova Fondkommission AB does not own any shares in Magnasense.

TABLE OF CONTENTS

Description of the transaction	4
Risk factors	5
Background and motive	9
Business overview	11
Market overview	18
Financial information	21
Capitalization and indebtedness	25
Share capital and ownership structure	26
Board of Directors, executive management and auditor	29
Corporate governance	32
Proposed Articles of Association	34
Legal considerations and supplementary information	35
Addresses	38

FINANCIAL CALENDER

Year-end report 2025	31 March 2026
Annual report 2025	30 April 2026
Annual general meeting	21 May 2026

INFORMATION ABOUT THE ORDINARY SHARE

Number of outstanding ordinary shares	519,449,763,052
ISIN-code after planned reverse share split	SE0026820854
Proposed short name (ticker) after the Transaction	SUBGEN



DESCRIPTION OF THE TRANSACTION

On 22 July 2025, Magnasense entered into an agreement with the shareholders of Subgen to carry out a reverse takeover of Magnasense. The Transaction is intended to be completed through an issue of 499,081,015,965 ordinary shares and 498,987,606,931 shares of class A at a subscription price of SEK 0.0021865230 per share in Magnasense (the "**Consideration Shares**"). Upon completion of the Transaction, Subgen will be a wholly owned subsidiary of the Company, and the former main shareholders of Subgen will become the principal owners of the Company. Furthermore, following the Transaction, the Company's operations will consist of the business conducted by Subgen as of the date of this Company Description.

Atlas conversion

The completion of the Transaction is, inter alia, conditional upon the Company having entered into an agreement with Atlas Special Opportunities, LLC ("**Atlas**") which supersedes all previous agreements and arrangements with Atlas of whatever kind. Pursuant to this agreement, Atlas has irrevocably agreed that any and all of its outstanding debt and claims against Magnasense are to be converted into shares in Magnasense, to be registered with the Swedish Companies Registration Office (Sw. Bolagsverket) in connection with the registration of the Consideration Shares. Following such agreement, Atlas has no remaining claims, conversion rights or rights to receive any additional shares in Magnasense, whether under contract, statute or otherwise, other than the right to receive common shares upon registration of the conversion.

Exemption from the mandatory offer

Subgen AI Foundation will, through the Transaction and through closely related parties, acquire an ownership stake in the Company corresponding to at least 30 percent of the votes for the total number of shares in the Company after the Transaction. Subgen AI Foundation has applied to the Swedish Securities Council for exemption from the obligation to submit a public takeover bid for all shares in the Company to which Subgen AI Foundation would otherwise be subject to under the Stock Market Self-Regulation Committee's takeover rules for certain trading platforms.

Subgen AI Foundation will, through the Transaction, acquire an ownership stake in the Company corresponding to 72.0 percent of the votes for the total number of shares in the Company, and thus exceeding a holding of 30 percent of the votes in the Company triggering a mandatory obligation under the Stock Market Self-Regulation Committee's takeover rules for certain trading platforms to submit a takeover bid of all shares in the Company. Hence, Subgen AI Foundation has applied and has on 21 October 2025 received a conditional exemption (AMN 2025:48) from the Swedish Securities Council from the obligation to submit a public takeover bid for all shares in the Company. The exemption is conditional upon the shareholders of the Company being informed of the maximum capital and voting rights that Subgen AI Foundation may obtain, prior to the extraordinary general meeting to be held on 5 November 2025. The exemption is further conditional upon the shareholders of Magnasense being informed, prior to the extraordinary general meeting to be held on 5 November 2025 to decide on the Transaction, of the capital and voting rights that Subgen AI Foundation, and any other related natural or legal persons may obtain by subscribing for the shares in question. This information was included in the notice to the extraordinary general meeting published on 3 October 2025. Furthermore, the exemption is conditional upon that the resolution on the Transaction is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting, whereby shares held by Subgen AI Foundation and related natural or legal persons shall be disregarded in the vote count.

Extraordinary general meeting

Magnasense has issued a notice for an extraordinary general meeting to be held on 5 November 2025, to resolve on approval of the Transaction, issue of new shares, amendment of the articles of association, election of a new board composition, and other resolutions relating to the Transaction.

Ownership structure

The Transaction constitutes a so-called reverse takeover. After the completion of the Transaction, the shareholders of Subgen will hold approximately 98.0 percent of the number of shares and approximately 99.6 percent of the votes in the Company and the existing shareholders of Magnasense will hold approximately 2.0 percent of the number of shares and approximately 0.4 percent of the votes in the Company.

Changes to the Board of Directors and executive management

As part of the Transaction, changes will be made to the Company's Board of Directors and management. For information about the members proposed for election at the extraordinary general meeting on 5 November 2025, and the persons who will be appointed as senior management in connection with the Transaction, see the section "Board of Directors, executive management and auditor."

Name change

The Board of Directors of Magnasense has proposed a change of the Company's name from Magnasense AB to Subgen AI AB.

Planned reverse share split

The Board of Directors has proposed that the extraordinary general meeting resolve on a consolidation of ordinary shares (so-called reversed share split) whereby one thousand (1,000) ordinary shares are consolidated into one (1) ordinary share (1:1,000) as well as a consolidation of class A shares whereby one thousand (1,000) existing class A shares are consolidated into one (1) class A share (1:1,000). The purpose of the reverse share split is to achieve an appropriate number of shares for the Company following the proposed Transaction and related resolutions. In order to enable the reverse share split of ordinary shares and class A shares, the Board of Directors has further proposed that the extraordinary general meeting resolve to amend the Company's articles of association.



RISK FACTORS

In this section, the risks related to the Company are described as they would be after the Transaction.

An investment in the Company's shares is associated with certain risks. There are several risk factors that either can or could affect the Company's business after the acquisition of Subgen, both directly and indirectly. Described below are the risk factors and other factors deemed to be material to the Company's operations, financial development, and the future development after the acquisition of Subgen. The risk factors described below are limited to such risks that are specific to the Company and/or its shares and that are deemed material in order to make a well-founded investment decision. The assessment of the probability and potential extent of negative impact is based on the board's knowledge and perception as of the date of the Company Description.

The Company has assessed each risk based on the probability that the risk occurs using the scale (i) low, (ii) medium and (iii) high, and the adverse impact on the Company's operations should the risk occur using the scale (i) low, (ii) medium and (iii) high

The probability and extent of risks that can be realized may deviate from the board's assessment as of the date of the Company Description, partly because the risks are beyond the Company's control. If the risks were to be realized, the share price could fall, and investors could lose part or all of their investment.

An investment in the Company's shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford to lose a portion or all of the investment. Information on risk factors is presented as of the date hereof and is subject to change, completion, or amendment without notice.

RISKS RELATING TO SUBGEN'S BUSINESS, INDUSTRY AND MARKETS

Macroeconomic factors impact on the Company

The Company is dependent on there being demand for its products. A less favourable development in macroeconomic factors such as inflation, currency exchange rates, consumer spending and savings, interest rates etc. can have a negative impact on the Company's business. Businesses' willingness to invest in artificial intelligence ("AI") solutions may decrease during economic downturns as businesses reduce discretionary technology spending and delay software implementations. Rising interest rates affect both the Company's access to capital and customer investment decisions, while inflation increases operational costs including talent acquisition and cloud infrastructure expenses that may be difficult to pass on to customers. The Company's international operations expose it to foreign exchange risks that could materially impact financial results when revenues and costs are incurred in different currencies. Increasing geopolitical tensions and trade restrictions could limit market access through export controls on AI technology, data localisation requirements, and national security considerations that may exclude the Company from significant market segments. Economic uncertainty and sector-specific downturns affecting key customer industries could reduce demand for AI solutions and lead to adverse effects on the Company's earnings.

The Company assesses that there is a medium to high probability that the risk occurs, and that the risk, if it occurs, would have a medium to high adverse impact on the Company's operations.

Market competition and customer acceptance

The Company faces intense competition and its ability to compete depends on continued market acceptance, and the development of the market for enterprise AI solutions. In case the market does not grow as expected the Company may lose market share to competitors with greater resources, established customer bases, and broader product portfolios.

The Company competes with internal IT organisations, commercial enterprise software providers, open-source software providers, system integrators, and legal data management providers. Open-source software characteristics create fewer technology barriers to entry for new competitors. Many competitors have substantial advantages including greater name recognition, larger

customer bases, and substantially greater financial and technical resources.

As markets grow, the Company may be unable to attract customers at historical prices or pricing models. Large customers may demand higher price discounts, requiring the Company to reduce prices or offer alternative pricing models. Failure to satisfy customer demands or achieve increased market acceptance could adversely affect business performance. Long and unpredictable sales cycles, particularly for large subscriptions, require considerable time and expense. The Company's revenue growth is dependent on attracting new customers and retaining existing customers who renew and expand their subscriptions.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

The Company is dependent upon key persons and employees

The Company's success depends on retaining key members of its senior management team, including its CEO, whose experience and knowledge are vital for successful business development. The Company faces competition for qualified personnel within all functions e.g. data science, engineering, and sales. The Company's ability to attract and retain qualified personnel while maintaining company culture is critical for success. Failure in these areas could prevent successful strategy implementation.

The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a high adverse impact on the Company's operations.

Product and brand development

The Company's ability to expand its customer base depends on developing and maintaining the Company's brand and marketing capabilities. Building brand awareness requires significant investment without guarantee of corresponding revenue increases, and brand promotion activities may not offset expenses incurred in building brand reputation.

The Company must continuously respond to rapid technological changes and develop new features to remain competitive. There is a risk that the Company may experience difficulties with software development that could delay new product releases or result in performance issues.



The Company relies on its customer base for product feedback, and failure to maintain customer loyalty could result in loss of existing customers and partners. Negative publicity relating to employees, partners, or associated parties may damage the Company's reputation and reduce brand value.

If the Company fails to innovate successfully, keep pace with technological developments, or maintain its brand and reputation, it may lose market share to competitors. Efforts to restore damaged brand value may be costly and unsuccessful.

The Company assesses that there is a low probability that the risk occurs, and that the risk, if it occurs, would have a medium adverse impact on the Company's operations.

Strategic partnerships

The Company's revenue growth depends partly on successful strategic relationships with third parties, including channel and sales partners. If these relationships are not established and maintained the Company's business may be adversely affected. Changes in third-party terms of service, discontinuation of access, or preferential treatment of competitors could harm the Company's business. The Company must be able to modify its products and services to maintain compatibility in a timely and cost-effective manner. Failure to provide high-quality maintenance and support services could result in negative publicity, potentially damaging the Company's reputation, harming customer relationships and reducing demand for its products and services.

The Company assesses that there is a low probability that the risk occurs, and that the risk, if it occurs, would have a medium adverse impact on the Company's operations.

RISKS RELATING TO LEGAL, REGULATION AND TAX

Regulatory requirements impact on the Company

Any failure to adhere to regulatory requirements pursuant to existing and/or future laws and regulations may result in injunctions for business halts, fines, or other consequences with severe negative effects on the continuation of the Company's business.

The Company is subject to numerous privacy, data protection and information security laws including GDPR and EU AI Act, which impose stringent requirements and significant penalties for non-compliance. The regulatory framework is constantly evolving and may conflict between jurisdictions. Failure to comply could result in fines, litigation and loss of customer trust. There is further a risk that the Company will not have the ability to obtain and retain requisite approvals and permits from relevant governmental authorities and other organizations, or comply with applicable laws and regulations, without incurring undue costs and delays, which may result in financial losses or other harm to the Company.

The Company is also exposed to changes in law, regulation and governments and regulatory interpretations of provisions for which no clear guidance or precedent may be available. Failure to comply with regulations may lead to increased costs and have an adverse impact on the Company.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it occurs, would have a high adverse impact on the Company's operations.

Cybersecurity and data breaches

The Company relies on third-party service providers for hosting and delivery, where interruptions could impair products and harm business. Failure to comply with privacy, data protection, and AI regulations could result in significant liabilities. Security breaches and unauthorized access to data

could result in litigation, regulatory enforcement, significant liabilities and reputational harm. The Company processes sensitive data including personal and financial information, making it a target for cyberattacks. The Company has contractual legal obligations to notify customers and regulatory authorities of security breaches, which are costly and could lead to negative publicity. Customer agreements may require industry-standard security measures, and any breach may increase the likelihood of costly customer audits. The Company's third-party service providers may also be vulnerable to security breaches that could affect the Company's business.

The Company could suffer disruptions, outages, defects, and other performance and quality problems with its AI Suite or underlying cloud infrastructure. An actual or perceived security breach could lead to claims of non-compliance with legal or contractual obligations, potentially resulting in customer contract terminations. The Company may be required to modify its AI capabilities or business activities in response to security incidents.

Insurance coverage may not be adequate for data security liabilities, and damages could be significant and may exceed coverage limits. Reliance on open-source software may create fewer technology barriers for competitors and expose the Company to potential litigation. Dependence on third-party development of open-source technologies creates additional operational risks.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it occurs, would have a high adverse impact on the Company's operations.

Intellectual property

The Company may become party to intellectual property rights claims and litigation matters that could result in significant legal costs and potential damages. Indemnity provisions in commercial agreements expose the Company to substantial liability for IP infringement claims. The Company's use of open-source software and third-party AI models creates additional IP risks, as licensing terms may change, or conflicts may arise. Failure to protect proprietary information and intellectual property rights could diminish the Company's brand value and competitive position.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it occurs, would have a medium adverse impact on the Company's operations.

Tax compliance and liability risks

The Company is subject to income taxes and other taxes in various jurisdictions and may face exposure to greater than anticipated tax liabilities. The Company's effective tax rate could fluctuate due to changes in the proportion of earnings and losses in countries with differing statutory tax rates changes in non-deductible expenses, changes in the valuation of deferred tax assets and liabilities, and the applicability of withholding taxes.

The Company may be required to collect additional sales tax, VAT, or other taxes in jurisdictions where it has not historically done so. Tax authorities may assert that the Company should collect such taxes on its subscription services, potentially resulting in substantial liabilities, administrative burdens, and reduced customer demand due to increased costs.

Changes in tax legislation, regulations, and administrative interpretations could materially affect the Company's financial condition. The Company is subject to review and audit by tax authorities who may disagree with tax positions taken by the Company. International tax reforms, including the OECD's Base Erosion and Profit Shifting framework (Pillar One and Pillar Two), could impose additional compliance requirements and affect the Company's effective tax rate.



The provision for taxes could be impacted by changes in accounting principles, international tax law applicable to multinational corporations, results of tax examinations, settlements, judicial decisions, and business operations including acquisitions. Failure to comply with evolving tax obligations could result in penalties, interest changes, and harm to the Company's business operations.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it occurs, would have a medium adverse impact on the Company's operations.

Legal proceedings and litigation risks

The Company may become involved in legal proceedings and disputes relating to its business operations. Such proceedings may include disputes concerning intellectual property rights, patent validity, contractual matters, or other commercial disputes. Legal proceedings can be time-consuming and costly to defend, disrupt ongoing business operations, and involve significant financial amounts or other matters of material importance to the Company's business and reputation.

The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

Accounting standards & valuation

Changes to applicable accounting standards or the interpretations thereof could have material adverse effects on the Company. Valuation methods for certain assets within the Company and its funds involve subjective judgements and assumptions. The fair value of assets established pursuant to such methodologies could, therefore, be incorrect, potentially resulting in the misstatement of fund performance and investment income.

The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the Company's operations.

FINANCIAL RISKS

Capital requirements and financing

The Company may require additional capital to fund its operations and growth initiatives. Adequate sources of capital funding might not be available when needed or may only be available on unfavourable terms. If funding is insufficient at any time in the future, the Company may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Company's financial condition and results of operations.

The Company's ability to obtain financing will depend on development efforts, business plans, operating performance, and condition of capital markets. Future equity financing could result in dilution to existing shareholders. Any debt financing could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and pursue business opportunities.

If the Company is unable to achieve sufficient liquidity levels, it may face operational challenges and reduced investment in its products. The Company may acquire other businesses, which could require significant management attention and disrupt business operations. Failure to obtain further required funding could materially and adversely affect the Company's business, results of operations and financial condition or prospects.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

Profitability and operating losses

Although the Company has profits in 2024, it has a history of operating losses and may not achieve or sustain profitability in the future. Sales cycles can be long and unpredictable, particularly for large subscriptions, requiring considerable time and expense. Sales cycles generally range from two to three months but can extend over several years for large organisations. The Company invests substantial resources in sales efforts without assurance that these efforts will produce sales or justify upfront investments.

Individual sales tend to be large as a proportion of overall sales, creating significant volatility in quarterly results and impacting the ability to plan and manage cash flows. These large sales may occur later than anticipated or not at all. Most expenses are relatively fixed and require time to adjust, making it difficult to adjust cost structure on a timely basis if business expectations are not accurate.

The Company expects increased costs for research and development, sales and marketing, operations expansion, and compliance. These investments may be costlier than expected, revenue may be slower than anticipated, and the Company may not increase revenue enough to offset increased operating expenses. If the Company cannot achieve and sustain profitability, business value may significantly decrease.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

RISKS RELATING TO THE SECURITY

Share lending

The Company has entered into two similar share lending agreements regarding the shares in Substrate Artificial Intelligence, S.A. The borrower of the shares is Atlas Capital Markets and the share lending agreements constitutes a counterparty risk for Subgen. Should the borrower become insolvent, or fail to redeliver equivalent shares, Subgen will risk not receiving all or any equivalent shares. The share lending agreements will potentially leave Subgen dependent on the borrower's financial capacity and market conditions at the time of redelivery of equivalent shares. Upon default, the remedies for Subgen are limited to acceleration of the maturity date and termination of the agreements, with no guarantee of share recovery or additional securities.

The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a high adverse impact on the Company's operations.

New issue of shares may affect the price of outstanding shares and lead to dilution

Any future share issues may have a material adverse effect on the price of the shares. Although existing shareholders have certain preferential rights in share issues according to Swedish law, such issues may be conducted with deviation from existing shareholders' preferential rights, which may lead to dilution of existing shareholders' proportional ownership and voting rights.

The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the Company's operations.

The Company is subject to marketplace risk

The Company has applied for continued listing of its shares on Nasdaq First North Growth Market. An investment in a company traded on Nasdaq First North Growth Market is a riskier investment than an investment in a company on a regulated market. Nasdaq First North Growth Market does not have the same legal status as a regulated market and



does not impose equal demands on the Company regarding for example disclosure of information or corporate governance as for companies on a regulated market. Companies on Nasdaq First North Growth Market are governed by a specific rule book and not by the legal requirements imposed on companies on a regulated market.

Shares listed on Nasdaq First North Growth Market normally offer less turnover compared to the Nasdaq Main market.

The daily turnover in the amount traded in the Company's ordinary shares varies over time and spreads between bid and ask prices can be significant. Factors impacting the liquidity in the shares range from internal factors to external factors such as general business conditions, appetite for technology stocks etc. There can be no assurance that trading in the ordinary shares will be active, hence shareholders who want to sell their shareholding in the Company might not experience sufficient liquidity.



BACKGROUND AND MOTIVE

BACKGROUND

Magnasense completed a partially secured rights issue in May 2025 to strengthen working capital and advance its oral-health project. While the net proceeds enabled settlement of some of the outstanding creditor obligations and funding of near-term activities, it was not sufficient for Magnasense's longer-term capital requirements. In order to strengthen its balance sheet and sustain development activities, the Board of Directors of Magnasense explored alternative solutions. Subgen's proposal offered a compelling path forward, aligning shareholder interests, preserving the Nasdaq First North Growth Market listing and providing both working capital and a clear strategic platform for future growth.

On 22 July 2025, Magnasense entered into an agreement with the shareholders of Subgen regarding a reverse takeover under which Magnasense will acquire all outstanding shares in Subgen by issuing new shares to the shareholders in Subgen. The shareholders of Subgen will hold approximately 98 percent of the total number of shares in the Company and Magnasense's current shareholders, including Atlas after conversion of its claims and debts against Magnasense, will hold approximately 2 percent of the total number of shares outstanding in the Company after the Transaction. Upon completion of the Transaction, Subgen will become a wholly-owned subsidiary of Magnasense and thereby gain immediate access to public equity markets in the Nordics without a traditional initial public offering.

INTRODUCTION TO SUBGEN

Subgen is an enterprise artificial intelligence company dedicated to accelerating secure and sovereign generative AI adoption in large organizations and government agencies. The Company's flagship offering, Serenity Star, is an AI-as-a-Service (AlaaS) platform that unifies centralized model management, agent-driven workflows and real-time performance monitoring. Serenity Star provides access to over one hundred large-language models, including both proprietary Subgen models and best-in-class third-party engines, alongside built-in security and compliance controls that satisfy the strictest regulatory regimes in finance, healthcare and government.

To support its software offering, Subgen holds a controlling interest in Substrate Artificial Intelligence, S.A. ("**Substrate AI**"), which has been listed on BME Growth in Spain since May 2022. Substrate AI serves as a holding company for the group's infrastructure ventures and leads the roll-out of next-generation AI factories. The first of these is the Talavera de la Reina data center, developed with a EUR 20 million government grant and optimized for low-latency, sovereign compute. Over the next five years, Subgen intends to bring a total of 50 megawatts of AI-optimized capacity into operation across Europe, ensuring clients benefit from proximity compute, predictable performance and full data sovereignty.

A Nasdaq First North Growth Market listing through the reverse takeover will provide Subgen with access to the Nordic capital market and a broad investor base in Sweden and the wider Nordic region. This listing will also strengthen the Company's visibility among enterprise and government customers that demand data sovereignty and regulatory compliance, provide liquidity to shareholders and support future growth. Subgen's board and management view this Transaction and the subsequent listing as a pivotal milestone for delivering sustained long-term value to clients, partners and investors.

The Board of Directors of Magnasense AB (under change of name to Subgen AI AB) is responsible for the contents of this Company Description. We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of Board meetings, auditors' records and other internal documents is included in the Company Description.

Magnasense AB

(under change of name to Subgen AI AB)

The Board of Directors





BUSINESS OVERVIEW

INTRODUCTION

Subgen is an enterprise artificial intelligence company that develops AI infrastructure and its own agent-centric AI-as-a-Service software platform. Subgen offers an end-to-end solution to help organizations scale and boost their use of generative AI. The company was founded in 2023 as the parent company of a group whose origins date back to 2017.

Headquartered in London and supported by an organization of over 140 employees, Subgen is expanding rapidly. The company is building purpose designed data centers and serving enterprise clients in sectors such as healthcare, energy, legal and human resources across Europe, the United States and Latin America. The company has commercial offices in the U.S., France, Spain, Uruguay and Brazil, supported by a development hub and AI infrastructure in Europe, as well as an integration company in Argentina.

Today, enterprises around the world are eager to integrate generative AI (GenAI) into their operations to boost productivity and drive innovation. However, large companies and governments have difficulties adopting this technology. The main challenges hindering adoption are data security, operational transparency and reliable infrastructure.

Subgen's approach is tailored to remove these barriers by delivering a clear and proven software platform together with high performance infrastructure to accelerate the

adoption of AI in large businesses and government agencies. At the heart of the solution is Serenity Star, the company's proprietary AlaaS platform, supported by specialized AI infrastructure. Serenity Star provides an intuitive interface for centralized model management, agent-driven workflows and real-time performance monitoring, empowering organizations to deploy and scale AI with confidence. The infrastructure is designed to meet enterprise grade requirements for uptime, scalability and data sovereignty. Together, the platform and infrastructure ensure full traceability and governance for every AI driven decision.

Subgen integrates cutting-edge AI models with built-in security features and compliance controls to help organizations overcome common deployment challenges. By leveraging over 100 large language models (LLMs) from leading providers and a comprehensive library of agent-based workflows, Serenity Star dynamically matches each workload to the optimal model and process, ensuring both high performance and precise business outcomes. Clients gain access to a growing library of pretrained and customizable models alongside a secure environment that upholds rigorous standards. This combined offering ultimately maximizes the long-term return on AI investments by reducing time to value and eliminating the need for hidden technology layers.

VISION

Artificial intelligence will be everywhere, a force powering every function of modern organizations. Companies and governments will rely on dozens of AI agents, each driving value across every department, including finance, marketing, sales, corporate governance, compliance, logistics, and beyond. We believe that this shift will be as big as the software revolution of the 1980s or the rise of the internet in the 1990s. By championing trustworthy AI, rooted in security and clear principles, we strive to help shape a future where Europe leads at the heart of a new world.

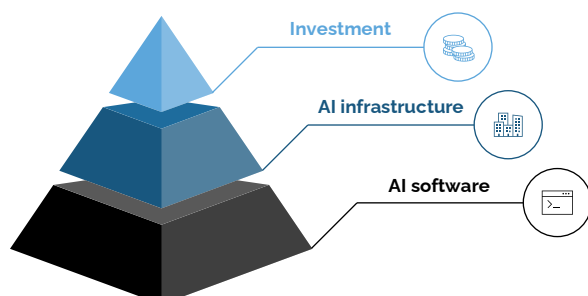
MISSION

Subgen empowers companies and governments around the world to lead the AI revolution, delivering everything from a cutting-edge AI platform and computing power to expert AI teams, training, and ongoing support. Our mission is to guide organizations through this transformation while upholding core EU principles like data security, human oversight and ethical performance.



BUSINESS MODEL

Subgen aims to boost businesses through AI by providing an end-to-end, secure AI ecosystem comprising proprietary software platforms and dedicated infrastructure. The company operates a hybrid business model with three primary pillars: (1) an AI-as-a-Service software platform (Serenity Star) for enterprise Generative AI applications, (2) AI infrastructure services (Substrate Cloud and data centers) for high-performance computing, and (3) acquiring and transforming companies with its own technology.



Subgen generates revenue from software subscriptions and licensing, AI solution implementation services, and infrastructure capacity sales such as Graphics Processing Units (GPU) cloud services and future data center colocation. The company engages in a form of venture-building and has invested in or acquired multiple technology companies where its AI solutions can add value, thereby creating synergistic business units under the Group. This integrated approach allows Subgen to capture value across the entire AI value chain, from AI software development and deployment to consulting/integration projects, to cloud infrastructure provisioning.

In addition to software subscriptions, licensing fees and infrastructure capacity sales, Subgen structures its implementation services to drive predictable, recurring revenue. Engagements begin with proof-of-concept pilots which, once validated, convert into full-scale Serenity Star subscriptions and long-term infrastructure contracts. This pilot-to-deployment model not only accelerates customer onboarding but also increases contract visibility and retention, reinforcing the Group's integrated AI-software and infrastructure ecosystem.

Subgen also generates revenues through their transformed subsidiaries. The most important ones in healthcare and HR sectors.

STRENGTHS AND COMPETITIVE ADVANTAGES

Subgen has developed several strengths that give it a competitive edge in the fast-growing AI industry. Fundamentally, the company addresses the key challenges that large organizations face in adopting AI, namely cost, data security, regulatory compliance, and technical integration. Through an integrated software and infrastructure solution, Subgen eliminates the need for multiple vendors, thus offering a smoother and more secure AI deployment.

Efficiency gains and client value

Adopting generative AI within organizations can be expensive and time-consuming, especially if a company must invest in scarce and costly hardware or hire large technical teams. Subgen's approach aims to reduce this barrier through its AI-as-a-Service model, turning what could be a high upfront cost into a more manageable operational expense. The Serenity Star platform further incorporates intelligent cost-management features, such as automatically choosing the most efficient AI model for each task to mitigate computing expenses.

Increased need for security and compliance

Subgen's offering is built around data security and regulatory compliance, both critical for large corporations and governments. Serenity Star was designed with enterprise-grade safeguards, including advanced governance tools that automatically detect and mask confidential information, as well as detailed audit trails of AI interactions that enforce organizational policies. Subgen's compliance module allows companies to configure custom rules aligned with industry regulations and monitor AI activities in real time. This built-in compliance framework aims to support transparency and control, giving cautious clients the confidence to deploy generative AI at scale while meeting strict security requirements.

Geographical width

Subgen operates globally with commercial offices in the United States, France, Spain, Uruguay and Brazil, supported by a development hub and AI infrastructure in Europe, and an integration unit in Argentina. This multi-continent presence provides local expertise in regulations, languages and industry practices, enabling rapid engagement with enterprise and public-sector clients. Subgen delivers proof-of-concepts in local time zones and adapts solutions to jurisdiction-specific compliance. This structure is intended to create the agility needed to scale operations quickly, as it allows Subgen to mobilize expert teams for new deployments, integrate client feedback in real time and maintain high service levels as demand grows.

Local infrastructure

The global surge in AI workloads has strained existing hyperscale data center capacity, while regulators increasingly require sensitive data to remain within national or regional borders. Subgen seeks to address these challenges through local and regional AI-optimized facilities that deliver low-latency access, comply with data-sovereignty laws, and mitigate cross-border data transfer risks. By situating data centers in key jurisdictions, Subgen provides infrastructure that aligns with local regulations and performance expectations. As demand for generative AI continues to grow, Subgen's regional build-out positions the company to deliver secure, high-performance infrastructure where and when clients need it.

Technological flexibility and position within the AI ecosystem

Subgen's open platform connects seamlessly to hundreds of leading language models from providers such as OpenAI, Anthropic and Google, as well as client owned models. This model-agnostic design prevents vendor lock-in and ensures access to the latest advances in the AI space. In addition to models, Serenity Star offers a library of pre-built agents, domain-specific co-pilots and plug-and-play integrations for common enterprise applications. Its modular architecture orchestrates complex multi-agent workflows and external tools into tailored solutions across industries. This flexibility empowers organizations to assemble and scale AI capabilities without the need for additional development.

Experienced team and talent retention

Subgen's executive team brings proven expertise in scaling GPU-based cloud services, engineering, high-performance data center platforms and driving global technology sales. Management is supported by a board and advisory group with backgrounds in AI research, venture financing and compliance in regulated sectors. Their collective insight guide Subgen's strategic direction to reflect the requirements of large enterprises and government agencies.

The company's global presence also provides access to diverse talent pools and supports employee engagement and retention through proximity to key markets and cross-regional collaboration.



HISTORY

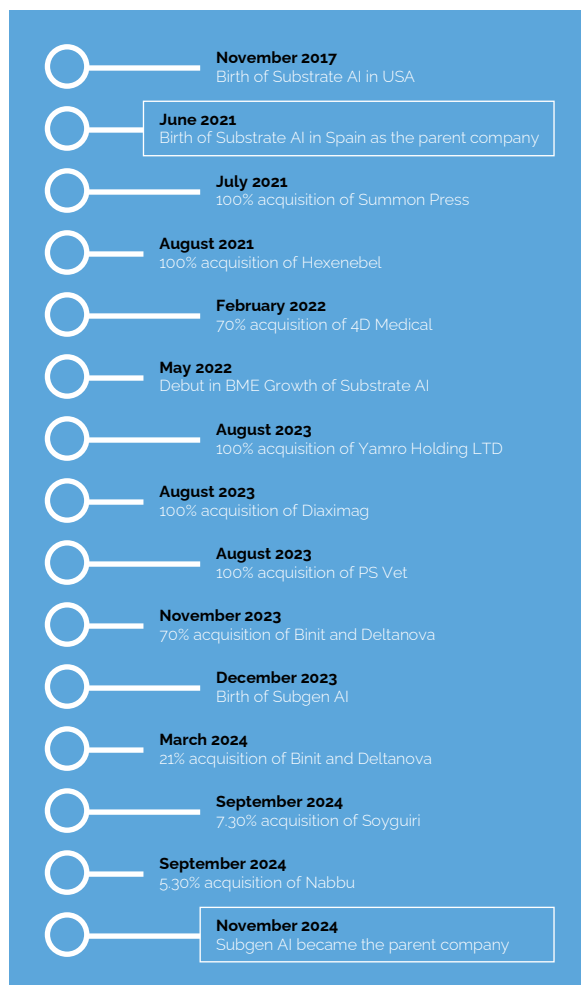
Subgen's journey began in 2017 in the United States, when Lorenzo Serratosa and José Iván García met Bren Worth, who was independently developing his own AI technology. Together, they founded Substrate LLC, applying Worth's proprietary AI technology within the financial sector in the U.S. At the time, José Iván García and Lorenzo Serratosa were managing a financial company in Spain. In 2021, they decided to merge their business with Substrate LLC, forming Substrate AI SA and choosing Europe as the primary market for scaling AI development. Recognizing that Europe was lagging behind the U.S. in AI adoption, they saw a strategic opportunity to lead the transformation on the continent.

Between 2021 and 2022, Substrate AI expanded rapidly, incorporating several companies into the group through acquisitions and capital increases. These acquisitions included Zona Value Global S.L. (holding company of KAU Markets EAF S.L.), Substrate AI USA Inc. (holding company of Saivers AI LLC), and Substrate AI Spain, S.L. (holding company of Boalvet AI, S.L. and Airen IA de Energías Renovables, S.L.), and a 70 percent stake in Cuarta Dimensión Médica, S.L., a leading AI healthcare company that went public on the Spanish BME growth on 17 May 2022 as part of the Substrate AI group.

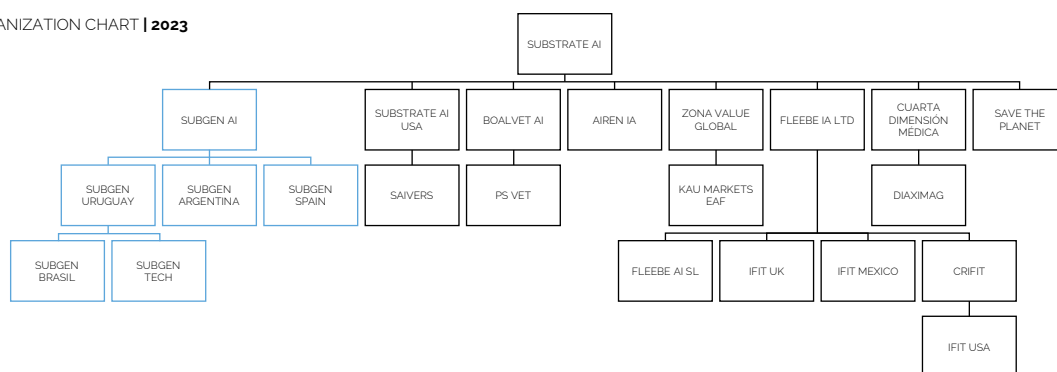
In 2023, Substrate AI acquired Yaro holding LTD, a global HR company, Diaxemag SL in the healthcare sector, PS Vet in agritech, and Binit in software development. In December 2023, Subgen AI was established in London as the new parent company of the entire group.

During 2024, the group matured into its current form. The group continued to grow in revenue, EBITDA, and client base, while laying the groundwork to take both Subgen and Cuarta Dimensión Médica S.L. public. In parallel, Subgen also made strategic venture investments in startups such as Soygiiri, Nabbu, and Nubbo, all focused on integrating AI into their business models.

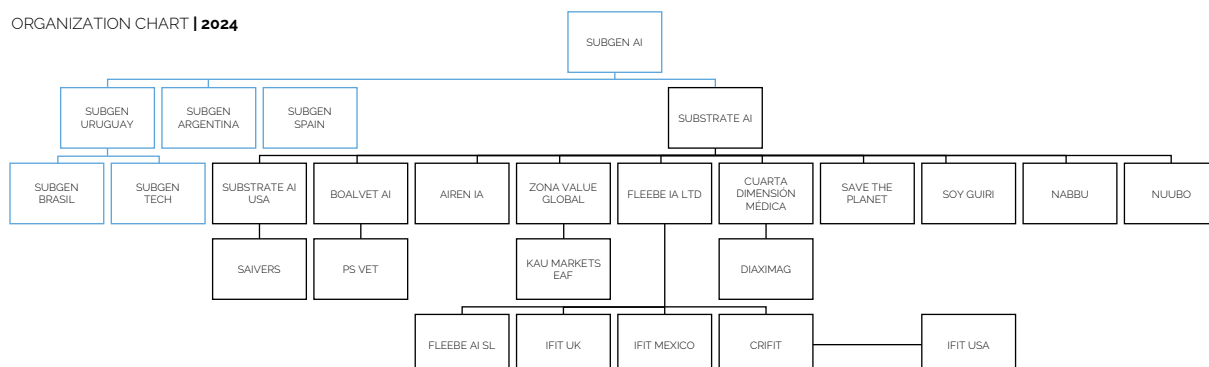
In the first half of 2025, the group further expanded in the HR sector by acquiring Developing Talent (DT) in Switzerland.



ORGANIZATION CHART | 2023



ORGANIZATION CHART | 2024

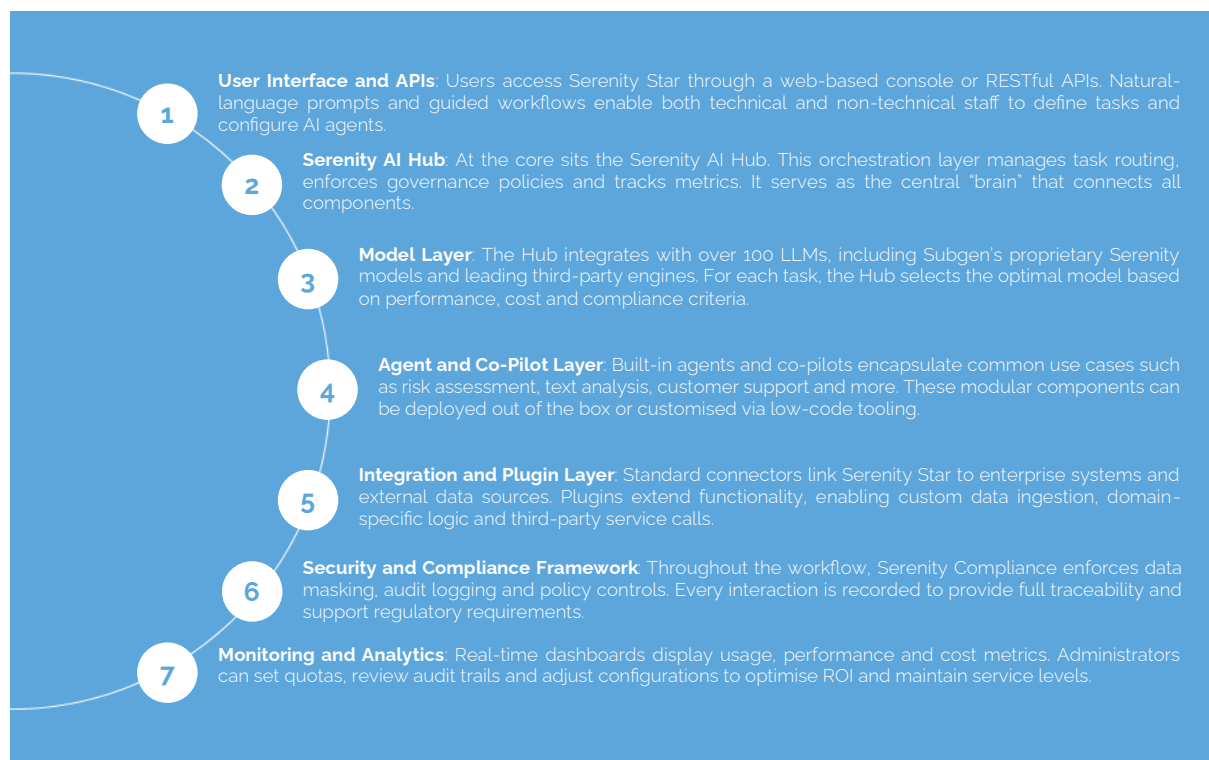




SERENITY STAR

Serenity Star is Subgen's flagship Multi-Agent System (MAS) platform, enabling enterprises to design, deploy and govern cooperating AI agents while providing an integrated sovereign-cloud stack, granular cost control and EU-compliant governance. At its core, Serenity Star is an agent-centric platform that allows users to create, deploy, and manage AI-powered "agents" and co-pilot applications through an intuitive interface.

With Serenity Star, Subgen delivers a one-stop GenAI solution that accelerates digital transformation while mitigating the typical risks of AI deployment. The platform reduces implementation times from months to days through rapid prototyping tools, empowers both technical and non-technical users to collaborate in AI projects, and provides the oversight required for long-term sustainability of AI initiatives.



INFRASTRUCTURE

Recognizing that advanced AI software requires strong computing power, Subgen complements its AI software with a strategy focused on AI infrastructure development through its subsidiary Substrate AI. Under the brand Substrate Cloud, the company is building "Sovereign AI" infrastructure in Europe by offering GPU-as-a-Service cloud computing and investing in proprietary data centers, referred to as "AI factories", to support both Subgen's clients and the broader market's need for AI computation.

GPU cloud services

With a planned launch in late 2025, Substrate Cloud will provide on-demand GPU compute to startups, enterprises, and public institutions. Targeting organizations that require NVIDIA hardware for AI model training and inference but also seeks local/EU-based providers for security and compliance, Subgen Cloud aims to address the rising demand for AI compute while ensuring data sovereignty. Subgen plans to position itself as a European alternative to U.S. hyperscalers, focusing on processing data within national jurisdictions to help reduce the risks of uncontrolled data dissemination. The initiative is supported by partnerships with global tech companies, including Lenovo, Dell or NVIDIA, and stakeholders like Acciona, alongside a growing network of resellers and integrators across Europe and the U.S.

50 MW data center build-out

In parallel with the roll-out of Substrate Cloud, Subgen will undertake a development project to construct up to 50 MW of AI data center capacity in Spain, starting with a 5 MW facility in Talavera de la Reina, Castilla-La Mancha. Designed for high-density GPU computing and sustainability, these next-generation facilities will provide colocation and sovereign on-premise solutions for clients requiring secure, dedicated AI infrastructure. By 2024, Subgen had already secured long-term contracts with companies seeking such sovereign hosting for their AI workloads. Energy and grid availability are central to the plan, and with congestion restricting growth in Europe's main data hubs (FLAP-D), Subgen plans to capitalize on available capacity in European regions such as Castilla-La Mancha.

Integrated cloud-software offering

By combining infrastructure through Substrate Cloud with software through Serenity Star, Subgen delivers an end-to-end solution that allows clients to scale AI applications on a secure cloud with defined data residency while leveraging Subgen's AI software tools. This integrated model is a strategic differentiator, as clients adopting Serenity Star can choose to run it on Substrate Cloud or in Subgen's data centers, ensuring data remains on controlled European soil while gaining optimized performance from custom-tuned hardware. Subgen's own LLM initiatives, such as the Serenity Compliance 7B model, deploy directly on this infrastructure to provide on-premise large-model capabilities.



INVESTMENT STRATEGY

When investing in other companies, Subgen focuses on businesses with over EUR 1 million in annual revenue and profitable at the EBITDA level. Companies must demonstrate a well-defined product or service offering, a strong client base, and capable, forward-thinking management teams. These criteria are essential, not only as indicators of a healthy, scalable business, as they provide the ideal foundation for meaningful AI integration.

Subgen's approach is not to invest passively, but to actively apply its deep AI expertise to enhance the core business of each portfolio company. By embedding AI technologies into existing operations, Subgen helps companies increase profitability, streamline processes, and generate actionable insights from their data. More importantly, the Group works to develop entirely new products and services, tailored to the needs of the company's existing customer base, leveraging AI as a value-creation engine rather than just a tool.

This strategy has been successfully applied in sectors such as healthcare, energy, agritech, fintech, and HR, where the combination of domain-specific knowledge, quality data, and operational complexity creates ideal conditions for AI-driven transformation.

To expand this model and involve other capital partners, Subgen is creating a dedicated venture fund. This fund will allow strategic investors to participate alongside the Group in a focused portfolio of AI-transformed businesses, each one selected and supported based on Subgen's proven framework for value creation through artificial intelligence.

STRATEGY

Artificial intelligence is reshaping every industry, and Subgen aims to help lead this transformation by executing a focused growth strategy built on infrastructure expansion, continuous platform innovation through strategic collaborations and accelerated market penetration, leveraging both organic growth and strategic acquisitions.

The company is accelerating its data center build-out to secure a scalable, compliant infrastructure backbone for its offerings. Over the next five years, Subgen plans to develop a total of 50 MW of data center capacity. The first phase is underway with a flagship next-generation AI data center project in Talavera de la Reina, Spain, supported by a EUR 20 million government grant. This facility will deliver 5 MW of AI-optimized capacity, fully expandable to 10 MW and serving as a template for future sites in Spain and beyond. Owning this capacity ensures predictable service levels, data-sovereignty controls and performance guarantees for Serenity Star clients.

Continuous platform innovation is driven by Subgen's in-house research and development organization and by strategic partnerships. The R&D team, led by CTO Bren Worth, has produced a portfolio of more than 15 AI-related patent cases underpinning its technology. Innovations such as a compliance-focused large language model, launched in 2024, keep the company's platform on the cutting edge, attracting enterprise customers seeking the latest AI capabilities.

Subgen has partnered with NVIDIA to integrate NVIDIA AI Enterprise software and the latest NVIDIA GPUs into its Substrate Cloud infrastructure, ensuring certified, secure middleware and high-performance compute for enterprise workloads. On the partnership front, Subgen has forged alliances with industry specialists to accelerate its infrastructure rollout, such as working with Orbital Materials on sustainable data center design and with Kyndryl on

operations management. This strategy of leveraging expert partners supports fast scaling and rapid rollout of new high standard infrastructure, without diverting focus from core software development.

Subgen is executing a multi-regional go-to-market plan. In Europe, the company is converting pilot projects in healthcare, energy, legal and human-resources into enterprise-wide deployments. In the United States, a dedicated sales team is securing proofs-of-concept with large corporations and government agencies in one of the world's most advanced AI markets. Latin America represents an adjacent growth opportunity, where localized support hubs will enable rapid customer onboarding and compliance expertise. This geographic diversification allows Subgen to capture market share efficiently and to tailor its offering to the needs of regulated industries.

PATENT PORTFOLIO

Subgen's patent portfolio is an important asset as it protects inventions, methods, and technologies central to the company's operations. Patent protection helps prevent competitors from acting within the scope of Subgen's intellectual property rights and strengthens the company's market position.

- The portfolio currently consists of **16 patent cases**, of which **4 patents have been issued** in the United States covering methods to adaptively optimize functions within reinforcement learning.
- In addition, **6 applications are pending** at various stages of examination, including methods for automation of AI model management, efficient reinforcement learning implementation, and multi-modal agent systems.
- The company also has **2 expired provisional applications**, while the remaining cases are under review or in preparation.

As of the date of this Company Description, none of Subgen's patents are considered material to the company's operations as a whole, and no patents connected to a material product or service are set to expire within the coming 12 months.

TARGET CUSTOMERS

Subgen's customers are primarily large enterprises and public sector organizations that are seeking to implement generative AI. The company's solutions are designed for environments that require high data security, compliance, and scalability.

Subgen's client base spans sectors such as healthcare, energy, legal services and human resources. These industries deal with significant amounts of data and stand to benefit from automation through AI but also have stringent requirements around data privacy and result accuracy. For instance, a healthcare provider might use Serenity Star to deploy AI agents that assist in medical record summarization or patient triage, while an energy company could use the platform for predictive maintenance of equipment or analysing geological data, in each case with confidence that sensitive information stays in safe hands and compliance is upheld.

In terms of customer concentration, Subgen has a highly diversified customer base. The largest customer accounts for approximately 5.20 percent of all revenue and the 10 largest customers collectively represent about 21 percent of all revenue. A significant proportion of Subgen's clients are recurring customers who continue to contract products and services from Subgen and its subsidiaries.



COMPETITIVE LANDSCAPE

The artificial intelligence industry is a rapidly expanding sector that has become highly competitive, with both global technology leaders and emerging companies seeking to establish their positions. The competitive landscape can broadly be divided into three areas. The first is large language model development, where companies such as OpenAI and Anthropic have been central in shaping the generative AI ecosystem and European players such as Mistral and Aleph Alpha have emerged as contributors. The sector is now moving toward domain-specific models and on-premise deployment, addressing enterprise and government requirements for security and regulatory compliance.

The second main area is agent creation and management platforms, which are becoming increasingly important as AI

solutions move toward agent centric architectures. Here, large companies such as Microsoft and Amazon are active, leveraging their existing cloud platforms, while other competitors have entered from adjacent fields such as reinforcement learning and chatbot development. Another critical segment is AI infrastructure, which forms the backbone of the market and includes both companies focusing on selling computing capacity through platforms and those who builds and manages infrastructure directly. Some of the large American companies and specialized providers, like Subgen, are active in both categories.

Within this environment, Subgen competes by offering an integrated solution that spans infrastructure, domain specific LLMs, and an agent creation platform, with a focus on European standards of security and control.

	SubgenAI	kore.ai	glean	Tech Mahindra	AI21 Labs	C3.ai	data iku	ALEPH ALPHA	Scaleway	NORTHERN DATA
Technologies										
MaaS	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗
Domain specific LLMs	✓	✗	✗	✓	✓	✓	✓	✓	✗	✗
Customizable LLM	✓	✓	✗	✓	✓	✓	✓	✓	✗	✗
Secure AI	✓	✗	✓	✓	✓	✓	✓	✓	✗	✗
MaaS Platforms										
Development	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Compliance	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
Team Productivity	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗
Infrastructure										
Cloud Platform	✓	✗	✗	✗	✗	✗	✗	✓	✓	✓
AI factories	✓	✗	✗	✗	✗	✗	✗	✗	✗	✓

The table presented above reflects Subgen's assessment of the competitive landscape as of the date of this Company Description, based on publicly available information and internal analysis. The overview is provided for illustrative purposes only and does not purport to be comprehensive. Certain information may be subject to interpretation, and the characteristics or positioning of competitors may differ from those presented herein.

KEY SUBSIDIARIES

Subgen operates through several subsidiaries, either directly or through its subsidiary Substrate AI. These subsidiaries form the backbone of the Group's strategy to deploy and commercialize artificial intelligence across a range of industries. Below are introductions to some of the major subsidiaries found within the Group.

Binit

Located in Argentina, Binit is an AI integration and consulting company. It specializes in deploying Subgen's proprietary platform, Serenity Star, for clients who need more than just access to software or computing power but also require tailored implementation and advisory support. Binit acts as the systems integrator, helping clients design, configure, and optimize their AI environments. With a team of around 80 professionals, Binit handles projects across Latin America, Europe, and the United States. In 2024, Binit, plus the whole Subgen AI software business, accounted for approximately 30 percent of Subgen's total revenues, and plays an important role in the commercialization of AI services in Latin America.

Substrate AI

Substrate AI is a publicly listed company on the BME Growth exchange in Spain and the Group's main operating subsidiary. It focuses on two main lines of business, with the first being selling computing power and developing AI-ready infrastructure for organizations and governments across different sectors. The second focus surrounds AI-driven investments, acquiring and transforming businesses through

AI implementation, with a focus on driving operational efficiency and new revenue streams. Substrate AI contributed approximately 60 percent of the Group's total revenues in 2024, with its two leading subsidiaries being Cuarta Dimension Medica SL and Fleebe AI.

Cuarta Dimension Medica SL

Cuarta Dimensión Médica operates in the healthcare space, offering a combination of AI-powered hardware and software for diagnostic imaging and clinical management, serving both the veterinary and human health sectors. The company is pioneering the concept of smart clinics, medical centers and hospitals with AI at their core, designed to radically improve diagnostics, patient management, and operational workflows.

Fleebe AI

Fleebe AI is an end-to-end HR technology company that provides software and services to large corporations seeking to optimize workforce management. Leveraging artificial intelligence, Fleebe AI enables smarter hiring, better talent retention, and more personalized employee experiences, aligning corporate needs with individual potential.





MARKET OVERVIEW

AI MARKET

Artificial Intelligence (AI) refers to technologies that enable machines to perform tasks typically requiring human intelligence, such as perception, reasoning, and learning. These capabilities are delivered through software, platforms, infrastructure, and services used across a wide range of industries. Common applications include automation, data analysis, autonomous systems, and intelligent interfaces. AI is widely recognized as a general-purpose technology driving digital transformation, efficiency, and long-term growth.

The global AI market has developed into a broad and increasingly mature technology segment with applications across virtually all sectors of the economy. This includes software, hardware, and services, and was estimated to be valued at approximately USD 279 billion in 2024. The market is expected to continue expanding rapidly, with AI revenues predicted to reach approximately USD 1.8 trillion by 2030, representing a compounded annual growth rate (CAGR) of 35.9 percent during the period.¹ Subgen operates within the enterprise AI software and infrastructure segments, which together are expected to exceed USD 550 billion by 2030, driven by demand for sovereign cloud, integrated deployment, and regulatory-compliant solutions.^{2,3}

North America currently accounts for the largest share of global AI expenditure, representing roughly one-third of the total market.⁴ Other regions, such as Europe and Asia-Pacific, are experiencing accelerated adoption, supported by national innovation strategies, increased funding initiatives, and private sector partnerships. Taken together, the global AI market is undergoing sustained expansion, underpinned by broad-based digitization, efficiency demands, and the growing availability of AI-enabling infrastructure.

Infrastructure and data center market

AI adoption is driving unprecedented demand for high-performance infrastructure. The training and deployment of LLMs require advanced semiconductors, high-bandwidth networking, and energy-efficient cooling systems. As enterprises move from experimentation to full-scale implementation, infrastructure has become both a strategic enabler and a critical bottleneck.

This shift is driving a surge in demand for next-generation data centers designed specifically to support AI workloads. Global spending on AI infrastructure is expected to exceed USD 200 billion by 2028, with the PRC region and the United States growing the fastest.⁵

Meanwhile, Europe faces mounting challenges related to power availability, land use, and permitting processes, which are slowing the rollout of much-needed data center capacity. Meeting data center demand will be crucial if Europe is to unleash AI's full potential.⁶ Furthermore, demand is rising for sovereign AI infrastructure that ensures local data residency and reduces reliance on non-domestic cloud providers. Subgen's investments in AI-ready data centers and its regionally compliant Substrate Cloud platform position the

company to meet Europe's infrastructure and sovereignty demands.

Industry adoption trends

AI is moving beyond early adopters and becoming a core operational technology across a growing range of sectors. Industries such as manufacturing, logistics, education, retail, telecom, and energy are now accelerating deployment, supported by concrete applications like predictive maintenance, adaptive learning, dynamic pricing, and grid optimization. These use cases are driving measurable improvements in productivity, efficiency, and customer engagement.⁷ As a result, AI is becoming embedded across value chains, reinforcing its role as a general-purpose technology and expanding its total addressable market.⁸

While AI adoption is spreading broadly, it remains most advanced in sectors where data intensity, high decision value, and regulatory complexity converge. Healthcare, legal services, finance, and human resources have emerged as early leaders, not only due to their reliance on large volumes of data, but also because of mounting pressure to improve efficiency and decision-making.⁹ As organizations face rising compliance expectations and growing AI risks, there is increasing demand for enterprise-ready solutions that prioritize data governance, transparency, and trust.¹⁰ Serenity Star enables even highly regulated industries, such as finance, healthcare, and government, to deploy generative AI while maintaining full control and transparency. The following sections examine how these industries are integrating AI at scale and the factors driving continued investment.

Healthcare

The AI market in healthcare segments is expected to grow at a CAGR of 38.6 percent through 2030, with the global market expanding from USD 26.6 billion in 2024 to approximately USD 187.7 billion by 2030.¹¹ Key applications include clinical diagnostics, medical imaging, and patient data automation, enabling faster and more accurate decision-making. AI is increasingly used in radiology, pathology, and drug discovery to analyse complex datasets beyond human capacity, while also streamlining administrative workflows and improving resource allocation. These trends are driven by aging populations, a growing focus on curbing healthcare costs, and the demand for personalized treatments, positioning AI as a transformative force in modern healthcare systems.¹²

Legal

The AI market in the legal sector is projected to grow at a CAGR of 29.1 percent through 2033, with total market size increasing from USD 1.5 billion in 2023 to approximately USD 19.3 billion by 2033.¹³ Key applications include legal research, contract drafting, and document review, where GenAI significantly reduces manual workload and accelerates case handling. AI tools are increasingly adopted by law firms and in-house legal teams to enhance due diligence, streamline compliance processes, and improve decision-making. This transformation is driven by rising legal complexity, cost

1 Grand View Research. 2024. Artificial Intelligence Market Size, Share, Industry Report, 2030.

2 Grand View Research. 2024. Enterprise Artificial Intelligence Market Size, Share & Trends Analysis Report 2024–2030.

3 Markets and Markets. 2024. AI Infrastructure Market Size, Share & Trends Forecast to 2030.

4 Grand View Research. 2024. Artificial Intelligence Market Size, Share, Industry Report, 2030.

5 IDC. 2025. Worldwide Artificial Intelligence Infrastructure Spending to Surpass USD 200 Billion by 2028.

6 McKinsey. 2024. The Role of Power in Unlocking the European AI Revolution.

7 PwC. 2025. AI Business Strategy: Is Your Business Strategy Keeping Pace.

8 Accenture. 2024. The Art of AI Maturity: Advancing from Practice to Performance.

9 PwC. 2025. AI Business Predictions 2025.

10 Cisco. 2024. 2024 Data Privacy Benchmark Study.

11 Grand View Research. 2025. AI in Healthcare Market Size, Share & Trends Analysis Report 2025–2030.

12 McKinsey & Company. 2025. Generative AI in Healthcare: Current Trends and Future Outlook.

13 Market.us. 2024. Legal AI Software Market.



pressure, and the need for faster and more scalable legal service delivery.¹⁴

Finance

The AI market in finance is projected to grow at a CAGR of 30.6 percent over the period 2024-2030, reaching approximately USD 190.3 billion.¹⁵ The majority of financial institutions already use AI for fraud detection, credit scoring, algorithmic trading, and regulatory compliance. These technologies help reduce risk, automate decision-making, and improve customer insights across banking, insurance, and asset management. The rapid adoption is driven by digital transformation, competitive pressure, and increasing regulatory complexity, positioning AI as a core enabler of more innovations and new operating models in finance.¹⁶

Human resources

The AI market in the human resources sector is projected to grow at a CAGR of 24.8 percent through 2030, reaching approximately USD 15.2 billion by the end of the period.¹⁷ Most large organizations currently use AI for recruitment, workforce planning, and employee engagement. These solutions streamline candidate screening, reduce hiring bias, and enhance workforce analytics for better talent management. Adoption is accelerating as companies seek to enhance efficiency, innovation and employee engagement through data-driven insights.¹⁸

GENERATIVE AI

Generative AI refers to systems capable of producing original content such as text, images, code, or audio using advanced algorithms and large-scale training data. These technologies are primarily enabled by LLMs and foundation models trained on diverse datasets. Widely known examples include GPT-4, DALL·E, and other multimodal tools developed by leading AI research firms.¹⁹

The global GenAI market has emerged as one of the fastest growing segments within broader the AI industry. It was valued at approximately USD 16.9 billion in 2024 and is projected to reach to USD 109.4 billion by 2030, corresponding to a CAGR of 37.6 percent over the period 2025-2030.²⁰

This growth is underpinned by an increase in enterprise adoption. In early 2025, 71 percent of organizations reported using GenAI in at least one business function, up from 65 percent in early 2024 and 33 percent in 2023.²¹ GenAI is increasingly integrated across functions such as IT, marketing, product development, and service operations, indicating a shift from experimentation to operational deployment.

Applications

Common applications of GenAI include automated customer interaction, content creation, data analysis, and software development support. These tools are adopted primarily to enhance efficiency and reduce operational costs. A majority of users report cost reductions within business functions using GenAI, with 50 percent of HR respondents citing savings. Supply chain, service operations, and marketing have also reported gains as adoption scales.²²

Drivers of adoption

Three structural factors contributing to this growth are:

- 1. Advancements in model performance:** Continued progress by firms such as OpenAI, Google, and Anthropic, as well as the open-source community, is enhancing the accuracy, versatility, and efficiency of GenAI models. This has increased their utility in enterprise environments, enabling new use cases and improving reliability across a wider range of inputs.
- 2. Integration into mainstream software ecosystems:** Major productivity platforms such as Microsoft Office 365 and Google Workspace have integrated GenAI functionality, embedding AI tools into daily workflows. The accessibility of GenAI across customer relationship management (CRM), productivity, and business intelligence tools has accelerated adoption across organizations.
- 3. Cross-sector applicability:** GenAI is broadly applicable across industries, with use cases emerging in both knowledge-intensive and operational domains. Its versatility enables adoption in sectors ranging from healthcare and finance to manufacturing and education, contributing to productivity gains, cost savings, and improved decision-making. This wide applicability continues to expand the addressable market and reinforces GenAI's role as a foundational technology in enterprise transformation.

Operational challenges in Generative AI

As GenAI adoption accelerates, organizations face mounting challenges related to data governance, IP protection, model reliability, and privacy. 27 percent of organizations have temporarily banned GenAI, while over 60 percent have implemented restrictions on tool access or the type of data that can be submitted to GenAI systems.²³ These trends have accelerated demand for enterprise-grade platforms that provide private deployment, secure data handling, and compliance features. Regulatory scrutiny, particularly in sectors like healthcare, finance, and government, is further intensifying this demand. Subgen addresses this through the Serenity Star platform, tailored for privacy-sensitive and regulated environments.

Cost and infrastructure constraints

Cost optimization has also become a key challenge as large foundation models remain compute-intensive and costly at scale. Over 75 percent of organizations report rising GenAI-related cloud expenses, with nearly 30 percent seeing year-over-year cost increases.²⁴ In response, many enterprises are adopting hybrid strategies, using smaller models for routine tasks and reserving advanced models for complex, high-value workloads. This shift has accelerated demand for platforms offering adaptive workload routing and intelligent model selection. Subgen addresses this through Serenity Star, which enables efficient model use while reducing infrastructure costs.

These cost and privacy pressures are increasingly compounded by physical infrastructure constraints.²⁵ Limited access to compute resources, rising energy requirements, and data center bottlenecks are emerging as structural barriers to scalable deployment. As infrastructure becomes both a strategic enabler and a bottleneck, demand is shifting

¹⁴ Deloitte. 2025. AI for In House Legal – 2025 Predictions.

¹⁵ MarketsandMarkets. 2025. AI in Finance Market by Product, Technology & Application – Global Forecast to 2030.

¹⁶ Deloitte. 2024. How Artificial Intelligence Is Transforming the Financial Services Industry.

¹⁷ Grand View Research. 2024. Artificial Intelligence in HR Market Size & Share Report 2030.

¹⁸ Gartner. 2025. AI in HR: Position Your Organization for Success.

¹⁹ McKinsey & Company. 2024. What is Generative AI.

²⁰ Grand View Research. 2024. Generative AI Market Size & Share Report 2030.

²¹ McKinsey & Company. 2025. The State of AI: How Organizations Are Rewiring to Capture Value.

²² McKinsey & Company. 2025. The State of AI: How Organizations Are Rewiring to Capture Value.

²³ Cisco. 2024. 2024 Data Privacy Benchmark Study.

²⁴ CIO Dive. 2024. Generative AI Drives 'Unmanageable' Cloud Costs, FinOps Leaders Say.

²⁵ Deloitte. 2024. Powering the AI Revolution: The Growing Demand for Data Center Infrastructure.



toward providers who can deliver both software and capacity. Subgen is addressing this need by investing in the foundational infrastructure layer of the AI ecosystem, often described as the "picks and shovels" of the AI gold rush, to support long-term enterprise scalability and reduce customer exposure to external compute bottlenecks.

Regulatory pressures and the EU AI Act

A key development reinforcing these challenges is the EU Artificial Intelligence Act, which entered into force in August 2024 as the world's first comprehensive legal framework for AI. The regulation introduces strict obligations concerning transparency, data governance, and human oversight, particularly for high-risk AI systems. Article 10 mandates that training, validation, and test data must be relevant, representative, free of errors, and subject to documented data governance strategies. These requirements embed data security and traceability at the core of AI regulation across the EU, placing legal weight behind the need for robust compliance infrastructure.²⁶

Subgen is well positioned for this shift. The Serenity Star platform includes built-in audit trails, deployment controls, and data handling safeguards designed to support customers operating under the EU AI Act and other regional regulatory frameworks. In parallel, Subgen's data center expansion in Spain strengthens its ability to deliver secure and compliant infrastructure aligned with European sovereignty and regulatory demands.

DRIVERS IN THE AI INDUSTRY

The AI industry is currently shaped by a set of macro-level forces that are accelerating adoption and deepening enterprise reliance on AI-enabled technologies. These structural drivers include digital transformation initiatives, increasing regulatory activity, geopolitical pressures, and expanding enterprise-level demand for secure and scalable AI platforms.

Digital transformation and platform demand

One of the most prominent drivers in the AI industry is the global push toward digital transformation. Across essentially all industries and regions, enterprises and governments are investing in technologies that enhance automation, improve decision-making, and increase operational resilience. 77 percent of CFOs are planning to increase their technology spending in 2025 despite macroeconomic uncertainty.²⁷ AI is consistently identified as a top area of investment, driven by its potential to generate efficiency gains and a measurable return on investment.

This demand has translated into increased interest in enterprise-ready AI platforms that are both easy to implement and capable of delivering quantifiable value. Many organizations, particularly in the mid-market and large enterprise segments, lack the internal capabilities to build full-scale AI infrastructure. This gap has created opportunities for integrated platforms that combine software, infrastructure, and services into cohesive deployment packages.

Subgen's investment in AI infrastructure addresses a critical market bottleneck: industry analysts warn that providers cannot build supply fast enough to keep up with demand for data center capacity driven by AI, and Europe faces potential shortages in the face of exploding AI needs. Subgen's AI factories aim to alleviate this shortage locally and position the company as a key supplier of European AI computing power.

Evidence of AI's business value is increasingly apparent. A majority of companies using GenAI have observed cost reductions or revenue growth in at least one business unit.²⁸ The diffusion of these results has triggered a secondary effect: organizations are accelerating their own AI investments to remain competitive. Subgen's successful case studies have documented results such as a substantial reduction in marketing costs and over millions of USD in annual chain savings.

A further development is the increasing demand for sovereign AI solutions. Geopolitical tensions, data sovereignty requirements, and strategic independence from non-domestic cloud providers have become central considerations for both governments and enterprises. The European Union has led the push for digital sovereignty, with particular focus on local data residency and the avoidance of U.S. dependency.²⁹ Subgen has positioned itself in this segment with its Substrate Cloud offering, hosted in Spain and purpose-built to comply with regional standards.

Regulatory shifts and security demands

Regulatory frameworks are also maturing rapidly. The European Union's AI Act, adopted in August 2024, introduces requirements for transparency, risk classification, and human oversight in high-risk AI applications. The first provisions take effect in 2025, with full enforcement expected by 2026.³⁰ Other jurisdictions, such as the United States and China, are developing similar frameworks. Subgen's Serenity Star platform includes integrated governance tools that align with emerging regulatory standards.

Security and privacy considerations are also contributing to enterprise AI adoption. The risks of data leakage, algorithmic bias, and unauthorized usage of sensitive data have made secure deployment a priority. Subgen provides on-premise and sovereign cloud deployment options, alongside automatic redaction tools, encryption protocols, and ISO- and SOC-certified compliance features.

Mainstream adoption

Cultural normalization of AI within the enterprise is lowering adoption barriers. Once limited to technical teams, AI tools are now embedded across functions, from HR and marketing to finance and customer service. This trend is reinforced by the spread of GenAI and the availability of ready-to-use agents tailored to functional roles. Subgen facilitates this trend through configurable agents that enable rapid onboarding and cross-functional deployment.

Capital inflows

The broader AI ecosystem continues to benefit from strong capital inflows and infrastructure investments. Major players, including Microsoft and OpenAI, have committed more than USD 500 billion to support model development and deployment-related infrastructure.³¹ Subgen's own development roadmap is partly enabled by access to such technological and financial infrastructure.

²⁶ European Union. 2024. Artificial Intelligence Act: Regulation (EU) 2024/1689 of the European Parliament and of the Council.

²⁷ TechMonitor. 2024. 77% of CFOs Plan to Increase Tech Spending in 2025 as Cost Pressures Reshape Budgets.

²⁸ McKinsey. 2025. The State of AI: How Organizations Are Rewiring to Capture Value.

²⁹ Reuters. 2025. Europeans seek digital sovereignty as US tech firms embrace Trump. 2025.

³⁰ Baker McKenzie. 2024. European Union: EU AI Act published – Dates for action.

³¹ Reuters. 2025. Microsoft Relaxes Data Center Grip on OpenAI Amid \$500 Bln Joint Venture.



FINANCIAL INFORMATION

The financial information presented in this section can be found in Subgen's annual report for the financial year 2024 as well as the unaudited interim report for the period 1 January – 30 June 2025, which has been incorporated into the Company Description by reference. The historical financial information contained in Magnasense's annual reports for the financial years 2024 and 2023, as well as the unaudited interim report for the period 1 January – 30 June 2025, which has been incorporated into the Company Description by reference, is not included in this section.

The financial information in this section should be read in conjunction with the section "Capitalization and indebtedness". The financial information is taken from and should be read in conjunction with Subgen's audited financial report for the period 1 January – 31 December 2024, with comparative figures for the period 1 January – 31 December 2023, as well as Subgen's unaudited interim report for the period 1 January – 30 June 2025, with comparative figures for the period 1 January – 30 June 2024. Subgen's audited annual report for the financial year ending 31 December 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The annual report for the financial year ending 31 December 2024 have been audited by Subgen's independent auditor Ernst & Young S.L ("EY"). The above-mentioned annual report and associated audit report have been incorporated into the Company Description by reference.

After the Transaction and associated spin-off of the operations conducted by Magnasense, the Company's operations will consist of the operations currently conducted by Subgen together with its subsidiaries. In light of this, Subgen's consolidated financial statements for the financial year ending 31 December 2024, with comparative figures for the financial year ending 31 December 2023, as well as Subgen's interim report for the six-month period ending 30 June 2025, with comparative figures for the six-month period ending 30 June 2024, provides a better indication of the Company's future results and financial position than a pro forma report, including Magnasense's financial figures, would. Inclusion of financial figures related to Magnasense could distort the assessment of the Company's financial situation as no operations currently conducted by Magnasense will be continued by the Company after the Transaction. For this reason, no pro forma report has been prepared.

No standalone audited annual report for Subgen for the financial year 2023 has been incorporated, as the Subgen group was, at that time, part of a different group structure in which Substrate AI served as the parent company. Following a subsequent reorganization, Substrate AI is now a partly owned subsidiary of Subgen. Accordingly, the financial information for 2023, as presented in Subgen's audited annual report for 2024, has been restated on a consolidated basis to enhance comparability and provide a more accurate representation of Subgen's financial position and performance.

The figures in this section have in some cases been rounded and for this reason the totals in all tables do not necessarily add up. Unless expressly stated, no information in the Company Description has been reviewed or audited by Subgen's independent auditor.

GROUP CONSOLIDATED INCOME STATEMENT

(EUR)	2025-01-01 2025-06-30	2024-01-01 2024-06-30	2024-01-01 2024-12-31	2023-01-01 2023-12-31
	Unaudited	Unaudited	Audited	Audited
Revenue	9,493,600	6,892,973	17,822,556	8,608,797
Other operating incomes	3,529,970	2,559,078	7,739,329	5,248,208
Cost of sales	(2,062,924)	(2,426,938)	(4,152,412)	(2,852,102)
Personnel costs	(2,426,657)	(2,498,964)	(5,911,630)	(3,963,276)
Depreciation and amortization	(875,190)	(1,137,459)	(2,379,919)	(3,871,883)
Other operating expenses	(5,517,102)	(2,839,828)	(9,910,890)	(10,785,991)
Operating profit/loss (EBIT)	2,141,697	548,862	3,207,034	(7,616,247)
Finance income	46,657	205,108	253,788	7,255
Finance expenses	(512,527)	(536,698)	(836,924)	(806,365)
Other finance items	22,419	595,609	1,019,527	65,360
Profit/loss before tax	1,698,246	812,881	3,643,425	(8,349,997)
Tax	(587,926)	(439,802)	(1,347,750)	(230,716)
Profit/loss for the period	1,110,320	373,078	2,295,675	(8,580,713)
Total income attributable to:				
Owners of the parent company	829,297	17,683	343,884	(8,843,109)
Non-controlling interests	281,023	355,395	1,951,791	262,396



GROUP CONSOLIDATED BALANCE SHEET

(EUR)	2025-06-30	2024-06-30	2024-12-31	2023-12-31
	Unaudited	Unaudited	Audited	Audited
Assets				
Non-current assets				
Intangible assets and goodwill	41,847,266	33,966,561	39,040,562	31,795,511
Tangible fixed assets	675,997	384,263	782,956	235,379
Right-of-use assets	470,569	546,656	620,714	551,384
Investment in an associated and a joint venture	0	251,657	0	151,000
Non-current financial assets	4,212,180	1,226,760	3,429,687	840,073
Deferred tax assets	1,335,773	1,989,991	1,248,347	1,968,707
Total non-current assets	48,541,785	38,365,888	45,122,266	35,542,054
Current assets				
Inventory	1,228,989	2,190,586	760,398	783,787
Trade receivables and contract assets	4,852,794	3,561,100	4,272,875	4,357,235
Current financial assets	1,778,861	1,600,947	896,406	27,415
Prepayments	951,714	75,371	216,657	32,959
Cash and other equivalent assets	2,357,616	2,235,076	1,488,893	4,515,250
Total current assets	11,169,974	9,663,080	7,635,229	9,716,646
Total assets	59,711,759	48,028,967	52,757,495	45,258,700
Equity and liabilities				
Equity				
Issued Capital	0	10,199,814	0	7,335,246
Share Premium	0	50,554,980	0	45,159,547
Reserves	5,503,718	(5,094,726)	1,710,019	(1,426,843)
Treasury shares and own equity investments	0	(2,279,950)	0	(1,837,416)
Retained earnings	(125,988)	(23,446,979)	0	(16,469,079)
Net income for the period attributable to the parent	829,297	17,683	343,884	(8,835,376)
Other equity instruments	0	1,607,666	0	1,784,712
Non-controlling interests	30,766,274	1,344,803	30,887,350	931,477
Foreign currency translation reserve	(4,112,946)	(3,470,485)	(2,875,800)	(2,889,207)
Total equity	32,860,355	29,432,806	30,065,453	23,753,061
Liabilities				
Non-current liabilities				
Provisions	116,343	552	552	4,782
Non-current financial liabilities	5,411,314	3,503,182	3,571,962	6,000,228
Liabilities with group and other related	0	0	0	0
Deferred tax liabilities	1,651,788	1,762,629	1,765,623	1,803,861
Income to be distributed over several years	591,126	686,246	669,654	552,254
Total non-current liabilities	7,770,571	5,952,609	6,007,791	8,361,125
Current liabilities				
Provisions	122,167	202,036	216,790	264,407
Short-term liabilities	10,387,683	7,633,746	8,601,763	7,022,205
Liabilities with an associate and joint venture	0	9,300	0	9,300
Trade and other payables	8,085,799	4,742,803	7,380,074	5,848,602
Short-term accruals	485,184	55,666	485,623	0
Total current liabilities	19,080,833	12,643,551	16,684,250	13,144,514
Total liabilities	26,851,404	18,596,160	22,692,041	21,505,639
Total equity and liabilities	59,711,759	48,028,967	52,757,495	45,258,700



GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR)	2025-01-01 2025-06-30 Unaudited	2024-01-01 2024-06-30 Unaudited	2024-01-01 2024-12-31 Audited	2023-01-01 2023-12-31 Audited
Cash flow from operating activities				
Profit/loss before tax	1,698,246	812,881	3,643,425	(8,349,997)
Result Adjustments	1,262,767	859,823	1,857,596	4,425,854
Changes in current capital	(342,785)	(1,758,876)	(804,464)	380,764
Other cash flows from operating activities	(1,083,586)	(323,706)	(542,339)	(143,688)
Cash flow from operating activities	1,534,642	(409,878)	4,154,218	(3,687,067)
Cash flow from investing activities				
Investment payments	(5,114,513)	(2,925,978)	(12,267,634)	(1,396,441)
Proceeds from divestments	0	0	0	904,577
Cash flow from investing activities	(5,114,513)	(2,925,978)	(12,267,634)	(491,864)
Cash flow from financing activities				
Collections and payments for equity instruments	2,000,000	(517,484)	4,000,000	4,500,000
Receipts and payments for financial liability instruments	2,448,594	1,573,166	1,087,059	2,570,698
Cash flow from financing activities	4,448,594	1,055,682	5,087,059	7,070,698
Net cash flow for the period	868,723	(2,280,174)	(3,026,357)	2,891,767
Cash and cash equivalents at the beginning of the period	1,488,893	4,515,250	4,515,250	1,623,483
Cash and cash equivalents at the end of the period	2,357,616	2,235,076	1,488,893	4,515,250

COMMENTS TO THE FINANCIAL INFORMATION

Income statement

Revenues

Subgen mainly generates revenues from software subscriptions, licensing fees and transformation of companies with AI, while Substrate AI group generates revenue from its subsidiaries that apply AI to different sectors, the most important in revenue generation are healthcare and HR.

Revenue during the fiscal year 2024 amounted to EUR 17,822,556 compared with EUR 8,608,797 in the fiscal year 2023, an increase of 107 percent. The increase is partly explained by an overall increase in sales related to software and for the businesses of subsidiaries. Furthermore, the increase is partly explained by the incorporation of new subsidiaries in the second half of 2023, which have contributed to revenues for the whole year 2024. For the period 1 January 2025 to 30 June 2025 revenue amounted to EUR 9,493,600 compared with EUR 6,892,973 in the period 1 January 2024 to 30 June 2024, an increase of 38 percent.

Other operating income, which primarily includes the impact of capitalizations of research and development costs, during the fiscal year 2024 amounted to EUR 7,739,329 compared with EUR 5,248,208 in the fiscal year 2023, an increase of 47 percent, reflecting the group's significant investment commitment in its artificial intelligence solutions. For the period 1 January 2025 to 30 June 2025 other operating income amounted to EUR 3,529,970 compared with EUR 2,559,078 in the period 1 January 2024 to 30 June 2024.

Costs

Cost of sales, mainly consisting of cost of equipment and consumable parts sold by a healthcare subsidiary, during the fiscal year 2024 amounted to EUR -4,152,412 compared with EUR -2,852,102 in the fiscal year 2023. For the period 1 January 2025 to 30 June 2025 cost of sales amounted to EUR -2,062,924 compared with EUR -2,426,938 in the period 1 January 2024 to 30 June 2024. These increases are explained by an overall increase in activity increasing sales and consequently related cost of sales.

Other operating expenses, mainly consisting of external professional service costs and other consulting fees, during the fiscal year 2024 amounted to EUR -9,910,890 compared with EUR -10,785,991 in the fiscal year 2023. For the period 1 January 2025 to 30 June 2025 other operating expenses amounted to EUR -5,517,102 compared with EUR -2,839,828 in the period 1 January 2024 to 30 June 2024. The decrease during fiscal year 2024 is explained by the effort of management to reduce and maintain costs under control. The increase for the period 1 January 2025 to 30 June 2025 compared with the same period 2024 is explained by the increase of costs of research and development and the costs of audit and consulting professionals related to listings and finance transactions.

The result of the period

Profit for the fiscal year 2024 amounted to EUR 2,295,675 compared with the fiscal year 2023 when the loss amounted to EUR -8,580,713. For the period 1 January 2025 to 30 June 2025 profit amounted to EUR 1,110,320 compared with EUR 373,078 in the period 1 January 2024 to 30 June 2024. The increase in fiscal year 2024 is explained firstly by the incorporation of new



subsidiaries in the second half of 2023, which contributed only partially to fiscal year 2023 profit, but have therefore contributed to 2024 profit for the whole year instead. Secondly, there was an increase of sales, and a reduction of cost as previously explained. The increase during the period 1 January 2025 to 30 June 2025 is mainly due to the increase in sales and the costs containment.

Balance sheet

Non-current assets

As of the balance sheet date 30 June 2025, non-current assets amounted to EUR 48,541,785 compared with the balance sheet date 31 December 2023 when non-current assets amounted to EUR 35,542,054. The increase is mainly due to the growth in group investments in research and development projects and new subsidiaries.

Inventory

As of the balance sheet date 30 June 2025, inventory amounted to EUR 1,228,989 compared with the balance sheet date 31 December 2023 when inventory amounted to EUR 783,787. During 2025, a healthcare subsidiary started selling MRIs (Magnetic Resonance Imaging), which are more expensive and generate higher profits. However, due to their high price and the need from some buyers to obtain finance, the cycle to close for already committed sales is longer than the cycle of lower-value machinery.

Equity

As of the balance sheet date 30 June 2025, equity amounted to EUR 32,860,355 compared with the balance sheet date 31 December 2023 when equity amounted to EUR 23,753,061. This increase in equity is explained by the profits of fiscal year 2024 and the period from 1 January 2025 to 30 June 2025, and additionally, the issue of new shares.

Non-current liabilities

As of the balance sheet date 30 June 2025, non-current liabilities amounted to EUR 7,770,571 compared with the balance sheet date 31 December 2023 when non-current liabilities amounted to EUR 8,361,125. This decrease is explained by the conversion of part of these debts into capital as part of the increases explained in equity.

Current liabilities

As of the balance sheet date 30 June 2025, current liabilities amounted to EUR 19,080,833 compared with the balance sheet date 31 December 2023 when current liabilities amounted to EUR 13,144,514. This increase is explained mainly by the acquisition of shares of Substrate AI.

Cash flow

Cash flow from operating activities for the financial year 2024 amounted to EUR 4,154,218 compared with the financial year 2023 when cash flow from operating activities amounted to EUR -3,687,067, consequence of the increase in sales and the reductions of costs explained above.

Cash flow from investing activities for the financial year 2024 amounted to EUR -12,267,634 compared with the financial year 2023 when cash flow from investing activities amounted to EUR -491,864, showing the Group's investment efforts in research and development projects and new financial investments.

Cash flow from financing activities for the financial year 2024 amounted to EUR 5,087,059 compared with the financial year 2023 when cash flow from financing activities amounted to EUR 7,070,698. Until fiscal year 2023, this investment effort was financed solely through equity, while from 2024 onwards, the positive operating result allowed that part of these investments to be financed by the company's operative cashflows, with the remaining being completed with third-party financing or equity.

Cash flow for the financial year 2024 amounted to EUR -3,026,357 compared with the financial year 2023 when cash flow amounted to EUR 2,891,797. For the financial period 1 January 2025 to 30 June 2025 cash flow amounted to EUR 868,723. As of the balance sheet date 30 June 2025, cash and cash equivalents amounted to EUR 2,357,616 compared with the balance sheet date 31 December 2023 when cash and cash equivalents amounted to EUR 4,515,250.



CAPITALIZATION AND INDEBTEDNESS

The tables below show Subgen's capitalization and indebtedness as of 31 August 2025. See the section "Share capital and ownership structure" for further information on the company's share capital and shares.

CAPITAL STRUCTURE

MEUR	2025-08-31
Short-term interest-bearing debt	
Guaranteed loans	-
Secured loans	1,497,667
Unsecured loans	634,001
Total short-term interest-bearing debt	2,131,668
Long-term interest-bearing debt	
Guaranteed loans	-
Secured loans	-
Unsecured loans	534
Total long-term interest-bearing debt	534
Equity	
Share capital	-
Other capital provided	-
Share premium reserve	-
Retained earnings	39,439,180
Equity	39,439,180

NET DEBT

MEUR	2025-08-31
A) Cash	2,577,725
B) Cash and cash equivalents	177,086
C) Liquid financial assets	2,136,455
D) Total liquidity (A) + (B) + (C)	4,891,266
E) Receivables	5,279,990
F) Current financial liabilities	6,409,184
G) Current part of long-term debt	-
H) Other short-term liabilities	7,590,680
I) Total current financial liabilities (F) + (G) + (H)	13,999,864
J) Current net debt (I) - (E) - (D)	3,828,608
K) Long-term debt to credit institutions	534
L) Issued bonds	-
M) Other long-term debt	-
N) Total long-term debt (K) + (L) + (M)	534
O) Net debt (J) + (N)	3,829,142

WORKING CAPITAL STATEMENT

The company believes that the existing working capital is sufficient to meet the company's working capital and capital expenditure needs for at least the next twelve months as of the date of the Company Description.

FINANCIAL POSITION OF MAGNASENSE

On 20 September 2025, Magnasense entered into a conditional share purchase agreement with ADC Services International Limited regarding the sale of all of Magnasense's subsidiaries, under which ADC services International Limited will assume all related debts and liabilities. On 29 September 2025, Magnasense announced a conditional settlement agreement with Atlas, whereby all claims are intended to be settled through a directed share issue in Magnasense.

Excluding debts covered by or otherwise settled as a consequence of these agreements, Magnasense had trade payables of approximately SEK 4.6 million as of 30 June 2025, which, together with additional payables incurred up to the date of this Company Description of approximately SEK 2.0 million, are intended to be settled in connection with the Transaction unless otherwise deferred or renegotiated with the relevant parties.

The Company also had other short-term liabilities of approximately SEK 1.7 million as of 30 June 2025, with this amount primarily consisting of accrued board fees and audit fees. While the audit fee accrual of SEK 0.2 million related to the upcoming year-end audit will remain, the accrued board fees have been waived as of the date of this Company Description. Additionally, on 25 June 2025, the Company received an administrative fine of SEK 12 million from the Swedish Financial Supervisory Authority, for which the Company filed for appeal with the Administrative Court in Stockholm on 14 July 2025.

For further information regarding the agreement with ADC Services International Limited and the associated consideration, the agreement with Atlas, and the fine from the Swedish Financial Supervisory Authority, see the section "Legal considerations and supplementary information".

SIGNIFICANT EVENTS AFTER 31 AUGUST 2025

There are no significant events after 31 August 2025.



SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

Per the date of this Company Description, the registered share capital of the Company is SEK 2,648,728,375,293 with 2,646,082,293 registered shares. According to the Company's articles of association, proposed to be adopted at the Company's extraordinary general meeting on 5 November 2025, the share capital may not be less than SEK 2,600,000 and not exceed SEK 10,400,000 and the number of shares may not be less than 1,018,000,000 and not exceed 4,072,000,000. After the Transaction, the Company's share capital amounts to SEK 2,648,728,375,293, with a total of 1,018,437,369,983 shares outstanding in the Company, divided among 498,987,606,931 class A shares and 519,449,763,052 ordinary shares. The extraordinary general meeting on 5 November 2025 is hence further proposed to resolve on a decrease of the share capital of an amount totalling the increase of the share capital following the Transaction, as well as a consolidation of shares following the Transaction, whereby 1,000 shares in the Company will be consolidated into 1 share in the Company (1:1,000). The shares are denominated in SEK, and each share has quota value of approximately SEK 0.002601 after the resolution on the consolidation of shares.

The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. There are no shareholder agreements in place.

The number of outstanding shares, prior to the completion of the Transaction, is 2,646,082,293 shares. The shares are currently traded under the ticker MAGNA with ISIN code SE0014401121 at Nasdaq First North Growth Market. After the contemplated Transaction, the Company's corporate name is proposed to be changed to Subgen AI AB, the ISIN code for ordinary shares will be SE0026820854 and the ticker is proposed to be changed to SUBGEN. Eminova Fondkommission AB, telephone number +46 8 684 211 10, is the Certified Adviser of the Company.

SHARE CAPITAL DEVELOPMENT

The following tables show the historical development of Magnasense's and Subgen's respective share capital during the years 2022, 2023, 2024 and 2025 up to the date of the Company Description.

Magnasense

Year	Transaction	Change in share capital (SEK)	Change in number of shares	Total share capital (SEK)	Total number of shares	Quota value (SEK)	Share offer price (SEK)
2022	Directed issue	316,782.88	3,959,786	1,702,707.84	21,283,848	0.08	10.2
2023	Share subscription due to warrants	53,716.48	671,456	1,756,424.32	21,955,304	0.08	1.89
2023	Partial conversion of convertible debentures	313,725.44	3,921,568	2,070,149.76	25,876,872	0.08	2.55
2023	Partial conversion of convertible debentures	400,000	5,000,000	2,470,149.76	30,876,872	0.08	1.0
2024	Directed issue	414,029.92	5,175,374	2,884,179.68	36,052,246	0.08	0.49
2024	Reduction of share capital	-2,379,448.236	-	504,731.444	36,052,246	0.014	-
2024	Directed issue	85,619.268	6,115,662	590,350.712	42,167,908	0.014	0.484
2024	Directed issue	99,128.778	7,080,627	689,479.490	49,248,535	0.014	0.353
2024	Directed issue	183,272.712	13,090,908	872,752.202	62,339,443	0.014	0.229
2025	Directed issue	313,888.848	22,420,632	1,186,641.05	84,760,075	0.014	0.111
2025	Directed issue	15,415,059.87	1,101,075,705	16,601,700.92	1,185,835,780	0.014	0.014
2025	Reduction of share capital	-15,414,679.30422	-	1,187,021.615780	1,185,835,780	0.001001	-
2025	Directed issue	36,036.00	36,000,000	1,223,057.615780	1,221,835,780	0.001001	0.014
2025	Directed issue	223,708.331847	223,484,847	1,446,765.947627	1,445,320,627	0.001001	0.011
2025	Directed issue	417,083.332666	416,666,666	1,863,849.280293	1,861,987,293	0.001001	0.006
2025	Directed issue	784,879.095	784,095,000	2,648,728.375293	2,645,082,293	0.001001	0.002



Subgen

Year	Transaction	Change in share capital (GBP)	Change in number of shares	Total share capital (GBP)	Total number of shares	Quota value (GBP)	Share offer price (GBP)
2023	Company registration	1,500,000	150,000,000	1,500,000	150,000,000	0.01	-
2024	Distribution of share premium	0	0	1,500,000	150,000,000	0.01	-
2025	Capital increase	500,000	50,000,000	2,000,000	200,000,000	0.01	-

OWNERSHIP STRUCTURE

The following table shows the ownership in the Company after the Transaction, before the planned reverse share split whereby one thousand (1,000) ordinary shares are consolidated into one (1) ordinary share (1:1,000) as well as a consolidation of class A shares whereby one thousand (1,000) existing class A shares are consolidated into one (1) class A share (1:1,000).

Shareholder	Class A shares	Ordinary shares	Capital, %	Votes, %
Subgen AI Foundation ⁽¹⁾	396,437,173,744	0	38.9	72.0
Substrate Artificial Intelligence, S.A.	0	174,073,642,599	17.1	3.2
JMSAN Agentes Financieros Globales ⁽²⁾	102,550,433,187	0	10.1	18.6
Other current shareholders of Subgen	0	325,007,373,366	31.9	5.9
Current shareholders of Magnasense (incl. Atlas)	0	20,368,747,087	2.0	0.4
Total	498,987,606,931	519,449,763,052	100	100

(1) Lorenzo Serratosa Gallardo and José Iván García are acting as directors/trustees of Subgen AI Foundation.

(2) Lorenzo Serratosa Gallardo and José Iván García are owners of JMSAN Agentes Financieros Globales.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The rights associated with the shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures stated in the Swedish Companies Act.

Voting rights

Each share of class A in the Company entitles the holder to ten (10) votes and each ordinary share in the Company entitles the holder to one (1) vote at general meetings of shareholders.

Preferential rights to new shares

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Right to receive dividends and proceeds in the event of liquidation

All shares in the Company have equal rights to dividends, a share in the Company's profits and assets and any surplus in the event of liquidation. The shares carry the right to dividends for the first time on the record date for dividends that occurs immediately after the shares have been registered with the Swedish Companies Registration Office and entered in the share register maintained by Euroclear.

Resolutions regarding dividends are made by the general meeting of shareholders and dividends are paid through Euroclear Sweden. All shareholders who are registered in the share register maintained by Euroclear Sweden on the record date determined by the general meeting of shareholders are entitled to receive dividends.

Dividends are normally paid as a cash amount per share, although they may also be paid in a form other than cash (cash-in-kind dividend). Dividends may only be paid in an amount that ensures there is full coverage for the Company's restricted equity after the dividend is paid and provided that the dividend appears to be justifiable taking into account (i) the demands placed on the size of the Company's equity due to the type of business conducted, its scope and risks, and

(ii) the Company and the group's consolidation needs, liquidity and position in general.

As a general rule, the shareholders are not permitted to decide on dividends in an amount larger than that proposed or approved by the Board of Directors. The right to dividends applies to shareholders who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date for dividends decided by the general meeting of shareholders. Should a shareholder not be reached through Euroclear Sweden, the shareholder will continue to have a claim against the Company concerning the dividend amount and this is only limited by rules concerning a ten-year statute of limitation. After the period of limitation, the dividend amount accrues to the Company.

Neither the Swedish Companies Act nor the Company's articles of association contain any restrictions regarding the right to dividends for shareholders outside Sweden. Apart from the restrictions pursuant to banking and clearing systems, payments to such shareholders are made in the same manner as those made to shareholders domiciled in Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax. Refer to the section "Tax considerations".

DIVIDENDS AND DIVIDEND POLICY

Following the Transaction, the Company will adopt a dividend policy stipulating that the Company's cash flow is primarily intended to be reinvested in the business to finance future growth and that the Company therefore does not intend to pay any annual dividend.

Dividends in Subgen

No dividend has been paid to the shareholders of Subgen for the financial year 2024.

Dividends in Magnasense

No dividend has been paid to the shareholders of Magnasense for the financial year 2024.

CENTRAL SECURITIES DEPOSITORY

The Company's shares are issued in dematerialised form through the services of Euroclear Sweden (P.O. Box 191, SE-



101 23 Stockholm, Sweden). In accordance with the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument), Euroclear is the central securities depository and clearing organisation for the shares. Accordingly, no share certificates have been issued, and any share transfers are made electronically. All shares are fully paid and denominated in the currency SEK. The ISIN code for the Company's ordinary share is currently SE0014401121. After the Transaction the ISIN code for ordinary shares will be SE0026820854.

CONVERTIBLES, WARRANTS, AUTHORIZATION TO ISSUE SECURITIES, ETC.

On 25 August 2023, the Annual General Meeting decided to introduce a warrant program for senior executives and other key individuals in the Group, TO 2023/2026. The program entailed that the Company issued 360,000 warrants, where each warrant shall entitle the holder to subscribe for 1 new share in the Company. The warrants were issued at a subscription price of SEK 0.24 per warrant, which corresponded to the market value of the warrant in accordance with the customary valuation model (Black & Scholes). Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 2.95. Subscription of shares with the support of warrants in series TO 2023/2026 can take place during the period from September 1, 2026, up to and including September 30, 2026.

As program participants paid fair value, no benefit arose. Consideration received is reported directly against equity.

Warrants series TO5 were resolved by the Board of Directors in the Company on 10 April 2025 with authorization from the extraordinary general meeting on 24 February 2025 as part of the Company's rights issue of units. In total 1,137,075,705 warrants were subscribed for. Each warrant entitles the holder to subscribe for 1 new share in the Company. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 0.014. Subscription of shares with the support of warrants series TO5 can take place during the period from 18 May 2026, up to and including 1 June 2026. The warrants are subject to customary recalculation terms in connection with issues, etc.

Warrants series TO6 were resolved by the Board of Directors in the Company on 10 April 2025 with authorization from the extraordinary general meeting on 24 February 2025 as part of the Company's rights issue of units. In total 909,660,564 warrants were subscribed for. Each warrant entitles the holder to subscribe for 1 new share in the Company. Each warrant entitles the holder to subscribe for one new share at a subscription price of SEK 0.0175. Subscription of shares with the support of warrants series TO6 can take place during the period from 2 June 2027, up to and including 16 June 2027. The warrants are subject to customary recalculation terms in connection with issues, etc.



BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

According to the Company's proposed articles of associations, the Board of Directors of the Company shall consist of at least three and no more than seven board members. Presented below is the planned Board of Directors of the Company, which is proposed to be elected by the extraordinary general meeting on 5 November 2025. The Board of Directors is elected for the period until the date of the annual general meeting 2026. The board is proposed to consist of six members. Shareholdings below are described before the reverse share split proposed to the extraordinary general meeting to be held on 5 November 2025.

BOARD OF DIRECTORS

Name	Position	Independent in relation to the Company and executive management	Independent in relation to Major shareholders	Year of appointment
José Iván García	Chairman	No	No ⁽¹⁾	2025
Leandro Harillo	Board member	No	Yes	2025
Lorenzo Serratosa Gallardo	Board member	No	No ⁽²⁾	2025
Eduardo Montes	Board member	Yes	Yes	2025
Christopher Dembik	Board member	Yes	Yes	2025
Fredrik Häglund	Board member	Yes	Yes	2020

(1) José Iván García is acting as trustee/director of Subgen AI Foundation and is owner of JMSAN Agentes Financieros Globales together with Lorenzo Serratosa Gallardo.

(2) Lorenzo Serratosa Gallardo is acting as trustee/director of Subgen AI Foundation and is owner of JMSAN Agentes Financieros Globales together with José Iván García.

José Iván García

Education/background: BSc Business Administration, MSc Economics and Finance, PhD studies Economics and Governance, University of Valencia, Spain

Current assignments: CEO of Substrate AI, chairman of 4D Médica S.L., trustee/director of Subgen AI Foundation

Previous assignments: CEO of Zonavalue Group, CIO of Kau Markets EAF

Holdings in the Company after the Transaction:

102,550,433,187 class A shares⁽¹⁾, 23,837,421,863 ordinary shares

(1) Holdings of shares via JMSAN Agentes Financieros Globales

Leandro Harillo

Education/background: MSc Strategic and Technological Management, EOI, Spain, MSc Strategic and Technological Management, ITBA, Argentina, IT Systems Engineering, Universidad Tecnológica Nacional, Argentina

Current assignments: -

Previous assignments: CTO of BINIT Tech, CTO of CIBIT Tech

Holdings in the Company after the Transaction:

42,293,157,904 ordinary shares

Lorenzo Serratosa Gallardo

Education/background: BSc Philosophy and Anthropology, University of Valencia, Spain

Current assignments: Chairman of Substrate AI, trustee/director of Subgen AI Foundation, board member of 4D Médica S.L.

Previous assignments: Chairman of Zonavalue Group, CEO of Kau Markets EAF

Holdings in the Company after the Transaction:

102,550,433,187 class A shares⁽¹⁾, 24,166,569,924 ordinary shares

(1) Holdings of shares via JMSAN Agentes Financieros Globales

Eduardo Montes

Education/background: MSc Industrial Engineering, Technical University of Madrid

Current assignments: Chairman of Airtificial Group, board member of Mecalux S.A., board member of Catenon S.A., advisory board of IQM Finland Oy

Previous assignments: Chairman of Sociedad General Española de Librería S.A., chairman of Wamos Air S.A., board member of Tecnocom Telecomunicaciones y Energía, S.A.

Holdings in the Company after the Transaction: -

Christopher Dembik

Education/background: MBA, Institute of Economics, Polish Academy of Sciences, MScs International Relations, BSc Economics and Political Sciences, Sciences Po Paris

Current assignments: Senior investment advisor at Pictet Asset Management, Director in Substrate AI, director in Aivancity

Previous assignments: Head of Macro analysis at Saxo Bank

Holdings in the Company after the Transaction: -

Fredrik Häglund

Education/background: MSc Business Administration, BSc Financial Economics, Lund University

Current assignments: Board member at Ringtorner Fastigheter AB and Ellingtofta Jordbruks AB, chairman of Toftaholm Fastighetsförvaltning AB and AB Sjöholm

Previous assignments: -

Holdings in the Company after the Transaction:

159,790,057 ordinary shares



EXECUTIVE MANAGEMENT

Presented below are the persons who will constitute the executive management of the Company after the completion of the Transaction. Shareholdings below are described before the reverse share split proposed to the extraordinary general meeting to be held on 5 November 2025.

Name	Position	Year of appointment
Lorenzo Serratosa Gallardo	CEO	2025
David Jiménez	CFO	2025
Leandro Harillo	CPO	2025
Bren Worth	CTO	2025
Marta Gómez	CAO	2025

Lorenzo Serratosa Gallardo

Education/background: BSc Philosophy and Anthropology, University of Valencia, Spain

Current assignments: Chairman of Substrate AI, trustee/director of Subgen AI Foundation, board member of 4D Medica S.L

Previous assignments: Chairman of Zonavalu Group, CEO of Kau Markets EAF

Holdings in the Company after the Transaction: 102,550,433,187 class A shares⁽¹⁾, 24,166,569,924 ordinary shares

(1) Holdings of shares via JMSAN Agentes Financieros Globales

David Jiménez

Education/background: Directors management program, IESE Business School

Current assignments: Owner of Moneta SL

Previous assignments: CFO of FCC Aqualia

Holdings in the Company after the Transaction: 1,996,137,246 ordinary shares

Leandro Harillo

Education/background: MSc Strategic and Technological Management, EOI, Spain, MSc Strategic and Technological Management, ITBA, Argentina, IT Systems Engineering, Universidad Tecnológica Nacional, Argentina

Current assignments: -

Previous assignments: CTO of BINIT Tech, CTO of CIBIT Tech

Holdings in the Company after the Transaction: 42,293,157,904 ordinary shares

Bren Worth

Education/background: BSc Computer Science, University of Texas, USA, Aerospace Engineering, University of Boulder Colorado, USA

Current assignments: -

Previous assignments: CTO in Substrate AI

Holdings in the Company after the Transaction: 10,766,565,464 ordinary shares

Marta Gómez

Education/background: Business studies, University of Valencia, Spain

Current assignments: -

Previous assignments: -

Holdings in the Company after the Transaction:

1,001,107,742 ordinary shares

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

There are no family ties between any member of the Board of Directors or the executive management. There are no conflicts of interest or potential conflicts of interest between the undertakings of the Board of Directors and the executive management in relation to the Company's and the respective private interests of the board members and members of the executive management and/or other undertakings (however, several of the members of the Board of Directors and the executive management have certain financial interests in the Company due to their direct or indirect shareholding in the Company).

None of the board members are entitled to any benefits in conjunction with the termination of an assignment as a board member. None of the board members or the executive officers have over the last five years (i) been convicted of a fraud or other financial crime related case, (ii) represented a company that has been declared bankrupt or has applied for compulsory



liquidation, (iii) been subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions against carrying on business.

All proposed members of the board and the members of the executive management are available through the Company's current office at Scheelevägen 27, SE-223 63 Lund, Sweden.

REMUNERATION TO THE BOARD OF DIRECTORS

Remuneration to the members of the Board of Directors is resolved by the general meeting. The annual general meeting in the Company on 30 June 2025 resolved that remuneration to the chairman of the board shall be three price base amounts and remuneration to board members who are not employed by the Company shall be two price base amounts.

AUDITOR

The Company's auditor, since the continued annual general meeting on 25 August 2023, is the authorized auditing firm Göteborgs Revision Kommanditbolag and the auditor in charge is the authorized public accountant Stefan Kylebäck.



CORPORATE GOVERNANCE

Magnasense AB (under change of name to Subgen AI AB) is a public limited liability company that is regulated by Swedish corporate law, foremost by the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)). The Company follows the rules and recommendations that apply to companies with shares listed on Nasdaq First North Growth Market. In addition to legislation, rules and recommendations, the articles of association form the basis for the governance of the Company's operations. The articles of associations of the Company proposed to be adopted by the extraordinary general meeting on 5 November 2025, can be found in its entirety in the section "Proposed articles of association".

Provided that the listing continues, the Company's shares will be traded on Nasdaq First North Growth Market, whereby the Company will apply the Nasdaq First North Growth Market Rulebook for Issuers of Shares. Following the listing on Nasdaq First North Growth Market the Company will not comply with all the corporate governance rules of the Swedish Corporate Governance Code (Sw. Svensk kod för bolagsstyrning).

GENERAL MEETINGS

The general meetings of the shareholders are, in accordance with the Swedish Companies Act, the highest decision making body of the Company, and at the general meetings the shareholders exercise their voting rights on key issues, including inter alia decisions regarding adoption of income statements and balance sheets, allocation of the Company's results, discharge from liability for the Board of Directors and the CEO, election of directors of the board and auditor and remuneration to the Board of Directors and auditor.

The annual general meeting shall be held within six months of the expiry of each financial year. In addition to the annual general meeting, an extraordinary general meeting may be convened. Notice of a general meeting shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

All shareholders who wish to attend shall be directly registered in the share register, maintained by Euroclear Sweden AB relating to the circumstances six (6) business days prior to the meeting, and notify the Company of their intention to participate (including any assistants) at the general meeting, no later than on the date stated in the notice of the general meeting. Shareholders may attend general meetings in person or through a proxy and may also be assisted by a maximum of two persons. Shareholders can normally register to attend the general meetings in several different ways, as stated in the notice of the general meeting. In addition to notifying the Company of their intention to participate in the general meeting, shareholders whose shares are registered with a bank or other nominee must request that the shares be temporarily registered in their own name in the share register maintained by Euroclear to be entitled to participate in the general meeting. A shareholder or their proxy is entitled to vote for all shares held or represented by the shareholder.

Shareholders who wish to have a matter addressed at the general meeting must submit a written request to the Board of Directors. The Board of Directors must normally have received the request well in advance of the general meeting, in accordance with the information provided on the Company's website in connection with the announcement of the time and place of the meeting.

BOARD OF DIRECTORS

The Board of Directors is the Company's highest executive body. In accordance with the Swedish Companies Act, the board is responsible for the management and organization of the Company, which means that the board is responsible for, among other tasks, establishing goals and strategies, ensuring that procedures and systems are in place for the evaluation of decided goals, continuously evaluating the Company's financial position and result, and evaluating the executive management. The board is also responsible for ensuring that the annual report, consolidated financial statements of the Company and interim reports are prepared on time. The board also appoints the CEO. The directors of the board are elected every year at the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the Board of Directors, insofar as it is elected by the general meeting, shall consist of at least three and no more than seven board members, with at least zero and no more than three deputy board members.

The chairman of the board is elected by the general meeting and has a specific responsibility to lead the Board of Directors' work and shall ensure that the work is well organized and carried out efficiently. The Board of Directors follows written rules of procedure, which are revised annually and adopted by the inaugural meeting with the Board of Directors every year. Among other matters, the rules of procedure stipulate practices of the Board of Directors, functions and the division of work between the directors of the board and the CEO and the established committees. In connection with the inaugural meeting with the Board of Directors, the Board of Directors also establishes instructions for the financial reporting and the CEO.

The Board of Directors holds meetings according to an annual schedule established in advance. In addition to these meetings, additional meetings can be convened to address issues which cannot be postponed until the next scheduled meeting. In addition to the board meetings, the chairman of the board and the CEO continuously discuss the management of the Company. The Board of Directors of the Company are proposed to consist of six directors elected at the extraordinary general meeting on 5 November 2025, who are presented in greater detail in the section "Board of Directors, executive management and auditor".

The Board of Directors may establish committees tasked with preparing matters within a specific area and may also delegate decision-making authority to such committees, however, the Board of Directors cannot relieve itself of responsibility for decisions made based on such committees' work. If the Board of Directors resolves to establish committees within itself, the Board of Director's rules of procedure shall specify the tasks and decision-making authority delegated to the committees, as well as how the committees shall report to the board.



CHIEF EXECUTIVE OFFICER AND OTHER SENIOR EXECUTIVES

The CEO is appointed by the board and has the primary responsibility for the day-to-day management of the Company and the daily operations. The division of work between the board and the CEO is set forth in the rules of procedure for the board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from the executive management for the meetings with the Board of Directors and for presenting such materials at the meetings. The CEO is responsible for the financial reporting of the Company and shall, accordingly, ensure that the Board of Directors receives adequate information to enable the Board of Directors to continuously assess the Company's financial position.

The CEO must continuously keep the Board of Directors informed of the development of the Company's operations, the level of sales, the Company's financial position and result, the liquidity and credit situation, important business events and other circumstances that cannot be presumed to have an insignificant importance to the Company's shareholders for the Board of Directors to be aware of (such as material disputes, cancellation of agreements that are important to the Company and significant circumstances concerning the Company's facilities).

The CEO and other senior executives who will be appointed in connection with the Transaction are presented in section "Board of Directors, executive management and auditor".

AUDIT AND REMUNERATION COMMITTEES

Companies whose shares are admitted to trading on a regulated market are required by the Companies Act to have an audit committee. In addition, companies applying the Code are required to establish a remuneration committee. As the Company's shares will not be traded on any regulated marketplace and as the Company does not intend to apply the Code on a voluntary basis, the Company has no formal obligation to establish an audit or remuneration committee. The Board of Directors has made the assessment that, given the scope of the business and the size of the Company, it is not currently justified to establish such special committees within the Board of Directors and has decided that these issues can be addressed by the Board of Directors.

INDEPENDENCE FROM THE MAJOR SHAREHOLDERS

The Company's Board of Directors maintains a clear independent majority, with at least one board member being independent of the Company, its senior management, and major shareholders. This independent majority serves as the highest decision-making body following the general meeting and ensures effective oversight of management decisions.

The independent directors provide objective judgment and act as a counterbalance to potential conflicts of interest between management and major shareholders. All major investment decisions and strategic initiatives require board approval. This governance structure ensures that decisions are made in the best interests of all shareholders, including minority shareholders, rather than being influenced by the preferences of major shareholders or management alone.

The Company regularly evaluates board independence to maintain compliance with listing requirements and appropriate governance standards.



PROPOSED ARTICLES OF ASSOCIATION

N.B. The English text is an unofficial translation

§ 1 Company name

The name of the company is Subgen AI AB. The company is public (publ).

§ 2 Registered office

The registered office of the company is situated in Stockholm.

§ 3 Company operations

The company shall own and manage securities, shares and rights, and conduct any other activities compatible therewith.

§ 4 Share capital and number of shares

The share capital shall not be less than SEK 2,600,000 and shall not exceed SEK 10,400,000. The number of shares shall be no less than 1,018,000,000 and shall not exceed 4,072,000,000.

§ 5 Share classes

Shares may be issued in two classes, ordinary shares and class A shares. The ordinary shares shall carry one vote per share and class A shares shall carry ten votes per share. Shares of either share class may be issued up to an amount corresponding to the full share capital.

If the company resolves to issue new ordinary shares and class A shares, against payment other than contribution in kind, owners of ordinary shares and class A shares shall have pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders for subscription (secondary pre-emption right). If the shares thus offered are not sufficient for the subscription pursuant to the secondary pre-emption rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

If the company resolves to issue new shares of either solely ordinary shares or class A shares, against payment other than contribution in kind, all shareholders shall, irrespective of whether their shares are ordinary shares or class A shares, have pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.

What is set out above with regard to pre-emption rights shall apply mutatis mutandis in the event of issues of warrants and convertible bonds, and shall not limit the right to resolve upon an issue with deviation from the shareholders' pre-emption rights.

In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendments of the Articles of Association.

Owners of class A shares shall be entitled to demand that a class A share is converted into an ordinary share. The request for conversion shall be made in writing to the board of directors of the company. The request shall state how many shares the shareholder wishes to convert and, where the conversion does not apply to the owner's entire holding of class A shares, which of these are subject to the conversion. The conversion is effected when it has been registered and noted in the CSD register.

The company will take the necessary measures for conversion free of charge for shareholders four times a year. Such measures will be taken at the end of each quarter for requests received by the company no later than seven days prior to the end of the quarter.

§ 6 Board of directors

The board of directors shall comprise 3–7 members and 0–3 alternate members.

§ 7 Auditors

The company shall have 1–2 auditors and not more than 2 alternate auditors or a registered accounting firm.

§ 8 Notice to attend general meetings

Notice of shareholders' meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. An announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

Shareholders who wish to participate in a shareholders' meeting shall provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the shareholders' meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting.

§ 9 Opening of the meeting

The chair of the board of directors or a person appointed by the board of directors for this purpose opens the general meeting and presides over the proceedings until a chairperson of the meeting is elected.

§ 10 Annual general meeting

The annual general meeting is held each year within six months of the end of the financial year.

The following matters shall be addressed at the annual general meeting.

- 1) Election of a chairperson of the meeting.
- 2) Preparation and approval of the voting list.
- 3) Approval of the agenda.
- 4) Election of one or two persons to attest the minutes, where applicable.
- 5) Determination of whether the meeting was duly convened.
- 6) Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group.
- 7) Resolutions regarding:
 - a) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
 - b) allocation of the company's profit or loss according to the adopted balance sheet;
 - c) discharge from liability for board members and the managing director.
- 8) Determination of fees for the board of directors and the auditors.
- 9) Election of the board of directors and accounting firm or auditors.
- 10) Any other business incumbent on the meeting according to the Companies Act or the articles of association.

§ 12 Financial year

The company's financial year shall comprise the period commencing 1 January up to and including 31 December.

§ 13 CSD clause

The company's shares shall be registered in a Central Securities Depository Register under the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act.



LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

GENERAL INFORMATION

Magnasense

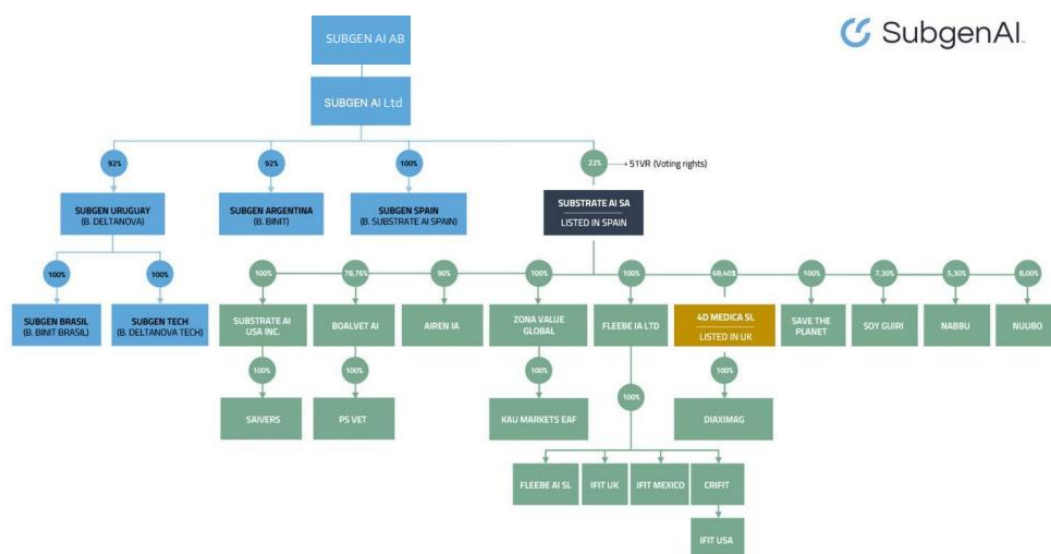
Magnasense AB (under change of name to Subgen AI AB) is a public limited liability company founded 26 September 2019 and registered with the Swedish Companies Registration Office (Sw. Bolagsverket) on 14 October 2019. The Company operates in accordance with the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)) and the board has its registered office in Lund, Sweden.

Subgen

Subgen is a private limited company incorporated on 29 December 2023. Subgen operates across Europe, Latin America, and the United States and is headquartered in London, United Kingdom. Subgen also maintains commercial offices in the United States, France, Spain, Uruguay, and Brazil.

LEGAL GROUP STRUCTURE

After the Transaction, the Group consists of the Company and 26 indirect subsidiaries in accordance with the group structure below i.e. Subgen AI Limited, Subgen Uruguay, Subgen Argentina, Subgen Spain, Substrate AI SA, Subgen Brasil, Subgen Tech, Substrate AI (USA Inc.), Boalvet AI, Airen IA, Zona Value Global, Fleebe IA Ltd., 4D Medica SL, Save The Planet, Sou Guiri, Nabbu, Nuubo, Saivers, PS Vet, Kau Markets EAF, Diaximag, Fleebe AI SL, IFIT UK, IFIT Mexico, CRIFIT and IFIT USA.



SubgenAI

MATERIAL AGREEMENTS

On 22 July 2025, Magnasense entered into a conditional agreement regarding the Reverse Takeover of Subgen. The Reverse Takeover is intended to be completed through an issue of 498,987,606,931 class A shares and 499,081,015,965 ordinary shares in Magnasense to Subgen, to be resolved by the extraordinary general meeting on 5 November 2025, as payment through set-off against all shares in Subgen. Through the Reverse Takeover, Subgen will become a fully owned subsidiary to the Company and the main shareholders of Subgen will become the main shareholders of the Company. Completion of the Transaction is subject to, inter alia, the following conditions unless otherwise agreed, (i) the shareholders of Magnasense resolving on approval of the Transaction and other proposals at the extraordinary general meeting, (ii) the Company obtaining approval for continued listing on Nasdaq First North Growth Market, (iii) a third party investor has contractually agreed to pay, on behalf of the Company, the administrative fine issued to the Company by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) on 25 June 2025, (iv) the Company has no more liabilities or debts than agreed between the parties, (v) the required regulatory approvals are fulfilled, (vi) Aegirbio UK Ltd, along with any other subsidiaries currently held by the Magnasense group, is spun off from Magnasense AB, and (vii) the Company entering into an agreement with Atlas whereby Atlas agrees that any and all of Atlas' outstanding debt and claims against Magnasense is converted into shares in Magnasense. Regarding the conditions above, Magnasense and Subgen agreed on 29 September 2025 not to pursue the requirement that



a third-party investor assume responsibility for, and contractually agree to pay on behalf of the Company, the administrative fine issued by the Swedish Financial Supervisory Authority on 25 June 2025.

On 20 December 2022, Magnasense entered into a convertible bond agreement with Atlas Special Opportunities, LLC. In addition, Magnasense entered into agreements on 9 April 2024 regarding a loan facility as well as amendment of the terms and condition of outstanding convertible bond. On 10 April 2025, Magnasense entered into an addendum entailing changes to the terms and conditions of the convertible bonds as well as the loan facility. On 29 September 2025, Magnasense entered into a conditional settlement agreement with Atlas Special Opportunities, LLC. Through the settlement agreement, Atlas Special Opportunities, LLC. will set off all existing claims against 17,722,664,794 ordinary shares in Magnasense at a subscription price of SEK 0.002426 per share. The subscription price is based on the loan facility agreement. The settlement shall be effected and completed in connection with the extraordinary general meeting on 5 November 2025 resolving on and approving the changes to the capital structure of the Company, the Transaction and upon Atlas Special Opportunities, LLC. receiving the settlement shares free from any encumbrances. If the settlement is not satisfactorily effected, or if the Transaction is not completed by 31 December 2025, then the settlement agreement will be terminated and all existing agreements between Magnasense and Atlas Special Opportunities, LLC. shall be reinstated whereby Atlas Special Opportunities, LLC. shall be entitled to exercise all rights and remedies in accordance with such reinstated agreements.

On 20 September 2025, the Company entered a share sale and purchase agreement with ADC Services International Limited regarding the shares in the Company's subsidiaries Aegirbio (UK) Limited, Aegirbio US Inc, Abreos Biosciences LLC, Aegirbio Sweden AB, Viraspec AB and Magnasense Technologies OY. Magnasense will pay EUR 75,000 to ADC Services International Limited as compensation for taking over full responsibility for the subsidiaries as well as the buyer indemnification, i.e. taking over any and all debt and liabilities (whether contingent or otherwise) of the subsidiaries and will indemnify and hold Magnasense harmless from any obligations arising in Magnasense or any of the subsidiaries before completion of the Reverse Takeover, including trade payables, tax liabilities, employee-related obligations and contractual commitments, as well as taking over any and all liability and debt, including any remaining debt to creditors, in Magnasense incurred prior to completion of the Reverse Takeover, except for debts and liabilities expressly envisaged in the Reverse Takeover (including the administrative fine by the Swedish Financial Supervisory Authority on 25 June 2025 and the claim by Atlas Special Opportunities, LLC.). The consideration consists of settlement of the Aegirbio (UK) Limited intercompany debt to Magnasense written down to SEK 16,000,000 and the responsibility to repay the loan to Magnasense will be transferred to ADC Services International Limited and structured as a ten-year loan with annual installments equal to fifty (50) percent of the Aegirbio (UK) Limited EBITDA, with any outstanding balance due in full by 1 July 2035, and no interest charged.

On 20 September 2025, the Company and the CEO Marco Witteveen entered into an agreement regarding termination of employment. The date of termination shall be the earliest of (i) completion of the Reverse Takeover, or (ii) 31 December 2025. As compensation Marco Witteveen shall receive a gross payment of EUR 33,125 on the date of termination, and if the date of termination is after 15 September 2025 an additional daily salary of EUR 442 up until 31 October 2025. Marco Witteveen will also receive a gross cash severance payment totalling EUR 135,750 representing 75 percent of the employee's notice period salary and severance package. If the Reverse Takeover is completed before 31 December 2025, the Company undertakes to use its best efforts to ensure that Marco Witteveen will receive ordinary shares as set off against the additional daily salary compensation and severance payment above. The agreement contains customary competition clauses etc.

On 9 June 2025, Substrate Artificial Intelligence S.A. entered into an investment agreement with Atlas Capital Markets comprising of issuance of convertible bonds for a maximum of EUR 10 million divided into 15 tranches. The conversion price shall be 95 percent of the lowest weighted average share price in the 10 trading sessions held prior to the date of the bonds' conversion request. In connection with the with the investment agreement, Substrate Artificial Intelligence S.A. grants Atlas Capital Markets warrants through which Atlas can acquire up to a number of shares equivalent to 20 per cent of the nominal value of each of the tranches, for a period of 3 years, and at a price equivalent to 120 per cent of the lowest weighted average price of the share in the 10 trading sessions held prior to the date of request for subscription of the rest of the tranches. As security for the investment agreement, Subgen has entered a share loan agreement with Atlas Capital Markets regarding Subgen's 18,758,919 shares in Substrate AI, see more information below.

On 20 May 2025 and 5 June 2025, Subgen entered into two similar share loan agreements of first 6,258,919 class A shares and second 12,500,000 class A shares, in total 18,758,919 class A shares, in Substrate AI whereby the shares are lent by Subgen to Atlas Capital Markets. The share lending agreements are connected to the investment agreement with Atlas Capital Markets described above and constitutes a loan of shares. The maturity date is connected to the investment agreement and is defined as the latter of when all notes have been issued and converted, or the expiration of forty-eight months plus twenty business days from the agreement date. Atlas Capital Markets shall ensure that Subgen retains voting rights of the lent shares and, on the maturity date, redeliver equivalent shares to Subgen. For more information, see the section "Risk factors - Share lending".

INTELLECTUAL PROPERTIES

Neither Magnasense nor Subgen have knowledge of any claims or allegations that Magnasense or Subgen has infringed any intellectual property rights owned, held or used by third parties.

DISPUTES

On 18 April 2024, the Company's Finnish subsidiary Magnasense Technology Oy initiated arbitration proceedings against Salofa Oy, claiming that Salofa Oy had failed to comply with its obligations under a license and distribution agreement entered into on 7 July 2023. On 3 March 2025, Magnasense communicated that a settlement with Salofa Oy had been reached.

The Swedish Financial Supervisory Authority ("SFSA") has decided to impose a fine of SEK 12 million on Magnasense for violations of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR"). Magnasense has filed an appeal with the Administrative Court in Stockholm against the decision by the SFSA. As of the date of this Company Description there has been no final verdict regarding the fine.

Except as provided above, neither Subgen nor Magnasense has been involved in any regulatory proceedings, legal proceedings or arbitration proceedings (including proceedings that are not yet resolved or that, according to Subgen's or Magnasense's reasonable knowledge, are likely to be initiated) that could have or recently have had a significant effect on the Company's or Group's financial position or profitability.

**LOCK-UP AGREEMENTS**

No lock-up agreements have been entered into as of the date of this Company Description. Any such agreements, if entered into at a later stage, will be communicated accordingly.

TRANSACTIONS WITH CLOSELY RELATED PARTIES

The Company entered into separate loan agreements on 26 September 2024 with the board members Fredrik Häglund and Michael Schwartz. Each loan amounted to SEK 1.5 million, in total SEK 3 million, with a compounding interest of 2 percent and a commitment fee of 5 percent. Both loans were repaid through set-off in the Company's rights issue on 12 May 2025.

CERTIFIED ADVISER AND ADVISORS

Eminova Fondkommission AB acts as Magnasense's Certified Adviser. Moll Wendén Advokatbyrå AB is legal adviser to Magnasense in connection with the Transaction. Eminova Partners Corporate Finance AB is financial advisor to Subgen in connection with the Transaction.

Moll Wendén Advokatbyrå AB and Eminova Partners Corporate Finance AB receive compensation on approved invoices for services rendered in connection with the Transaction. Apart from what has been described above, Eminova Fondkommission AB, Moll Wendén Advokatbyrå AB and Eminova Partners Corporate Finance AB have no financial or other interests in connection with the Transaction.

As all information in the Company Description derives from Magnasense and Subgen, Moll Wendén Advokatbyrå AB and Eminova Partners Corporate Finance AB disclaims all responsibility in relation to the existing and future shareholders in the Company and regarding any other direct or indirect financial consequences as a result of an investment or other decisions that are wholly or partly based on information in the Company Description. Moll Wendén Advokatbyrå AB has performed a legal due diligence of Subgen in connection with the Transaction.

TAX CONSIDERATIONS IN SWEDEN

The tax legislation in (i) the investor's member state and (ii) the country where the issuer is domiciled may affect the income from the securities covered in the Company Description. The taxation of each individual shareholder depends on their situation, for example whether the shareholder is subject to unlimited or limited tax liability in Sweden, whether the shareholder owns the shares as a natural or legal person, or whether the shares are held in an investment savings account or not. Furthermore, special rules apply to certain types of taxpayers, such as investment companies and insurance companies. Each holder of shares should therefore consult a tax advisor to obtain information about the specific consequences that may arise in the individual case, including the applicability and effect of foreign rules and tax treaties.

DOCUMENTS INCORPORATED BY REFERENCE

The documents below are incorporated by reference and constitute a part of the Company Description and shall be read as a part thereof.

- Subgen's annual report including audit report from 1 January 2024 to 31 December 2024.
- Subgen's interim report from 1 January 2025 to 30 June 2025.
- Magnasense's annual report including audit report from 1 January 2024 to 31 December 2024.
- Magnasense's annual report including audit report from 1 January 2023 to 31 December 2023.
- Magnasense's interim report from 1 January 2025 to 30 June 2025.

The incorporated documents above and the Company's current and proposed articles of association are available at the Company's website, www.magnasense.com. The memorandum of association can be obtained from the Swedish Companies Registration Office (Sw. Bolagsverket).



ADDRESSES

Issuer

Magnasense AB
Scheelevägen 27
223 63 Lund
www.magnasense.com

Target company

Subgen AI Limited
1 Bow Churchyard
EC4M 9DQ London
www.subgen.ai

Certified Adviser

Eminova Fondkommission AB
Biblioteksgatan 3
111 46 Stockholm
www.eminova.se

The Company's auditor

Göteborgs Revision Kommanditbolag
Mårten Krakowgatan 2
411 04 Göteborg
www.goteborgsrevision.com

Financial advisor

Eminova Partners Corporate Finance AB
Biblioteksgatan 3
111 46 Stockholm
www.eminovapartners.se

Legal advisor

Moll Wendén Advokatbyrå AB
Stortorget 8
211 34 Malmö
www.mollwenden.se

