

SUBGEN AI Limited AND SUBSIDIARIES

Condensed Consolidated Financial

**SUBGEN AI Limited
AND SUBSIDIARIES**

**Condensed Consolidated statement of financial position as of June 30, 2025
(€)**

ASSETS	30.06.2025	30.06.2024	31.12.2024
Non-current assets	48,541,785	38,365,888	45,122,266
Intangible assets and goodwill	41,847,266	33,966,561	39,040,562
Goodwill	20,917,394	20,501,079	20,376,322
Other intangible assets	20,929,872	13,465,482	18,664,240
Tangible fixed assets	675,997	384,263	782,956
Freehold land and buildings	1,558	2,658	2,108
Plant, machinery and other equipment	598,902	331,605	730,848
Property, plant and Equipment in progress	75,537	50,000	50,000
Right-of-use assets	470,569	546,656	620,714
Investment in group, associated and a joint venture	-	251,657	-
Share in equity	-	250,996	-
Other financial assets	-	661	-
Non-current financial assets	4,212,180	1,226,760	3,429,687
Share in equity	2,285,291	31,488	1,453,735
Debt instruments	1,295,949	555,284	1,330,725
Other financial assets	630,940	639,988	645,227
Deferred tax assets	1,335,773	1,989,991	1,248,347
Current assets	11,169,974	9,663,080	7,635,229
Inventories	1,228,989	2,190,586	760,398
Inventories	994,681	1,848,599	555,407
Advance to suppliers	234,308	341,987	204,991
Trade receivables and contract assets	4,852,794	3,561,100	4,272,875
Receivables from third-party customers	4,508,372	2,872,321	3,894,859
Other debtors	4,441	4,234	7,538
Personnel	112,755	2,424	216,669
Income tax assets	3,484	85	7,867
Other current tax assets	223,742	682,036	145,942
Current Financial assets	1,778,861	1,600,947	896,406
Debt instrumnets	1,708,093	1,553,581	825,451
Other financial assets	70,768	47,366	70,955
Prepayments	951,714	75,371	216,657
Cash and other equivalent assets	2,357,616	2,235,076	1,488,893
Cash and other equivalent assets	2,186,285	2,204,682	1,488,893
Other equivalent liquid assets	171,331	30,394	-
TOTAL ASSETS	59,711,759	48,028,967	52,757,495

**SUBGEN AI Limited
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**Condensed Consolidated statement of financial position as of June 30, 2025
(€)**

EQUITY AND LIABILITIES	30.06.2025	30.06.2024	31.12.2024
Equity	32,860,355	29,432,806	30,065,453
Shareholders' Equity	6,207,027	31,558,488	2,053,903
Issued Capital	-	10,199,814	-
Share Premium	-	50,554,980	-
Reserves	5,503,718	(5,094,726)	1,710,019
Legal & statutory reserves	-	600	-
Other reserves	5,503,718	(5,095,326)	1,710,019
Treasury shares and own equity investments	-	(2,279,950)	-
Retained earnings	(125,988)	(23,446,979)	-
Net income for the period attributable to the parent	829,297	17,683	343,884
Other equity instruments	-	1,607,666	-
Non-controlling interests	30,766,274	1,344,803	30,887,350
Foreign currency translation reserve	(4,112,946)	(3,470,485)	(2,875,800)
Non current liabilities	7,770,571	5,952,609	6,007,791
Provisions	116,343	552	552
Non current financial liabilities	5,411,314	3,503,182	3,571,962
Interest-bearing loans and borrowings	534	444,092	534
Debt with special characteristics	2,359,483	2,359,483	2,359,483
Other financial liabilities	2,650,837	247,067	699,981
Leasing Liabilities	400,460	452,540	511,964
Deferred tax liabilities	1,651,788	1,762,629	1,765,623
Income to be distributed over several years	591,126	686,246	669,654
Current Liabilities	19,080,833	12,643,551	16,684,250
Provisions	122,167	202,036	216,790
Short-term liabilities	10,387,683	7,633,746	8,601,763
Interest-bearing loans and borrowings	1,605,545	1,408,201	1,032,475
Leasing Liabilities	112,701	156,465	156,183
Other financial liabilities	8,669,437	6,069,080	7,413,105
Liabilities with an associate and joint venture	-	9,300	-
Trade and other payables	8,085,799	4,742,803	7,380,074
Suppliers	2,440,378	1,885,764	1,851,508
Other Creditors	1,621,676	121,317	1,462,655
Personnel	207,825	216,055	333,759
Income tax liabilities	1,023,028	535,214	624,441
Other tax liabilities	2,242,031	1,908,181	2,613,175
Client advances	550,861	76,272	494,536
Short-term accruals	485,184	55,666	485,623
TOTAL EQUITY AND LIABILITIES	59,711,759	48,028,967	52,757,495

**SUBGEN AI Limited
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**Condensed Consolidated statement profit and loss account for the period of six months ended
June 30, 2025
(€)**

	30.06.2025	30.06.2024	31.12.2024
CONTINUING OPERATIONS			
Revenues	9,493,600	6,892,973	17,822,556
Revenue from sales	2,273,633	2,621,187	4,787,549
Revenue from services	7,219,967	4,271,786	13,035,007
Cost of Sales	(2,062,924)	(2,426,938)	(4,152,412)
Cost of products	(2,020,776)	(1,424,845)	(3,994,734)
Cost of raw materials and others	(32,663)	(34,752)	(67,701)
Other costs of sales	(9,485)	(967,341)	(89,977)
Other operating incomes	3,450,287	2,542,036	7,705,244
Other current income	1,289	4,386	33,285
Other operating income	3,448,998	2,537,650	7,671,959
Personnel costs	(2,426,657)	(2,498,964)	(5,911,630)
Salary and others	(1,986,094)	(2,065,449)	(4,865,509)
Government funds	(440,563)	(433,515)	(1,046,121)
Other operating expenses	(5,517,102)	(2,812,913)	(9,877,736)
Operating expenses	(5,539,300)	(2,834,509)	(9,713,607)
Taxes	(35,261)	(41,898)	(151,488)
Expected credit losses of trade receivables and contract assets	57,624	63,631	(12,412)
Other operating expenses	(165)	(137)	(229)
Depreciation	(831,706)	(920,908)	(2,109,526)
Government funds for assets	77,042	17,042	34,085
Excess provisions	-	(3,426)	-
Impairment, gain and losses from non current assets	(43,484)	(216,551)	(270,393)
Impairment and losses	-	(216,551)	(211,780)
Results from disposals and others	(43,484)	-	(58,613)
Other expenses	2,641	(23,490)	(33,154)
OPERATING PROFIT	2,141,697	548,862	3,207,034
Finance incomes	46,657	205,108	253,788
Equity instruments holdings	-	28,567	791
Interest income from debt instruments and other	46,657	176,541	252,997
Finance expenses	(512,527)	(536,698)	(836,924)
Due to debts with group companies	(5,548)	-	(14,941)
Interest cost from debt instruments and other	(506,979)	(536,698)	(821,983)
Exchange differences	89,682	428,904	(129,966)
Impairment, gain and losses from financial instruments	(67,263)	(139)	867,507
FINANCE (LOSS) / PROFIT	(443,451)	97,175	154,405
Net position in hyperinflationary economy	-	166,844	281,986
Profit before tax from continuing operations	1,698,246	812,881	3,643,425
Income tax expense	(587,926)	(439,802)	(1,347,750)
Profit for the year from continuing operations	1,110,320	373,079	2,295,675
Profit for the year	1,110,320	373,079	2,295,675

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**Interim Condensed Consolidated statement of comprehensive income for the period of six
months ended June 30, 2025
(€)**

	30.06.2025	30.06.2024	31.12.2024
Consolidated income for the year	1,110,320	373,079	2,295,675
Conversion differences	(1,237,146)	(581,279)	13,407
Tax effect	-	-	-
Total income and expenses recognized directly in shareholders' equity	(1,237,146)	(581,279)	13,407
Conversion differences	-	-	-
Tax effect	-	-	-
Total transfers to the profit and loss account	-	-	-
TOTAL CONSOLIDATED REVENUES AND EXPENSES RECOGNIZED	(126,826)	(208,201)	2,309,081
Total income and expenses attributable to the parent company	(407,849)	(563,596)	357,290
Total income and expenses attributed to minority interest	281,023	355,395	1,951,791

**SUBGEN AI LTD.
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**Condensed Consolidated statement of cash flows for the period of six months ended June 30,
2025
(€)**

STATEMENT OF CASH FLOWS	30.06.2025	30.06.2024	31.12.2024
(A) CASH FLOWS FROM OPERATING ACTIVITIES			
1, Profit before tax for the year	1,698,246	812,882	3,643,425
2, Result Adjustments:	1,262,767	859,823	1,857,596
a) Depreciation of fixed assets (+)	831,706	920,908	2,109,526
b) Valuation adjustments for impairment (+/-)	-	216,551	211,780
c) Change in provisions (+/-)	21,168	3,426	(51,847)
(d) Allocation of subsidies	(77,042)	(17,042)	(34,085)
e) Profit or loss on retirements and disposals of fixed assets (+/-)	43,484	-	58,613
f) Profit or loss on deregistration and disposal of financial instruments (+/-)	67,263	139	(867,507)
(g) Financial income (-)	(46,657)	(205,108)	(535,774)
(h) Financial expenditure (+)	512,527	536,698	836,924
(i) Exchange rate differences (+/-)	(89,682)	(428,904)	129,966
k) Otros ingresos y gastos (-/+)	-	(166,844)	-
3, Changes in current capital:	(342,785)	(1,758,876)	(804,464)
(a) Stocks (+/-) (*)	(468,591)	(1,406,799)	23,389
(b) Accounts receivable and other accounts receivable (+/-) (*)	(579,919)	796,135	84,360
(c) Other current assets (+/-)	-	(42,412)	-
(d) Accounts payable and other payables (+/-) (*)	705,725	(1,105,799)	(912,213)
4, Other cash flows from operating activities	(1,083,586)	(323,706)	(542,339)
a) Interest payments (-)	(512,527)	(284,393)	(524,119)
c) Interest charges (+)	46,657	-	88,788
d) Income tax receivable (payable) (+/-)	(624,441)	(17,994)	(102,081)
e) Other receivables and payables (-/+)	6,725	(21,319)	(4,927)
5, Cash flows generated from operating activities	1,534,642	(409,878)	4,154,218
(B) CASH FLOWS FROM INVESTING ACTIVITIES			
6, Investment payments (-)	(5,114,513)	(2,925,978)	(12,267,634)
(b) Intangible fixed assets	(3,435,278)	(2,664,109)	(6,800,762)
(c) Property, plant and equipment	-	(261,869)	(975,797)
(e) Other financial assets	(1,679,235)	-	(4,491,075)
8, Cash flows from investing activities	(5,114,513)	(2,925,978)	(12,267,634)
(C) CASH FLOWS FROM FINANCING ACTIVITIES			
9, Collections and payments for equity instruments	2,000,000	(517,484)	4,000,000
a) Issuance of equity instruments (+)	2,000,000	-	4,000,000
c) Acquisition of equity instruments (-)	-	(517,484)	-
10, Receipts and payments for financial liability instruments	2,448,594	1,573,166	1,087,059
a) Issuance:	2,448,594	3,176,002	1,570,257
2, Debts to credit institutions (+)	573,070	1,176,002	858,525
4, Other debts (+)	1,875,524	2,000,000	711,732
(b) Repayment and amortization of:	-	(1,602,836)	(483,198)
2, Debts to credit institutions (+)	-	(36,569)	(483,198)
4, Other debts (-)	-	(1,566,267)	-
12, Cash flows from financing activities	4,448,594	1,055,682	5,087,059
D) Effect of exchange rate changes	-	-	-
(E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	868,723	(2,280,174)	(3,026,357)
Cash or cash equivalents at the beginning of the financial year	1,488,893	4,515,250	4,515,250
Cash or cash equivalents at the end of the year	2,357,616	2,235,077	1,488,893

**SUBGEN AI LTD.
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**Notes to the Condensed Consolidated financial statements as of June 30, 2025
(€)**

1. INCORPORATION OF THE GROUP AND ACTIVITY

1. Activity

Subgen AI Limited (hereinafter “Subgen AI DTL” or the “Parent company” or the “Company”) was constituted as a limited liability company on 29 December 2023 for an indefinite period. Its registered office is at 1 Bow Churchyard, London, United Kingdom, EC4M9DQ.

The Company is on file at the Registrar of Companies for England and Wales under number 15374966.

Subgen AI Limited and its subsidiaries (collectively, “Subgen AI Group” or the “Group”) are principally engaged in creating and developing state-of-the-art AI systems, as well as building AI infrastructure and sell computing power. Subgen AI Group has proprietary technology for addressing the problems companies face in digitalising and streamlining their processes with AI. This activity is supported by serenity Star their Ai platform for creating and managing AI agents.

Other activities Inside the group could be:

- The acquisition, ownership, management and administration of securities.
- The acquisition, ownership, marketing, leasing and operation of rural or urban properties of any kind.
- The provision of financial intermediation services.
- The performance of computer programming activities, structure and content design, writing of computer code for the implementation of programs for systems, computer software, databases and web pages.
- The customisation of computer programs, including the configuration and modification of legacy programs.
- The marketing and after-sales service of diagnostic imaging machinery (radiology, MRIs, and CT scans) used for both human and animal patients.
- The provision of human resources services.
- The creation and development of state-of-the-art artificial intelligence (AI) systems and their application across different sectors

Subgen AI Group's primarily geographical markets are in Spain, the United Kingdom, the United States and several Hispanic American countries.

Subgen AI Limited is the parent of Subgen AI Group. The parent's directors have prepared these condensed consolidated financial statements to give a true and fair view of the Group's financial position and its financial performance.

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**Notes to the Condensed Consolidated financial statements as of June 30, 2025
(€)**

Subgen AI Group's functional currency is the euro. The condensed consolidated financial statements are presented in euros and rounded to the nearest thousand (€000), except when otherwise indicated.

2. BASIS OF PREPARATION AND CONSOLIDATION

2.1 True and fair view and regulatory framework

These condensed consolidated financial statements have been prepared from the accounting records of Subgen AI Limited and its subsidiaries, applying International Financial reporting Standards as adopted by European Commission (IFRS-EU). These condensed consolidated financial statements for the 6-month period ended June 30, 2025, do not include all the additional information and disclosures required in the consolidated financial statements and, for their correct interpretation, should be read together with the consolidated financial statements of the Subgen AI Group for the financial year 2024.

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

2.2 Non-mandatory accounting principles applied

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

2.3 Critical aspects of valuation and estimation of uncertainty

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

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

- The useful life of intangible and tangible assets.
- Recoverable value of consolidation goodwill and other intangibles.

The management body has made these estimates based on the best information available as of June 30, 2025, and it is possible that events that may take place in the future may force them to be modified (upwards or downwards) in future years. Given the predictive nature of any estimate based on future expectations in the current economic environment and the Group's activity, differences between projected and actual results could be revealed.

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(€)**

Going concern principle

The directors of the Parent company have prepared these condensed interim consolidated financial statements, assuming the continuity of the Group's activity, stating that the result as of June 30, 2025 has been positive by 1.110.320 euros (373.078 euros at June 30, 2024). The working capital as of June 30, 2025 has been negative in the amount of 7.910.859 euros (negative 9.049.021 euros as of December 31, 2024), however the company has sufficient liquidity to meet its payments described in the next paragraph. The Strategic Plan prepared by the Group until 2029 is based on the effective application of the artificial intelligence systems developed by the Group.

As of June 30, 2025, the Group has a financing agreement of up to 10,000,000 euros with Atlas Capital Markets.

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

2.4 Comparison of information

These condensed consolidated interim financial statements thereto relate to the six-month period ended June 30, 2025 ("the six-month period ended June 30, 2025" or "the first half of 2025"). For its part, the information relating to the year ended December 31, 2024 (hereinafter, "the 2024 financial year") as well as the information referring to the six-month period ended June 30, 2024 (hereinafter, "the six-month period ended June 30, 2024" or "the first half of 2024") is included, solely and exclusively, for comparative purposes with the information as of June 30, 2025 and is presented in accordance with IFRS-EU.

2.5 Errors

In the preparation of the condensed consolidated interim financial statements, no significant error has been detected that has led to the restatement of the amounts included in the consolidated financial statements for the financial year 2024.

2.6 Consolidation Perimeter

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

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The subsidiaries included in the consolidation perimeter are the following:

Company Name	Country	Activity
Subgen Spain, SL	Spain	AI Software development
Binit SRL	Argentina	AI Software development
Deltanova SA	Uruguay	AI Software development
Binti Brasil Holdign LTDA	Brazil	AI Software development
Deltanova Tech, S.L.	Spain	AI Software development
Substrate Artificial Intelligence, S.A.	Spain	Development of AI solutions, Cloud and Data Centers
Fleebe LTD	Spain	Development of AI solutions to Human Resources services
IFIT Solutions LTD UK (Including permanent establishment in Spain)	UK	Development of AI solutions to Human Resources services
CRIFIT Solutions SLR	Costa rica	Development of AI solutions to Human Resources services
IFIT Solutions LLC	USA	Development of AI solutions to Human Resources services
IFIT Solutions SRLC	Mexico	Development of AI solutions to Human Resources services
Zona Value Global, SL	Spain	Acquisition, holding and administration management of securities, leasing of real state
Kau Markets EAF, SL	Spain	Preparation of investment reports and financial analysis
Bolavet AI SL	Spain	Development of AI solutions to Veterinary and agriculture
PS DairyQuality, SL	Spain	Development of AI solutions to Veterinary and agriculture
Substrate USA, inc	USA	Development of AI solutions
AI Saivers LLC	USA	Development of AI solutions
Cuarta Dimensión Medica, SL	Spain	Commercialization of diagnostic equipment and developmetn of IA solutions in health sector
Diagximag, SL	Spain	Commercialization of diagnostic equipment and development of IA solutions in health sector
AIREN AI FOR RENEWAL ENERGY, SL	Spain	Development of AI solutions in Energy Sector

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(€)**

SAVE THE PLANET, SL	Spain	Development of AI solutions in Energy Sector
Developingtalent SARL	Swiss	Human Resources services

During the first half of 2025, management has acquired the 100% of the company Developingtalent SARL which is a Swiss limited liability company with registered offices Chemin de la Tuilière 9, 1805 Jongny (VD), Switzerland, registered in the register of companies of Vaud under the federal number CHE- 448.210.207., which has been carried out, as established by IFRS 3, being within the period of 1 year from the initial valuation of the business combination. The initial calculation of the Goodwill amount to:

	CHF	EUR
Consideration paid	1.683.313	1.766.145
Net assets value	579.017	607.509
Goodwill	1.104.296	1.158.636

3. Accounting Principles and Valuation Criteria

3.1 Consolidation Basis

The condensed consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of June 30, 2025. Dependent companies are considered to be those over which the Company exercises control. The Group has control over a subsidiary if, and only if, the Group has at the same time: Power through existing rights that give you the power to direct the relevant activities of the dependent Exposure, or rights to variable returns derived from their involvement he can influence such income by exercising his power over the dependent.

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

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

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

3.2 Criteria used in transactions between related parties

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

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(€)**

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

3.3 Accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are the same as those applied in the consolidated annual accounts for the year ended December 31, 2024, since none of the standards, interpretations or modifications that are applicable by for the first time this year it has had an impact on the Group's accounting policies.

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