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## Subgen Takeover Bid: Beyond the theory, what should SAI shareholders do in practice?

### Business description

Substrate AI (SAI), is a Spanish startup tech company focused on AI and its applications incorporated in Talavera de la Reina (Toledo). SAI develops and sells its own products and solutions under a SaaS model. Listed on BME Growth since May 2022.

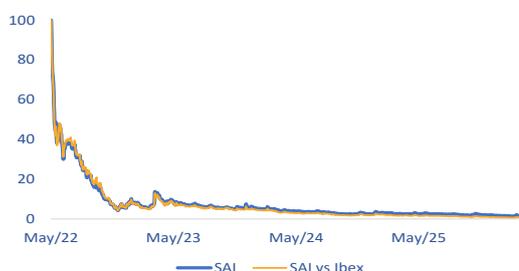
### Market Data

Market Cap (Mn EUR and USD)	12.4	14.3
EV (Mn EUR and USD) <sup>(2)</sup>	20.9	24.2
Shares Outstanding (Mn)	203.2	
-12m (Max/Med/Min EUR)	0.13 / 0.09 / 0.06	
Daily Avg volume (-12m Mn EUR)	0.25	
Rotation <sup>(3)</sup>	510.6	
Refinitiv / Bloomberg	SAI.MC / SAI SM	
Close fiscal year	31-Dec	

### Shareholders Structure (%)

SUBGEN AI	15.1
Explotaciones la Caprichosa	5.9
Atlas Capital Partners	5.5
Free Float	73.6

### Relative performance (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-2.9	-23.8	-42.2	n.a.
vs Ibex 35	1.0	-25.8	-57.1	n.a.
vs Ibex Small Cap Index	0.7	-25.5	-49.0	n.a.
vs Eurostoxx 50	1.2	-24.3	-47.1	n.a.
vs Sector benchmark <sup>(4)</sup>	-5.1	-25.1	-45.9	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 1.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Technology.

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Refinitiv and Lighthouse.

**SUBGEN TAKEOVER BID: BASIC CONDITIONS...** Subgen AI, a shareholder of SAI (15.1%), has launched a tender offer for 95% of SAI's capital (Series A shares; listed on BME Growth), with the objective of reaching at least 5% and expressly denying any intent to delist SAI. SAI, in turn, is a shareholder of Subgen AI (13%). The offer is de facto targeted at c. 80% of the capital (162.4 million shares; though this figure should be adjusted for Subgen AI's syndication agreement with SAI shareholders representing 43.8% of the capital). Given SAI's status as a shareholder in Subgen AI (with three common directors sitting on both boards), the SAI Board of Directors has not issued a recommendation on the offer.

**...AND THE OFFER PRICE: STOCK CONSIDERATION.** Subgen AI is offering a stock-for-stock payment (1 SAI share for every 6 Subgen AI Series B shares). Subgen's shares are divided into two series: Series A (unlisted; 499.0 million shares; 10 voting rights per share) and Series B (listed on Sweden's Nasdaq First North Growth; 519.5 million shares; 1 voting right per share). Today, SAI's stock (EUR 0.061/share; Market Cap EUR 12.4 Mn) would be valued at EUR 0.144/share based on Subgen AI's share price of EUR 0.25; this implies a theoretical valuation for SAI of EUR 29.3 Mn, representing a +136% premium.

**WHAT IS SUBGEN AI?...** This is a key question in a takeover bid paid in stock rather than cash. Currently (Source: Refinitiv), Subgen AI (formerly Magnasensen, a Swedish pharmaceutical company) is a technology company developing AI infrastructure and proprietary AI-as-a-Service (AlaaS) platforms for sectors such as healthcare, energy, law, and HR. Its flagship product is Serenity Star, an AI software platform designed for organizations to deploy scalable AI solutions. The platform combines cloud infrastructure, data center capabilities, and AI agents to accelerate AI adoption in enterprise environments.

**...AND WHAT STAGE IS IT IN?** Currently, Subgen AI is an early-stage startup in the AI business. It has no revenue, no P&L track record, and no positive FCF generation. It also has high financing requirements. This makes it "nearly impossible" to establish the fundamental value of its business.

**SUBSTRATE: BUSINESS MODEL MOMENTUM.** Unlike Subgen AI, SAI does generate revenue and is not a startup. This essentially implies that the execution risk of its business model is substantially lower. The 6M 2025 results (see Appendix 3), with revenue of EUR 8.1 Mn (+17.3%), allowed us to maintain our 2025e estimates (c. EUR 17 Mn) and confirm that the company is nearing a breakeven point in recurring EBITDA (ex-capitalizations). In other words, this is a business model that is truly in a growth phase.

**WHAT TO DO REGARDING THE TENDER OFFER?** The valuation of SAI provided by the company itself (EUR 52.1 Mn vs. a Market Cap of EUR 12.4 Mn) hinges on exponential revenue growth (EUR 56 Mn in 2027e vs. EUR 17 Mn in 2024 and 2025e) that is not currently visible and is unlikely to be discounted by the market price. The key, therefore, is what the SAI shareholder receives, assuming the current value is the Market Cap. That price: 1) is paid in shares of Subgen (a startup-phase micro-cap), 2) at Subgen's current price would imply a very substantial theoretical premium (>+130%), but 3) (and this is the essential point): it does not account for the potential and massive dilution to be borne by Subgen's Series B (which has minimal voting rights). In a maximum-acceptance scenario, Subgen would issue 974.6 million shares to acquire SAI—nearly equaling the sum of Subgen's current Series A and B shares (1,018.5 million shares). This dilution is largely explained by the significant discrepancy in voting rights between the two series. This substantially reduces the actual premium received by the SAI shareholder, making it insufficient to offset Subgen's risks (payment in startup stock with little certainty of fundamental value, potential illiquidity, and minimal voting rights). For these reasons, the logical move is to not tender the shares. A cash offer might have been a different story...

## Substrate Artificial Intelligence (SAI) es una compañía de BME Growth

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

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## Appendix 1. EV breakdown at the date of this report<sup>(1)</sup>

	EUR Mn	Source
Market Cap	12.4	
+ Minority Interests	3.2	12m Results 2025
+ Provisions & Other L/T Liabilities	-	12m Results 2025
+ Net financial debt	8.7	12m Results 2025
- Financial Investments	3.4	12m Results 2025
+/- Others		
<b>Enterprise Value (EV)</b>	<b>20.9</b>	

(1) FY2025 results have not been published as of the date of this report. Data as of December 2025 is taken from the Substrate valuation report (prepared by Grant Thornton) included in the Subgen tender offer announcement (March 4, 2026).

## Appendix 2. Stock performance SAI vs Subgen

SAI					SUBGEN				
Performance (%)	-1m	-3m	-12m	YTD	Performance (%)	-1m	-3m	-12m	YTD
Absoluto	3.5	-19.6	-41.4	-8.2	Absoluto	-36.0	-87.6	-98.9	-73.5
vs Eurostoxx 50	7.2	-21.4	-45.9	-8.9	vs Eurostoxx 50	-33.7	-87.8	-99.0	-73.7
vs sector Benchmark	2.6	-21.2	-44.4	-10.9	vs sector Benchmark	-33.1	-87.8	-98.9	-73.6

## Appendix 3. 6m Results 2025

EUR Mn	6m25	6m24	6m25 vs 6m24	2025e	2025e vs 2025
<b>Total Revenues</b>	<b>8.1</b>	<b>6.9</b>	<b>17.3%</b>	<b>16.8</b>	<b>-52.0%</b>
<b>Gross Margin</b>	<b>7.1</b>	<b>4.5</b>	<b>58.9%</b>	<b>12.2</b>	<b>-42.0%</b>
<i>Gross Margin / Revenue</i>	<i>87.8%</i>	<i>64.8%</i>	<i>23.0 p.p.</i>	<i>72.7%</i>	<i>15.1 p.p.</i>
<b>Recurrent EBITDA<sup>(1)</sup></b>	<b>(1.2)</b>	<b>(0.8)</b>	<b>-40.9%</b>	<b>-1.5</b>	<b>18.4%</b>
<i>Rec. EBITDA/Revenues</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a.</i>	<i>-8.7%</i>	<i>n.a.</i>
<b>EBIT</b>	<b>1.0</b>	<b>0.5</b>	<b>81.1%</b>	<b>-2.0</b>	<b>149.9%</b>
<b>PBT</b>	<b>0.5</b>	<b>0.8</b>	<b>-36.1%</b>	<b>-2.4</b>	<b>121.4%</b>
<b>NP</b>	<b>0.3</b>	<b>0.4</b>	<b>-27.6%</b>	<b>-2.4</b>	<b>111.2%</b>
<b>Net Debt</b>	<b>8.4</b>	<b>7.9</b>	<b>6%</b>	<b>7.9</b>	<b>87%</b>

(1) EBITDA "Cash," which excludes income from the capitalization of expenses.

## Appendix 4. Main peers (2026e)

		Europe			United States			
EUR Mn		Sidetrade	Median Techno.	Lectra	Average	C3.ai	Palantir Technologies	Average
Market data	Ticker (Factset)	ALBFR.PA	ALMDT.PA	LECS.PA		AI	PLTR.O	
	Country	France	France	France		USA	USA	
	Market cap	201.4	182.7	669.9		1,126.9	313,353.2	
	Enterprise value (EV)	180.6	210.2	729.5		543.3	307,235.1	
Basic financial information	Total Revenues	61.2	37.8	518.8		194.4	6,244.2	
	Total Revenues growth	-0.3%	35.3%	2.4%	9.0%	-9.6%	61.4%	25.9%
	2y CAGR (2026e - 2028e)	14.6%	10.7%	5.6%	-2.6%	-41.4%	43.3%	1.0%
	EBITDA	8.9	(12.9)	84.0		(118.5)	3,567.5	
	EBITDA growth	n.a.	26.7%	5.3%	16.0%	34.5%	186.5%	110.5%
	2y CAGR (2026e - 2028e)	11.7%	41.4%	15.3%	22.8%	41.4%	43.2%	42.3%
	EBITDA/Revenues	14.5%	n.a.	16.2%	15.3%	n.a.	57.1%	57.1%
	EBIT	9.2	(15.3)	43.2		(129.1)	3,510.8	
	EBIT growth	n.a.	23.3%	13.3%	18.3%	33.2%	187.2%	110.2%
	2y CAGR (2026e - 2028e)	12.8%	41.4%	27.3%	27.2%	41.4%	43.1%	42.3%
	EBIT/Revenues	15.0%	n.a.	8.3%	11.7%	n.a.	56.2%	56.2%
	Net Profit	8.3	(6.1)	30.8		(108.4)	2,824.9	
	Net Profit growth	n.a.	39.8%	20.5%	30.1%	35.6%	99.9%	67.8%
	2y CAGR (2026e - 2028e)	11.1%	41.4%	30.1%	27.6%	41.4%	47.8%	44.6%
	CAPEX/Sales %	1.8%	4.5%	1.7%	2.0%	1.4%	0.7%	1.1%
Free Cash Flow	9.9	(7.0)	53.2		(73.9)	3,153.0		
Net financial debt	7.8	40.3	39.2		(443.9)	(8,701.8)		
ND/EBITDA (x)	0.9	n.a.	0.5	0.7	n.a.	n.a.	n.a.	
Pay-out	0.0%	0.0%	50.7%	16.9%	0.0%	0.0%	0.0%	
Multiples and Ratios	P/E (x)	23.5	n.a.	22.0	22.7	n.a.	n.a.	n.a.
	P/BV (x)	4.0	n.a.	1.8	2.9	2.5	n.a.	2.5
	EV/Revenues (x)	3.0	5.6	1.4	2.9	2.8	n.a.	2.8
	EV/EBITDA (x)	20.4	n.a.	8.7	14.5	n.a.	n.a.	n.a.
	EV/EBIT (x)	19.6	n.a.	16.9	18.3	n.a.	n.a.	n.a.
	ROE	18.3	n.a.	9.1	13.7	n.a.	39.4	39.4
	FCF Yield (%)	4.9	n.a.	7.9	6.4	n.a.	1.0	1.0
	DPS	0.00	0.00	0.41	0.14	0.00	0.00	0.00
	Dvd Yield	0.0%	0.0%	2.3%	0.6%	0.0%	0.0%	0.0%

Note 1: Datos financieros, Múltiplos y Ratios basados en el consenso de mercado (Thomson Reuters).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
12-Mar-2026	n.a.	0.061	n.a.	n.a.	Important news	Alfredo Echevarría Otegui
29-Oct-2025	n.a.	0.093	n.a.	n.a.	6m Results 2025	Alfredo Echevarría Otegui
17-Jun-2025	n.a.	0.110	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
05-May-2025	n.a.	0.120	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
04-Nov-2024	n.a.	0.101	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	0.166	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
02-May-2024	n.a.	0.161	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
29-Dec-2023	n.a.	0.233	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
06-Nov-2023	n.a.	0.220	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
25-Sep-2023	n.a.	0.224	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
03-Aug-2023	n.a.	0.276	n.a.	n.a.	Important news - Estimates upgrade	Enrique Andrés Abad, CFA
19-Jul-2023	n.a.	0.310	n.a.	n.a.	6m 2023 Preliminary results	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	0.320	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
14-Apr-2023	n.a.	0.397	n.a.	n.a.	12m Results 2022 - Estimates downgrade	Enrique Andrés Abad, CFA
03-Feb-2023	n.a.	0.288	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
23-Jan-2023	n.a.	0.340	n.a.	n.a.	12m 2022 Preliminary results	Enrique Andrés Abad, CFA
22-Dec-2022	n.a.	0.235	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

