



SPANISH GOVERNMENT AUTHORISES INVESTMENT OF EUR 19.2 MILLION AS PART OF A PLANNED EUR 39.2 MILLION CONVERTIBLE NOTE ISSUE IN SUBGEN AI'S SUBSIDIARY SUBSTRATE AI

Subgen AI AB (“Subgen AI” or the “Company”) announces that the Spanish Council of Ministers today, June 29th, 2026, has authorised an investment of EUR 19.2 million in Subgen AI’s Spanish subsidiary Substrate Artificial Intelligence S.A. (“Substrate AI”), through the Spanish Society for Technological Transformation (the “SETT”). The authorised investment by the SETT is intended to form part of a planned financing totalling EUR 39.2 million in which private companies Loft Structured Opportunities Fund I and 8 International LTD are also expected to participate through the issuance of new mandatory convertible bonds in Substrate AI (the “Financing”). The Financing remains subject to the signing of a definitive agreement between the parties, which is expected to occur on June 30, 2026. Subject to such agreement, the investment is planned to be deployed in up to ten sequential monthly subscriptions. The bonds will mandatorily convert into shares on the three-year anniversary of the agreement.

The Company’s Spanish subsidiary Substrate AI today announced that the Spanish Council of Ministers has authorised an investment of up to EUR 19.2 million by the SETT through the issuance of convertible bonds in Substrate AI. Subject to a definitive agreement, SETT is expected to subscribe to 49 percent of the convertible bonds effectively subscribed by the investors, while Loft Structured Opportunities Fund I and 8 International Ltd are expected to subscribe to equal shares of the remaining portion of the convertible bonds. The total planned issue amounts to EUR 39.2 million.

The investment by the SETT requires that the ownership of Substrate AI by the public sector, directly and indirectly, stays below 49 percent of the total share capital. The investment by the SETT is made to develop artificial intelligence solutions that will enable Spain and Europe to compete and lead in this field at a global level.

“We are thrilled that the Spanish government shares our view of Substrate AI as a key factor of the AI revolution. As one of the few European companies developing its own AI patents, Substrate AI is in a position to lead the way in the European and international markets. For Subgen AI, this is of course a very welcome validation of our own investment in Substrate AI”, says Lorenzo Serratos, CEO of Subgen AI.



The planned investment by the SETT of up to EUR 19.2 million is intended to form part of the Financing through the issuance of convertible bonds in Substrate AI totalling EUR 39.2 million in which Loft Structured Opportunities Fund I and 8 International LTD are also expected to participate. Subject to a definitive agreement, the conversion price of the convertible bonds shall be the higher of (i) 80 percent of the volume weighted average price observed during the 30 consecutive trading days immediately preceding the conversion date, and (ii) the nominal value of the class A shares. Substrate AI may request drawdowns monthly of up to EUR 1 million per investor, and the SETT will match them. The new convertible bonds in Substrate AI have a maturity date of three years. The convertible bonds have an interest rate of 7 percent per annum, accruing from each subscription date. Interest shall be payable either in cash or in-kind, by way of issuance of new class A shares in Substrate AI at the corresponding conversion price, at the sole discretion of Substrate AI. Convertible bonds that have not been redeemed or converted prior to the maturity date shall be converted into class A shares in Substrate AI provided that no event of default is then outstanding. SETT has a unilateral right to sell all shares held by it as a result of the investment back to Substrate AI for an aggregate purchase price of EUR 1.

The Financing is subject to obligations, commitments, and events of default customary for transactions of this nature. Events of default include, among other things, a material adverse change in Substrate AI (which includes a decline in the share price by more than 50 percent compared to the Daily VWAP on the first trading day following the initial issuance), a change of control, delisting of Substrate AI's shares from the BME Growth market, and a final judgment against Substrate AI for the payment of an amount in excess of EUR 5 million. Upon the occurrence of an event of default, the investors are entitled to cash redemption at 120 percent of the principal amount of the outstanding bonds. The right for Substrate AI to request drawdowns is subject to conditions precedent, including that no material adverse change or event of default has occurred, that the shares in Substrate AI remain listed and freely tradable on the BME Growth segment of BME MTF Equity, that no applicable authority (including the CNMV or the governing bodies of the stock exchange) has objected to the issuance, subscription or conversion of the bonds, and that the share closing price is not less than 50 percent of the closing price on the most recent previous closing date. Each investor has a discretionary right to waive any of the conditions precedent with respect to its own investment.

As of the date of this announcement, Subgen AI directly controls the majority of Substrate AI, owning approximately 58.6 percent of the capital and approximately 58.8 percent of the votes in Substrate AI. The conversion of the convertible bonds into shares, which is expected to take place three years after the signing of the definitive agreement, will result in a dilution of Subgen AI's shareholding. The shares in Substrate AI are traded on the BME Growth segment of BME MTF Equity in Spain.



Substrate AI has over 500 clients in sectors such as healthcare, industry and technology, and over 200 employees. The company offers AI products ranging from software for creating and managing agents to a cloud computing infrastructure project currently in the roll-out phase. The investment aims to strengthen its innovative AI solutions and enable the company to compete in terms of intellectual property, data sovereignty and its ability to lead the way in the European and international markets.

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About Subgen AI

Subgen AI (Nasdaq First North: SUBGEN) is a Stockholm-headquartered enterprise AI company serving clients in healthcare, financial services, energy, and the public sector across Europe, the United States, and Latin America. Its flagship platform, Serenity Star, enables organisations to deploy, govern, and scale generative AI with full EU AI Act compliance and data sovereignty. For more information, visit <https://subgen.ai>.

The Company's Certified Adviser is Eminova Fondkommission AB | adviser@eminova.se

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