



Antares Vision S.p.A.

Consolidated financial statements as at December 31, 2023

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010, and article
10 of EU Regulation n. 537/2014

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Antares Vision S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Antares Vision Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Antares Vision S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
<p>Restatement for Errors and Changes in Accounting Principles (IAS 8)</p> <p>Following an internal investigation and in compliance with IAS 8, comparative data for the fiscal years 2021 and 2022 presented in the consolidated financial statements of Antares Vision Group as of December 31, 2023, have been restated, mainly in connection with revenues and trade receivables related to the government software hub business ("L5 Business") conducted by the subsidiary RfXcel Corporation ("RfXcel"), as well as the related taxes.</p> <p>In particular, the internal investigation revealed that RfXcel had issued invoices for services not actually carried out and that certain previous members of the subsidiary's American management had created documentation to certify the alleged execution of these services, causing the consequent recording of revenue which, based on the relevant accounting principles, should not have been accounted for.</p> <p>The restatement of the 2022 data resulted in non-compliance with financial covenants; therefore, medium to long-term financial liabilities subject to these covenants were reclassified as current liabilities as of December 31, 2022, for EUR 124.1 million.</p> <p>Considering the complexity of the matter and its accounting implications, we deemed it represented a key audit matter.</p> <p>The financial statement disclosure related to the aforementioned restatement is reported in the paragraph "Restatement for errors and changes in accounting standards (IAS 8)" of the explanatory notes to the consolidated financial statements.</p>	<p>Our audit procedures in response to the key audit matter included, among others:</p> <ul style="list-style-type: none"> • understanding the elements underlying the directors' assessment of such matter; • meetings with the governance bodies and with the Board of Directors' committee in charge of the relations with the third parties responsible for the independent investigations, in order to monitor the progress of the ongoing investigation; • obtaining and assessing the report prepared by the law firm Goodwin Procter LLP, supported by the accounting consultancy firm Charles River Associates, containing the results of the independent investigation conducted; • assessment of the accounting implications of the restatement. <p>Finally, we reviewed the disclosures provided in the explanatory notes to the consolidated financial statements as of December 31, 2023.</p> <p>In carrying out the aforementioned procedures, we relied on the support of EY experts in forensics, valuation, and tax matters.</p>
<p>Valuation of goodwill</p> <p>The goodwill reported in the consolidated financial statements of Antares Vision Group as of December 31, 2023, amounts to EUR 96.8 million, net of impairment losses recorded during the year totaling EUR 66.3 million. Starting from the 2023 financial year, Antares Vision Group undertook an organizational restructuring process that resulted in the identification of four operating segments and the definition of a new internal reporting system for analyzing their respective performances.</p>	<p>Our audit procedures in response to the key audit matter included, among others:</p> <ul style="list-style-type: none"> • understanding the procedures and key controls implemented by the Group regarding the valuation of goodwill; • verifying the adequacy of the scope of the CGUs and the allocation of the carrying amounts of assets and liabilities to them; • assessing the reasonableness of the future cash flow forecasts for the five-year explicit

For the purpose of testing the recoverability of goodwill, as required by IAS 36, management identified, starting from the 2023 financial year, four separate Cash Generating Units (“CGU”), which correspond to the four operating segments.

The new organizational structure, the four operating segments, and the four CGUs are reflected in the strategic guidelines and the 2024-2026 business plan, approved by the Board of Directors of Antares Vision S.p.A. on March 4, 2024 (the “Business Plan”).

The processes and methods for evaluating and determining the recoverable value of the CGUs, in terms of value in use, are based on sometimes complex assumptions that, by their nature, involve the judgment of the Directors, particularly with reference to: i) the forecast of future cash flows for a five-year period (based on the Business Plan for the 2024-2026 period and, for 2027 and 2028, developed based on the average growth rate of volumes implicit in the forecasts for the two preceding years), ii) the determination of normalized cash flows underlying the estimate of the terminal value, and iii) the determination of long-term growth and discount rates applied to the forecasts of future cash flows.

Given the judgment required and the complexity of the assumptions used in estimating the recoverable value of goodwill, we deemed it represented a key audit matter.

The financial statement disclosure related to goodwill is reported in the paragraph “Goodwill” and in note 2. “Goodwill” of the explanatory notes to the consolidated financial statements.

Revenue recognition

The consolidated financial statements of Antares Vision Group as of December 31, 2023, include revenues from contracts with customers amounting to EUR 210 million.

The Group enters contracts with customers that may include commitments to deliver machinery and software, to permit the use of software, and to provide implementation, support, and other professional services, as well as installation and assistance services.

The processes and methods of revenue recognition for such contracts with customers,

forecast period and the reasonableness of the assumptions used to determine the normalized cash flows underlying the terminal value estimate;

- ensuring the consistency of the future cash flow forecasts of the CGUs with the Business Plan;
- testing the determination of long-term growth rates and discount rates.

In carrying out the procedures, we relied on the assistance of our EY valuation experts, who performed an independent recalculation and conducted sensitivity analyses on the key assumptions to determine the changes in assumptions that could significantly impact the assessment of the recoverable amount.

Finally, we reviewed the disclosures provided in the explanatory notes to the consolidated financial statements as of December 31, 2023.

Our audit procedures in response to the key audit matter included, among others:

- understanding the procedure and key controls implemented by the Group regarding revenue recognition;
- for a sample of transactions, we conducted the following procedures: reading contracts or equivalent documentation, verifying the identification of obligations and conditions for revenue recognition related to these performance obligations, verifying the measurement of revenue, its recognition, and

including the identification of contractual obligations and related revenues, are based on sometimes complex assumptions that inherently require the judgment of the Directors.

Considering the judgment required and the complexity of the assumptions used in determining revenue recognition for these contracts, we deemed it represented a key audit matter.

The financial statement disclosure related to revenues is reported in the paragraph "Revenue from contracts with customers" and in note 27. "Revenue" of the explanatory notes to the consolidated financial statements.

Assessment on going concern

The consolidated financial statements of Antares Vision Group as of December 31, 2023, reported a net equity of EUR 167.7 million, inclusive of a net loss for the year of EUR 99.9 million and a net financial position of EUR 109.1 million, of which EUR 165.7 million relates to financial liabilities and EUR 56.6 million to cash, banks and other current financial assets. Financial liabilities are mostly recorded within current liabilities (EUR 151.1 million), due to the non-compliance with certain financial covenants. In this regard, on May 27, 2024 the Group obtained a waiver and redesigned such financial covenants starting from 2024.

The Business Plan includes positive cash perspectives for the next 12 months, consistent with the expected development of the business, the generation of positive and progressively increasing operating cash flow starting from 2024, and positive net cash flow (resulting in a progressive reduction of net financial debt) starting from 2025.

The assumptions underlying the development of the Business Plan and, therefore, the subsequent evaluations regarding the going concern assumption, are characterized by a high level of uncertainty inherent in forecasting data based on future events. Considering the evaluations and judgments required by the directors in developing the assumptions and preparing forecast data, and their potential future implications on the going concern assumption, we deemed it represented a key audit matter.

The financial statement disclosure regarding business continuity is provided in the paragraph "Going-concern assumption" of the explanatory notes to the consolidated financial statements.

the mathematical accuracy of the provisions made.

Finally, we reviewed the disclosures provided in the explanatory notes to the consolidated financial statements as of December 31, 2023.

Our audit procedures in response to the key audit matter included, among others:

- understanding the key elements of the directors' assessment regarding the adoption of the going concern assumption;
- obtaining and reviewing the agreements signed on May 27, 2024, with the relevant financial institutions;
- analysis of the economic and financial forecasts for future periods included in the Business Plan and the reasonableness of the key assumptions underlying those forecasts, with the support of our valuation experts;
- assessment of the cash flow plan prepared by the directors;
- analysis of the quarterly financial results as of March 31, 2024, and the current order backlog;
- review of the corporate books of Antares Vision S.p.A.

Finally, we reviewed the information provided in the explanatory notes to the consolidated financial statements as of December 31, 2023.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Antares Vision S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Antares Vision S.p.A., in the general meeting held on February 22, 2021, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Antares Vision S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Antares Vision S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Antares Vision Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Antares Vision Group as at December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Antares Vision Group as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Antares Vision S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Brescia, June 19th, 2024

EY S.p.A.
Signed by: Andrea Barchi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.