Antares Vision S.p.A.
Registered office: Via del Ferro 16, Travagliato (BS), Italy

Authorised share capital Euro 145,723 subscribed and paid up for Euro 143,074
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2020

REPORT ON OPERATIONS

Dear Shareholders,

With this document, we submit the consolidated financial statements for the year ended 31 December 2020 of the group of companies headed up by Antares Vision S.p.A. (hereinafter also referred to as "Antares Vision"), consisting of the statement of financial position, income statement, statement of other comprehensive income, statement of changes in shareholders' equity, cash flow statement and explanatory notes.

In it we explain our business activities, show the results, financial position and cash flow and point out the most significant facts that characterised the operations of Antares Vision in 2020, as well as inform you about the main events that occurred after the end of the year.

Please refer to the notes for an analysis of the Group's main risks and how they are managed.

Business activities

Antares Vision is a world leader in the research and development, design, study, construction and installation of Track & Trace solutions for the traceability of products throughout their entire life cycle, from production to the end-consumer and on to recycling; also of Inspection systems for quality control used in various segments: pharmaceuticals, biomedical devices, food & beverage, cosmetics and packaged consumer goods generally. Antares Vision also offers software solutions for Smart Data Management and provides assistance and maintenance Services linked to the solutions and systems that it sells.

The solutions and systems developed by Antares Vision, consisting of an integration and combination of hardware and software components, can be added on to any type of automatic or manual production line to provide primary[1] and secondary packaging[2].

Through its offices in Italy and its foreign subsidiaries and branches, three research centres in Italy and a network of over 40 partners worldwide, Antares Vision has a presence in over 60 countries with comprehensive and flexible solutions and related services. With 20 years of experience of the founder partners in vision technologies and 2,196 production lines installed in over 200 production plants worldwide in 2020, Antares Vision supplies 10 of the world's 20 leading pharmaceutical companies (by turnover) and has consolidated relationships with the main multinationals in the beverage sector (by turnover).

Scope of consolidation

At the end of the year, in addition to the financial statements of the Parent Company, Antares Vision S.p.A., the scope of consolidation also included the financial statements of the following subsidiaries:

- IMAGO TECHNOLOGIES GmbH, based in Friedberg (Germany), of which Antares Vision holds 100% of the share capital;
- ANTARES VISION INC., based in New York (USA), of which Antares Vision holds 100% of the share capital and which in turn holds 70% of the share capital in ANTARES VISION NORTH AMERICA LLC, based in New Jersey (USA) and 100% of APPLIED VISION HOLDINGS CORPORATION, based in Ohio (USA) and the holding company of 100% of the investments in APPLIED VISION CORPORATION and APPLIED VISION SERVICES CORPORATION.
- ANTARES VISION DO BRASIL, based in Sao Paulo, Brazil, of which Antares Vision holds 99.99% of the share capital, which in its turn holds 99.99% of the share capital of LEGG SYSTEM COMERCIO E SERVICOS DE PECAS INDUSTRIAIS E AUTOMACAO LTDA, based in Sao Paulo, Brazil, 51% of the share capital of T2 SOFTWARE, based

[1] *In other words, packaging that comes into direct contact with the product that it contains, such as blisters, sachets, bottles, vials and tubes.*
[2] *This is the external packaging that contains the primary packaging to protect it from damage.*

in Sao Paulo, Brazil, and indirectly through the latter, 73% of the share capital of PHARMATRACK SISTEMAS LTDA;

- ANTARES VISION FRANCE SAS, based in Rillieux-la-Pape (France), of which Antares Vision holds 100%;
- ANTARES VISION IRELAND LIMITED, based in Galway (Ireland), of which Antares Vision holds 100%;
- ANTARES VISION RUS OOO, based in Moscow (Russia), of which Antares Vision holds 100%;
- ANTARES VISION ASIA PACIFIC LIMITED, based in Hong Kong, of which Antares Vision holds 100%, together with its branch ANTARES VISION (SHENZHEN) INTERNATIONAL TRADING CO., LTD, set up on 17 August 2020 and based in Shenzhen (China);
- FT SYSTEM SRL, based in Alseno (Italy), of which Antares Vision acquired 100% on 30 September 2019, which in turn wholly owns FT HEXAGONE SARL, based in Challes les Eaux (France) and FT NORTH AMERICA LLC, based in Massachusetts (USA);
- TRADETICITY DOO, based in Zagreb (Croatia), of which Antares Vision acquired 82.83% on 20 April 2020, which in turn holds 100% of TRADETICITY SERVICES DOO, based in Belgrade (Serbia);
- CONVEL SRL, based in Dueville (Italy), of which Antares Vision acquired 100% on 30 June 2020;
- ANTARES VISION GmbH, set up in April 2020 and based in Friedberg (Germany), of which Antares Vision holds 100%;
- INNOVATIVE MARKING DIGITAL SOLUTIONS (IMDS) UK LTD, based in London (UK), set up on 6 December 2020 to act as a holding company, of which Antares Vision holds 70%.

Please refer to the notes for a more detailed description of the changes in the scope of consolidation compared with 31 December 2019.

Operating performance

2020 was undoubtedly characterised by the health emergency caused by the spread of the respiratory syndrome called SARS-CoV-2 and the related Covid-19 pathology, whose evolution is currently still uncertain.

The authorities of most countries, including the Italian government, have adopted restrictive measures aimed at containing further spread of the pandemic. Among these, the most significant involved restrictions and controls on movements and the closure, in the hypothesis of production activities not considered essential, of production plants and offices. These measures have had a significant negative impact on the financial markets and on economic activities at a domestic and global level, the precise extent of which is currently not determinable in consideration of the continuous evolution of the situation, also in relation to the dynamics that characterize the subsequent waves.

In this context, from the beginning of the pandemic until January 2021, none of the Antares Vision plants had to stop their operations due to the restrictive measures to contain the pandemic. We were very relieved by this decision: the pharmaceutical industry, the main target sector for Antares Vision, together with food & beverage, has been under pressure during this emergency and in many cases it has called for the activation of task forces and continuous cycle productions. In this kind of situation, it was essential for Antares Vision to guarantee the continuity of supplies and services provided to customers, albeit with testing and technical assistance operations carried out remotely.

Management also monitored the situation closely as it evolved and implemented all of the guidelines issued by the authorities with the utmost promptness and care. The health and well-being of employees, co-workers and commercial partners were prioritised by adopting protection and prevention measures, such as switching to remote working, organising video conferences in place of meetings and carefully managing production and installation activities.

When these restrictions were introduced, in Italy Antares Vision did not resort to social safety nets, but managed its own resources by encouraging employees to take holidays that they were still due and making it possible for people to donate surplus holidays to colleagues whose activities were temporarily suspended, while in the United States and Hong Kong the Group companies benefited from some government subsidies.

Isolating the effects of the pandemic on the business and on Antares Vision's results is not an easy exercise.

In the first part of the year, the Group inevitably suffered from the effects of the first wave, mainly due to the deferral of preparation terms and the assignment of tenders, which caused a slowdown in the award of new contracts and the postponement of installation work. Despite this, the Group did not have to resort to social safety nets, but managed its own resources by encouraging employees to take holidays that they were still due and making it possible for people to donate surplus holidays to colleagues whose activities were temporarily suspended. It also adopted a careful policy of cost optimisation, monitoring and containment, which made it possible to limit the effects of the pandemic on the results for the year.

It should be noted, however, that in the second half of the year there was an increase in the lines installed and Antares Vision's business performance appeared to be less sensitive to the effects of the restrictive measures introduced by governments to contain the spread of the virus during the second wave.

Although it is difficult to calculate the effects on Antares Vision's results, there is no doubt that this event will create a sense of urgency to implement stricter standards and regulations to guarantee people's safety, also in relation to the quality, authenticity and sustainability not only of essential products, such as medicines, foods, beverages and cosmetics, but of consumer products generally.

And it was precisely during the pandemic that Antares Vision had an opportunity to pursue its own vision "Living technology, for a healthier and safer world". This involved launching at the end of April "Track My Health", a platform conceived together with Vigilate, based on the progress that Antares Vision is making in Digital Health.

"Track My Health" makes it possible to:

- control body temperature with a precision of +/- 0.3°;
- count how many people there are in a certain area and automatically control the number of people entering or exiting, while taking their body temperature;
- check whether or not they are wearing a face mask;
- check that they maintain social distancing, automatically setting off alarm signals in the event of anomalous situations or behaviour;
- record a large amount of data and information that can then be consulted through a tool that can sift through the archive of videos and events, all in compliance with the Privacy Law (GDPR).

The novelty of this solution, also chosen by 1000 Miglia to manage all accesses to the event, is its modularity and integrability with any existing software platforms and supervisory systems, which allows companies to configure it and adapt it to their needs. In particular, the portal is based on a "Plug & Play" vision and safety management platform that is able to combine with existing hardware and software.

Even more so at this time of uncertainty, Antares Vision's commitment to safety and health has continued to be unwavering, compounding the three product lines: inspection, traceability and smart data management. The Inspection systems guarantee total quality control for product integrity. Track & Trace is the tool to follow every product from its origin throughout the production process, along the entire value chain, all the way to the end-consumer. The combination of both technologies and the implementation of a single smart data management system that combines traceability and inspection functions, is the strategy for guaranteeing product safety and transparency of the supply chain, fighting counterfeiting, preserving the reputation of the trademark, managing any faulty product recalls thoroughly and promptly, and establishing a relationship with the end-consumer based on trust.

This is the context for the strategic diversification and strengthening of the business that started in 2019 and continued in 2020 with the setting up of new branches in Germany, China and the United Kingdom and with the acquisitions of strategic investments such as Tradeticity and Convel, acquired directly, and Applied Vision, acquired indirectly through Antares Vision Inc. In addition, there was the prestigious partnership signed on 9 June 2020 with IMA, worldwide leader in the design and production of machines for the automation of processes and the packaging of pharmaceuticals, cosmetics, food, tea and coffee. The 5-year agreement provides for synergy-building collaboration in the development and implementation of innovative solutions as part of specific projects, new businesses and new products to consolidate and strengthen the leadership of both companies in existing and emerging markets. The collaboration already of more than 10 years in the supply of inspection systems for quality control and integrity of pharmaceutical product packaging now extends to the most innovative solutions that Antares Vision offers in the various market segments (pharmaceuticals, food, cosmetics, medical devices, etc...) for the traceability of products and intelligent data management. This will give Antares Vision a significant increase in turnover and make it one of the privileged technology partners to support the entire IMA Group in digital innovation at an international level.

Lastly, worth noting is the launch in October 2020 of Antares Vision's new Innovation Centre at the CSMT (*Centro Servizi Multisettoriale e Tecnologico* - Multisectoral and Technological Service Centre) in Brescia, confirming how Antares Vision is always at the forefront in promoting innovation as a key driver for a sustainable and competitive business strategy. Founded in 2011 and located between the Faculties of Engineering and Medicine of the University of Brescia, the CSMT represents an ideal place to create networks and alliances, but also a centre for promotion and research, technical and specialist training, as well as having a role in technology transfer and as a start-up incubator. The research and development of new technologies in various fields will be the focus of this new Antares Vision structure, whose staff will work on innovative ideas and projects by creating networking and synergy between universities, associations, research institutes and companies, with a view to favouring development and continuous improvement.

Alternative performance measures

Antares Vision uses certain alternative performance measures ("APM") to monitor equity and financial trends and its operating performance. The APMs have been drawn up in compliance with ESMA/2015/1415 guidelines.

For a correct interpretation of these APMs please note the following:

- these indicators are based solely on historical data of Antares Vision and do not provide any indication of future trends;
- the APMs are not required by IFRS and, even though they are derived from the consolidated financial statements of Antares Vision, they have not been audited;
- the APMs should not be considered as being in lieu of the indicators required by IFRS;
- these APMs must be interpreted jointly with Antares Vision’s financial information contained in the consolidated financial statements and accompanying notes;
- the definitions of the indicators used by Antares Vision, as they do not originate from the accounting principles of reference, may not be consistent with those adopted by other groups and hence may not be comparable;
- the APMs used by Antares Vision have been drawn up with continuity, defined and set out consistently for all periods covered by financial information included in this report on operations.

The APMs have been selected and set out in the report on operations because Antares Vision believes that:

- the Gross Profit, Value Added, EBITDA and EBIT, together with other profitability indicators, make it possible to show the changes in operating performance and provide useful information on Antares

Vision's ability to sustain its indebtedness; these indicators are also commonly used by analysts and investors to assess company performance;

- net financial indebtedness, together with other indicators of the composition of assets and liabilities and of financial elasticity, lead to a better assessment of Antares Vision's overall financial strength and its ability to maintain a situation of structural equilibrium over time;
- the net trade working capital, net working capital and net invested capital make it easier to assess the Company's ability to meet short-term commercial obligations through current trade assets, as well as the consistency between the structure of its sources and applications of funds in terms of timing.

Main income statement figures

The consolidated income statement at 31 December 2020 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 31 December 2019 (in thousands of Euro). Note that, compared with the previous year, 2020 benefits from the presence in the scope of consolidation of FT System, acquired on 30 September 2019 and therefore included in the comparative figures for only 3 months.

Antares Vision Reclassified income statement (€/000)	2020	2019	2020 vs 2019 Difference %
Revenue	121,030	122,405	-1.1%
Capitalisation of development costs	4,721	3,620	30.4%
Operating grants	1,356	1,718	-21.1%
Tax credit	1,195	1,048	14.0%
Value of production	**128,302**	**128,791**	**-0.4%**
Changes in inventories of raw materials and finished goods	1,534	471	225.4%
Purchases of materials	26,020	30,007	-13.3%
Changes in inventories of work in progress	-65	214	-130.3%
Cost of sales	**27,489**	**30,692**	**-10.4%**
% of sales	*22.7%*	*25.1%*	
Commissions	3,248	3,089	5.2%
Installation costs	1,685	5,240	-67.9%
Gross Profit	**95,880**	**89,770**	**6.8%**
% of sales	*79.2%*	*73.3%*	
Leases and rentals	1,319	1,394	-5.4%
Operating costs	147	133	10.8%
Services	19,382	20,172	-3.9%
Value added	**75,032**	**68,071**	**10.2%**
% of sales	*62.0%*	*55.6%*	
Labour	45,727	36,544	25.1%
Employees	*40,976*	*31,032*	32.0%
Collaborators	*4,752*	*5,512*	-13.8%
Gross operating profit (EBITDA)	**29,305**	**31,528**	**-7.0%**
% of sales	*24.2%*	*25.8%*	
Write-down of receivables	319	364	-12.4%
Amortisation and depreciation	3,662	1,609	127.5%
Intangible assets	*2,105*	*430*	389.1%
Tangible fixed assets	*1,557*	*1,179*	32.1%
Operating profit (EBIT)	**25,324**	**29,554**	**-14.3%**
% of sales	*20.9%*	*24.1%*	
Financial income and expenses	4,035	-2,882	-240.0%
Extraordinary income and expenses	5,144	3,076	67.2%
PPA amortisation	1,474	363	306.3%
Profit before taxes	**14,671**	**28,997**	**-49.4%**
% of sales	*12.1%*	*23.7%*	
Income taxes	-3,445	6,670	-151.6%
Profit/(loss) attributable to minority interests	-44	410	-110.7%
Profit/(loss) for the year	**18,159**	**21,918**	**-17.1%**
% of sales	*15.0%*	*17.9%*	

Gross profit, net of capitalisation of tax credits and grants	**88,608**	**83,383**	**6.3%**
% of sales	*73.2%*	*68.1%*	

Profit before taxes	**14,671**	**28,997**	**-49.4%**
PPA amortisation	1,474	363	306.3%
Extraordinary income and expenses	5,144	3,076	67.2%
Foreign exchange gains and losses	2,771	-92	-3101.2%
FV of warrants and Alp.I	-303	-4,615	-93.4%
Adjusted profit before taxes	**23,756**	**27,729**	**-14.3%**
Patent Box benefit 2016-2018	5,664		
Taxation	-2,010	7,528	
Profit/(loss) attributable to minority interests	-44	410	
Adjusted profit/(loss) for the year (Patent Box 2019)	**20,146**	**19,791**	**1.8%**
Adjusted profit/(loss) for the year (Patent Box 2016-2019)	**25,810**	**19,791**	**30.4%**
	16.6%	*16.2%*	

The figures do not include certain extraordinary items, reclassified below EBIT and made up of the costs that Antares Vision incurred for acquisitions (Euro 2,521 thousand), costs relating to the reorganisation of the offices in Germany when setting up a new German branch (Euro 310 thousand), the balance of extraordinary income and expenses (Euro 932 thousand) and the adjustment to the equity method of investments in associates (Euro 86 thousand), as well as the mark-to-market of derivative instruments and capital losses (Euro 1,294 thousand) for a total of Euro 5,144 thousand. The amortisation of Euro 1,474 thousand deriving from the Purchase Price Allocation (PPA) that followed the acquisition of FT System (on 30 September 2019) and of Convel (on 30 June 2020) has also been classified below EBIT.

2020 closed with a Value of Production (Euro 128,302 thousand) substantially in line with the same period of the previous year (Euro 128,791 thousand). Although it benefits from the presence of FT System in the scope of consolidation for 12 months compared with the previous period which only included 3 months, this result is to be considered very satisfactory considering that it was such an exceptional year. It is also proof of Antares Vision's resilience and foresight in making strategic investments.

A breakdown of revenue, equal to Euro 121,030 thousand, is given below:

- by geographical area

GEOGRAPHICAL AREA	2020	2019 (restated)
ITALY	20,063	25,119
EUROPE	63,865	65,013
NORTH & SOUTH AMERICA	23,820	14,785
ASIA	8,952	8,593
AFRICA AND THE MIDDLE EAST	4,330	8,895
Total	**121,030**	**122,405**

- by market

MARKET	2020	2019 (restated)
Life-science	***92,383***	***109,542***
* of which: T&T	57,081	78,194
* of which: Inspection	17,206	20,295
* of which: Services	12,660	7,025
* of which: Smart data management	5,436	4,028
Extra Life-science	***28,647***	***12,034***
* of which: Inspection	23,278	10,418
* of which: T&T	1,109	935
* of which: Smart data management	8	-
* of which: Services	4,252	681
Other	***-***	***829***
Total	**121,030**	**122,405**

The Gross Profit and Value Added, equal to Euro 95,880 thousand and Euro 75,032 thousand respectively, have increased by 5.9% and 6.4% compared with 31 December 2019.

This improvement is also attributable to Antares Vision's commitment to a constant rise in the portion of turnover generated by software and after-sales assistance, which have higher margins than original equipment sales. At the same time, the health emergency that characterised 2020 inevitably caused a postponement of installation activities and technical interventions. The combined effect of delaying these activities, together with the farsighted process of internalising resources started last year as a conscious investment to cope with the growth expected in the coming years, has led to a significant reduction in installation costs by third parties.

This trend also translated into a Gross Operating Profit (EBITDA ADJ) of Euro 29,305 thousand (24.2% of sales), down by 7.0% on the 2019 figure, though it benefited from the intense installation activity of tracking solutions following the entry into force of the traceability legislation in Europe during the first quarter.

The Operating Profit (EBIT ADJ) shows a decrease of 14.3%, going from Euro 29,554 thousand at 31 December 2019 to Euro 25,324 thousand, mainly due to higher amortisation and depreciation due to the capitalisation of development costs and new leased assets accounted for as finance leases.

Financial charges have been significantly influenced by non-monetary items, such as the effect of the measurement at fair value of warrants issued in 2019 at the time of the business combination with Alp.I (IAS 32), which produced a gain of Euro 303 thousand, as well as net unrealised exchange losses of Euro 2,771 thousand. On the other hand, taxes have benefited from the effect of the "Patent Box" tax regime which resulted in a positive tax contribution of Euro 7,783 thousand for the tax periods 2016-2019. All this together with the extraordinary items and the effect of the PPA of FT System as detailed at the beginning of the paragraph, resulted in a net profit of Euro 18,159 thousand, down by 17.1% compared with 2019.

So to provide a clearer view of the net profit, steps have been taken to normalise it:

- extraordinary items (net of the theoretical tax effect),
- the effect of the warrants,
- the effect of the PPA of FT System and Convel,
- exchange differences

leading to a figure of Euro 25,810 thousand, compared with Euro 19,791 thousand in 2019. However, it is also necessary to underline the extraordinary nature of the cumulative tax benefit for four tax periods (2016-2019) deriving from the "Patent Box" tax regime. A further normalisation is therefore opportune, excluding the benefit that arose in 2016-2018 and including only the benefit that arose in 2019, which leads to a profit of Euro 20,146 thousand.

Main balance sheet figures

The statement of financial position is set out below, reclassified by sources and applications as at 31 December 2020 and 31 December 2019 (in thousands of Euro).

Antares Vision Consolidated statement of financial position (€/000)	31/12/2020	31/12/2019	2020 vs 2019 Difference %
Property	19,470	13,221	*47.3%*
Financial assets	3,971	3,813	*4.1%*
Tangible fixed assets, net	2,023	739	*173.7%*
Intangible assets, net	106,306	66,778	*59.2%*
Total fixed assets	**131,770**	**84,551**	***55.8%***
% of net invested capital	*78.4%*	*79.2%*	
Raw materials	22,343	17,678	*26.4%*
Work in progress	6,254	5,840	*7.1%*
Finished products	3,694	2,056	*79.7%*
Total inventories	**32,291**	**25,574**	***26.3%***
Trade receivables	47,533	56,505	*-15.9%*
Trade payables	-14,281	-19,244	*-25.8%*
Advances from customers	-14,816	-10,486	*41.3%*
Net trade working capital	**50,727**	**52,349**	***-3.1%***
% of net invested capital	*30.2%*	*49.0%*	
Other current assets	23,172	17,167	*35.0%*
Other current liabilities	-27,051	-39,764	*-32.0%*
Net working capital	**46,848**	**29,752**	***57.5%***
% of net invested capital	*27.8%*	*27.9%*	
Severance indemnities	-6,918	-5,687	*21.6%*
Provisions	-628	-453	*38.8%*
Write-downs	-2,525	-1,364	*85.1%*
Net invested capital	**168,547**	**106,799**	
Net capital	135,164	117,575	*15.0%*
Net capital	**135,164**	**117,575**	***15.0%***
% of total sources of funds	*80.1%*	*110.1%*	
Net long-term financial payables	162,572	107,604	*51.1%*
Cash and cash equivalents	-129,189	-118,380	*9.1%*
Net financial debt	**33,383**	**-10,776**	***-409.8%***
% of total sources of funds	*19.9%*	*-10.1%*	
Total sources of funds	**168,547**	**106,799**	

Total fixed assets show a significant increase (55.8%) following:

- the acquisitions carried out during the year:

    - 82.83% of Tradeticity which generated goodwill of Euro 1,073 thousand, in addition to fixed assets of Euro 238 thousand;
    - 100% of Convel which, after the PPA, generated goodwill of Euro 12,322 thousand and higher intangible assets of Euro 566 thousand, in addition to other fixed assets of Euro 301 thousand;
    - 100% of the Applied Vision group through Antares Vision Inc., which brought fixed assets of Euro 5,499 thousand, in addition to having generated goodwill of Euro 22,701 thousand, temporarily recognised pending completion of the PPA within 12 months as per IFRS 3;
- the investments made at the Travagliato and Parma locations to expand the offices and the production area for Euro 421 thousand;
- the capitalisation of development costs as explained in greater detail below for Euro 4,721 thousand;
- the purchase of the assets of Adents High Tech International ("Adents") for Euro 1,500 thousand.

partially offset by the increases in accumulated depreciation and amortisation.

Note that with reference to the year end ("Reference Date"), the Board of Directors of Antares Vision has carried out specific procedures to check the recoverable value of intangible assets with an indefinite useful life recognised in the consolidated financial position of Antares Vision, in accordance with IAS 36.

The scope of analysis includes all intangible assets with an indefinite useful life recorded in Antares Vision's consolidated financial statements other than those recognised following the acquisition of Applied Vision Holdings Corporation ("Applied Vision").

In fact, with regard to Applied Vision, the Directors estimate that the recoverable value of the assets acquired coincides with the price paid as this represents the best indication of fair value available at the recognition date, given that the acquisition was completed very close to the year-end. The Directors do not have any other elements that could modify the basis on which the purchase price was established. Further analyses regarding the recoverability of Applied Vision's assets will be carried out during the preparation of future financial statements, when Antares Vision will have integrated and aligned Applied Vision to its own standards and will have direct control over its results, also with respect to the expectations on which the purchase price was based.

An explanation of the assumptions used in the impairment test will be provided in the notes, though it is worth mentioning here that the analyses carried out on the preliminary figures at 31 December 2020 show a recoverable value of the group of assets under review which is well above their carrying amount in the consolidated financial statements of Antares Vision.

The Directors will systematically monitor the financial position and income data to assess the need to adjust the forecasts and promptly reflect any further impairment.

Net working capital has increased by 57.5%, partly linked to the reduction in contractual liabilities generated by the application of IFRS 15 and partly to the working capital of the companies acquired.

Provisions have increased due to the usual accruals for the period. Among these, the provision for risks for derivative financial instruments increased by Euro 922 thousand due to the valuation at mark to market.

Shareholders' equity amounted to Euro 135,164 thousand, an increase of 15.0% compared with 31 December 2019; it benefits from a profit for the period (not adjusted for extraordinary items) of Euro 18,159 thousand.

Main financial figures

The following is the consolidated net financial position at 31 December 2020 compared with 31 December 2019 (in Euro thousand).

Antares Vision **Net financial position**	**31/12/2020**	**31/12//2019**
Cash at banks	95,650	85,047
Cash and cash equivalents	395	201
Cash and banks	**96,045**	**85,248**
Current securities available for sale	33,144	33,132
Total cash, cash equivalents and securities for sale	129,189	118,380
Due to banks (within 1 year)	-33,825	-15,434
Due to other lenders (within 1 year)	-1,812	-881
Short-term financial debt	-35,637	-16,315
Net short-term financial position	93,552	102,065
Due to banks (beyond 1 year)	-120,077	-84,410
Due to other lenders (beyond 1 year)	-6,858	-6,879
Other financial receivables (beyond 1 year)		
Net long-term financial position (*)	***- 33,383***	***10,776***
Warrant mark-to-market effect	**4,211**	**4,515**
	-29,172	***15,291***
Derivative mark-to-market effect	***-1,490***	***-569***
Net financial position	***-30,662***	***14,722***

The net financial position (excluding the effect of the valuation of warrants at market values, as there will be no cash outflow) is negative for Euro 29,172 thousand (negative for Euro 30,662 considering the measurement of derivatives at fair value), compared with a positive balance of Euro 15,291 thousand (Euro 14,722 thousand) at 31 December 2019.

The change in the normalised net financial position compared with the previous year, equal to Euro 44,463 thousand, is mainly due to the cash outflows for acquisitions:

- of Tradeticity which involved an outlay of Euro 1,421 thousand including debt of Euro 490 thousand;

- of Convel for an outlay of Euro 12,612 thousand plus cash at the acquisition date of Euro 3,118 thousand;
- of Adents' assets for an outlay of Euro 1,500 thousand;
- of Applied Vision and its two subsidiaries through the American holding company Antares Vision Inc. for an outlay of USD 45,575 thousand.

In addition, there are the investments in tangible fixed assets (mainly to expand the production facilities in Italy), intangible assets (capitalisation of development costs) and investments in subsidiaries (to open branches in Germany, China and UK).

It is worth noting that approximately Euro 71,000 thousand of funding was raised during the year, mainly in the form of long-term bank loans, negotiated at particularly favourable terms thanks to Antares Vision's excellent credit rating. This funding was raised partially to finance the acquisitions mentioned above and partially for possible future acquisitions.

Significant events

During 2020, Antares Vision further strengthened its presence on foreign markets, not only through the consolidation of existing branches, but also by:

- setting up, on 17 February 2020, a new wholly-owned subsidiary in Germany, which currently has eight employees (two key account managers, three installers, two project managers and a person involved in marketing and communication). It has been set up to strengthen the presence on the existing local market and promote further growth and diversification of business by Antares Vision;
- setting up, on 17 August 2020, a new branch in Shenzhen, China, wholly owned by Antares Vision Asia Pacific, which joins the latter, operational since 2019, further strengthening the Group's direct presence on the Chinese market. Consolidation in the Far East market by Antares Vision is based on the "Made in China 2025" plan, launched in 2015 by the Chinese government to ensure the country technological leadership of its products. Antares Vision guarantees the market its technological solutions in the field of inspection and traceability systems, principally for the pharmaceutical and beverage sectors, which are considered particularly sensitive in China, making its expertise and know-how available to the market in the project to raise product quality, fight against counterfeiting and improve brand protection.

The strategic diversification and strengthening of the business has also continued. On 20 April 2020, an agreement was concluded for the acquisition of 82.83% of Tradeticity d.o.o. and its 100% subsidiary Tradeticity Service d.o.o., companies founded respectively in Zagreb and Belgrade and specialised in the software management of advanced traceability and serialisation processes. Tradeticity has consolidated expertise and market shares in the pharmaceutical sector, operating on the domestic and international market.

This acquisition provides for a call option to acquire the remaining 17.17% starting from the approval of the financial statements at 31 December 2021. This will allow Antares Vision to extend its geographical presence in Eastern Europe, increase market penetration and accelerate the development and implementation of tracking and serialisation solutions.

On 30 June 2020, an agreement was finalised for the acquisition of 100% of Convel S.r.l., an Italian company based in Dueville (Vicenza) that specialises in automated inspection in the pharmaceutical industry. It is also a leader in Leak Testing, a technology aimed at ensuring the highest quality of inspection by detecting any leaks that may affect the sterility of containers. Convel will allow Antares Vision to strengthen its presence in the market for inspection machines, broaden the range of products and expand its customer base, generating cross selling opportunities, as well as to strengthen the management team with people of proven worth. Furthermore, Convel's strong aptitude for research and development will make it possible to anticipate all the new challenges coming from the pharmaceutical market, which is very demanding and in continuous evolution, generating authentic value for its customers through cutting-edge technologies.

On 30 July 2020, Antares Vision made its investment in Neurala, an innovative start-up based in Boston, operating in artificial intelligence applied to vision technology for inspection. The investment amounts to Euro 244 thousand and will allow Antares Vision to continue its path in Artificial Intelligence, already started with the entry into the share capital of Orobix. Neurala's research team has created the Lifelong-Deep Neural Network™ technology, which reduces the data requirements for developing AI models and enables continuous learning "in the cloud" or "on the premises". Neurala's AI can only be trained on specific categories of inspection problems with product images that are considered "acceptable" or "good", unlike traditional deep learning approaches that typically need examples of both good and bad products. In this way, the learning process is faster than with traditional approaches, reducing the time, costs and skills required to build and maintain customised artificial intelligence solutions applied to vision technologies in manufacturing.

On 12 November 2020 Antares Vision was selected by the French judicial authority as the winner of the tender for the purchase (also indirectly through its subsidiaries) of the assets of Adents, a French company in liquidation. The company has developed a traceability and serialisation software platform for the management and exchange of data between companies and regulatory bodies (level 4) and a complete offer of cloud services (both single-tenant and multi-tenant). Mainly focused on the pharmaceutical sector, the platform is strategic in other sectors such as food, beverage (particularly in the champagne niche) and luxury goods.

The acquisition price was Euro 1.5 million, which will be paid in cash.

The transaction will allow Antares Vision to expand its portfolio of software solutions able to trace the whole end-to-end supply chain, allowing all the players in the supply chain (distributors, CMO's, 3PLs, hospitals and pharmacies) to meet the regulations relating to the traceability of medicines and able to guarantee the transparency and sustainability of the production and distribution chain in various sectors. Furthermore, hiring part of Adents' staff through Antares Vision France will also strengthen the R&D team by adding highly specialized resources to Antares Vision's workforce. In this way, Antares Vision will strengthen its service capacity with greater coverage of technical and commercial support, as well as its international presence, mainly in France, UK, Ireland, Sweden and the United States.

Another strategic acquisition was that of Applied Vision Corporation, completed on 16 December 2020 through Antares Vision Inc. Applied Vision, founded in 1997 in the United States in Akron, Ohio, has been working for over 20 years in the design and development of artificial vision solutions, based on solid optical skills, innovative lighting techniques, electronic image acquisition devices combined with digital processing processes and artificial intelligence algorithms. The company employs 69 specialized employees, including a strong management team. In addition to selling in the US, Applied Vision exports to South America, Asia, Europe, Australia, the Middle East and Africa. The proprietary imaging technology at the base of the inspection systems, together with the high technological know-how, has allowed Applied Vision to become a world leader in the inspection of metal containers in the food & beverage segment, setting new quality standards for the market. Through technological leadership in the sector and the use of artificial intelligence, with the development of proprietary self-learning algorithms, Applied Vision is able to guarantee an effective inspection on the most innovative and high-speed production lines, whatever the complexity of the containers.

On 6 December 2020, INNOVATIVE MARKING DIGITAL SOLUTIONS (IMDS) UK LTD was set up, based in London (UK) to act as a sub-holding company, of which Antares Vision holds 70%.

Further recognition of Antares Vision's business model, based on innovation and cutting-edge technologies, came in December 2020 when Antares Vision signed the preliminary agreement with the Tax Authorities to use the optional "Patent Box" tax regime for the five-year period 2016-2020. The Company has also received approval to access the procedure for renewal of the agreement for the years 2021-2025, limited to subsidised intangible assets. The estimated tax benefit for Antares Vision for the years 2016-2019 is Euro 7.7 million and is fully reflected in the result for 2020. As regards 2020, the additional tax benefit is still being quantified and will be communicated as soon as it is available. Through the Patent Box agreement, based on the information currently available, Antares Vision's average consolidated tax rate for the period 2016-2019 was approximately 18%, compared with 26% before the agreement.

Information concerning the environment and personnel

Since its foundation, Antares Vision has made innovation a key value and the decision to orient the business towards sustainability, in the environmental, economic and social fields, is part of a long-term strategy: in line with its corporate mission, Antares Vision contributes through technology to ensure the transparency of information along the entire supply chain, to ensure the safety of people and of every product consumed.

Environment

Antares Vision has always been active in protecting the environment through green campaigns to reduce the use of plastic; it has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and the "Join the Antares Vision Green Side" campaign launched in November 2019, it anticipated by a long time the ban on all disposable plastic products such as cutlery, plates, straws and containers, making it possible to save 675 kg of plastic in one year. The first step involves eliminating disposable plastic water bottles in favour of stainless steel water bottles, to be filled using new drinking fountains. In addition, hot drink vending machines will only dispense paper cups and Antares Vision employees will be able to use their own personal cups or eco-friendly beverage containers.

The effort will continue in 2021, together with the introduction of energy efficiency and renewable energy systems with a view to achieving energy self-sufficiency in 2023, as well as further extending waste sorting, by providing specific areas and identifying best recycling practices, with the aim of sorting and recycling up to 95% of waste.

Personnel

Antares Vision pays great attention to the protection of safety in the workplace and the preventative assessment of all possible sources of risk for workers' health. Following the entry into force of Legislative Decree 81/2008 that superseded Legislative Decree 626/94, external consultants have been hired to carry out the surveys required by law, also by carrying out periodic analyses of the workplaces and instrumental measurements, whose results confirm full compliance with the legal standards.

Equal consideration is given to laying down measures to manage any emergency situations. With regard to the recent spread of Covid-19, Antares Vision immediately took steps to comply with and enforce all directives from the competent Authorities in real time.

The Decree of the President of the Council of Ministers (DPCM) of 22 March 2020 classified Antares Vision as an essential business, not requiring its operations to be suspended. The commitment to dealing with the situation in the best possible way translated into measures to protect the safety of workers and visitors, while continuing to assure 100% operability and business continuity. Remote working was activated, video-conferencing was favoured over meetings and, in agreement with customers, production and installation activities were managed according to smart methods, in order to put employees' protection first.

Security in the post-lockdown period continues to be ensured right from the management of access through Track My Health, the innovative solution developed by Antares Vision, integrated and scalable, which in full respect for privacy, checks each person's body temperature at the entrance and whether they are wearing a face mask. It also counts how many people there are, making it possible to restrict the number automatically within a set limit.

The following shows the number of employees at each company compared with the figure at 31 December 2019, showing separately the companies that joined the Group during the year.

Antares Vision GmbH was considered in the total on a like-for-like basis because, even though it was established in 2020, its employees were transferred from Imago Technologies.

Lastly, the table below does not take into consideration jointly controlled investments and branches without employees.

Company	Apprentices	Production workers	Office workers	Middle managers	Managers	Total at 31/12/2020	Total at 31/12/2019
Antares Vision	22		329	19	3	373	371
Imago Technologies			19			19	28
Antares Vision do Brasil			40			40	31
T2 Software			8			8	-
Antares Vision North America			43			43	38
Antares Vision France			19			19	13
Antares Vision Ireland			2			2	2
Antares Vision Russia			16			16	11
FT System	10	28	84	2	1	125	121
FT Hexagone			7			7	7
FT North America			15			15	12
Antares Vision Asia Pacific			4			4	-
Antares Vision GmbH (*)			8			8	n.a.
TOTAL ON A LIKE-FOR-LIKE BA	**32**	**28**	**594**	**21**	**4**	**679**	**634**
Tradeticity d.o.o.			4			4	n.a.
Tradeticity Services d.o.o.			17			17	n.a.
Convel			14			14	n.a.
Applied Vision			69			69	n.a.
TOTAL	**32**	**28**	**698**	**21**	**4**	**783**	**n.a.**

(*) Although the branch was set up in 2020, it is considered appropriate to include it as a whole on a like-for-like basis with respect to the previous year as its employees were previously employed by Imago Technologies.

Human resources have always been one of Antares Vision's critical success factors. Based on this awareness of how human capital increasingly represents a competitive advantage, the Shareholders' Meeting of 20 May 2020 approved the guidelines of a 2020-2022 Stock Option Plan reserved for executive directors, top management and key employees, whose performance is able to influence the Company's results, considering the roles they cover and the functions they perform.

Through the free assignment in the period 2020-2022 of a maximum of 1,000,000 options for the subscription and/or assignment against payment of ordinary shares of the Parent Company, the Plan aims to establish a system of compensation in line with Italian and international best practice. This should increase the already significant level of retention for resources considered essential by Antares Vision, through the planning of medium-long term objectives designed to improve performance in the name of a progressive and increasing creation of value, which should translate into a direct benefit for the shareholders.

During 2020, 108,000 options were assigned to the executive directors and 225,000 options to top management and key employees with an effect on the income statement of Euro 100 thousand (Euro 72 thousand, net of tax).

In line with its social sustainability policies, Antares Vision also pays constant attention to young people, promoting a culture that favours their inclusion at work and enhances their talents.

During the first half of 2020, Antares Vision, in collaboration with Manpower Italy, launched the Academy Project, a free training course lasting 230 hours during which five talented youngsters were trained in IT topics, alternating theory and practice. At the end of the course, three of them were hired by Antares Vision as Remote Service Engineers.

Lastly, considering the experience during the Covid-19 emergency, remote working from home will continue, involving a hundred people at the Travagliato site; the corporate welfare project will also proceed with a dedicated platform, including initiatives to promote the well-being and quality of life of employees and their families.

Research and development

During 2020, Antares Vision continued its research and development, concentrating particularly on the following projects:

The Parent Company concentrated on the following projects:

1. Adapting serialisation solutions for the beverage market

The fight against fraud and counterfeiting of pharmaceutical products (estimated by the OECD to amount to approximately 200 bn US$) has been gaining momentum for years now, through the introduction of new regulations aimed at reducing this phenomenon which today accounts for a significant percentage of the black market (close to 20% of the total market).

The first step in this direction was to introduce regulations on the traceability of pharmaceutical products, which are going to be applied by all countries of the world over the next 10 years.

Thanks to the introduction of the "Core Model" project starting from 2015, Antares Vision has been able to establish a position on the pharmaceutical market as a turnkey supplier of solutions for pharmaceutical product traceability within the production facility, covering operational needs ranging from level 1 (field devices), level 2 (line supervisors), level 3 (production facility and distribution centre supervisors) and, with the introduction of the ATSFOUR solution, achieving level 4 (corporate supervisors), in order to be able to independently liaise with governmental bodies and all the players of the distribution chain (level 5).

Thanks to the continuous investments in a single, comprehensive and scalable platform, Antares Vision is now the market leader for the supply of specific solutions for pharmaceutical product traceability, in terms of the highest number of installations worldwide as well as the quality and ranking of the customers who use its solutions.

Following the success obtained by tracking systems in a very demanding sector such as the pharmaceutical industry, these technologies are now considered the best solutions for applications seeking to fight counterfeiting on mass-market consumer products more effectively.

The first extra-pharma sector that has shown the most interest for this type of solution is the beverage industry, especially in the alcohol & spirits category, so products that are always subject to governmental concessions entailing specific taxation. As is well known, counterfeiting of alcohol products is very high – suffice to say, vodka counterfeiting in Russia has reached over 60% of the Russian market.

The "Core Model" project, therefore, continues to be one of the cornerstones for the development of Track & Trace solutions that Antares Vision intends to extend to other product sectors, first and foremost the beverage sector.

Starting from 2018, the R&D team focusing on the development of the Track & Trace platform from Level 1 to Level 4, in cooperation with the R&D team working on extra-pharma applications, concentrated on adapting this solution to the main requirements of the beverage world. Unlike the pharmaceutical market, where serialised codes are printed in the production line, the beverage industry favours the use of pre-printed serialised labels, provided by the various governmental bodies, to be applied to each individual bottle, the data of which must then be handled and aggregated in much the same way as the pharmaceutical industry. Since the label is applied to the rim of the bottle, a temporary code must be applied to the bottle cap or bottom, in order to support the automatic aggregation of bottles in the logistics containers.

These new developments confirm Antares Vision's position on the market as the global supplier of trackability solutions for consumer products, consistently with its mission – to protect the quality and authenticity of products throughout their life cycle.

2. VRI-EVO inspection machine for liquid and freeze-dried products, combined with traceability set-up

The "Machine Inspection" division is the most recent development area for Antares Vision, aimed at producing a specific range of vision machines for the inspection of various forms of pharmaceutical products: solid, liquid, powder and freeze-dried products.

In 2016 the Parent Company completed the acquisition of the business unit of Pharmamech S.r.l. with registered office in Collecchio (PR) which then became to all intents and purposes a part of Antares Vision.

The purpose of this transaction was dictated by the will to broaden the range of products offered to its clientèle, by integrating inspection and vision systems with the machinery and systems designed and produced by Pharmamech S.r.l.

The following years were devoted to achieving the skills integration of the former Pharmamech R&D team with the R&D team of the Antares Vision Machine Inspection division and acquiring the know-how completing the redesign of the basic machines. During 2019, the development team then focused on designing a new innovative model: a single machine able to inspect both liquid and freeze-dried products, always maintaining the well-established feature of combining particle and cosmetic visual inspection with the leak test performed via the vacuum technique.

Also in this case, Antares Vision proves to be the first company worldwide to introduce a solution that not only combines two inspection technologies in the same machine, but also the option of inspecting different pharmaceutical forms – liquid and freeze-dried products – with the same machine.

Another new feature, integrated in this machine, is the introduction of systems for printing and checking variable data and datamatrix codes to be applied on the cap and ring of the bottle. Printing and inspection are controlled from the same operator panel supervising quality control, making the machine ready to combine visual inspection with the traceability solutions of pharmaceutical products. A cutting-edge solution that is perfectly in line with the corporate mission of Antares Vision.

3. Smart Ward Platform (SWP)

With the Smart Ward Platform project (SWP), Antares Vision seeks to complete "last mile" traceability of pharmaceutical products by leveraging the hardware and software skills deployed on the pharmaceutical market.

The foundation of the project is the introduction of deep artificial intelligence (AI) and internet of things (IOT), with the aim of freeing up hospital personnel from the demands of jobs with a low intellectual content, but still time consuming, and to increase the safety standards in the administration of therapies and pharmaceutical products. In other words, the project aims at digitising all ward activities, guaranteeing:

- virtual eradication of errors in the administration of pharmaceutical products;
- eradication of pharmaceutical waste caused by failure to check the expiration date;
- digital acquisition of all of the patient’s physiological parameters;
- generation of a further series of data required for assessing the patient’s behaviour during therapy;
- aggregation of the data associated to a patient by the massive use of IOT technology;
- all ward activities are performed under the control of the SWP platform independently of the hospital’s ERP system, but in accordance with the general safety standards;
- perfect traceability of every activity performed in the ward.

The project will make it possible to achieve significant and innovative results via:

- development of a SMART BEDSIDE;
- development of a SMART BEDSIDE TABLE;
- development of a SMART CABINET for the ward’s pharmaceutical products;
- development of a SMART TROLLEY;
- development of WARD MANAGEMENT SOFTWARE and interface with the hospital’s management system.

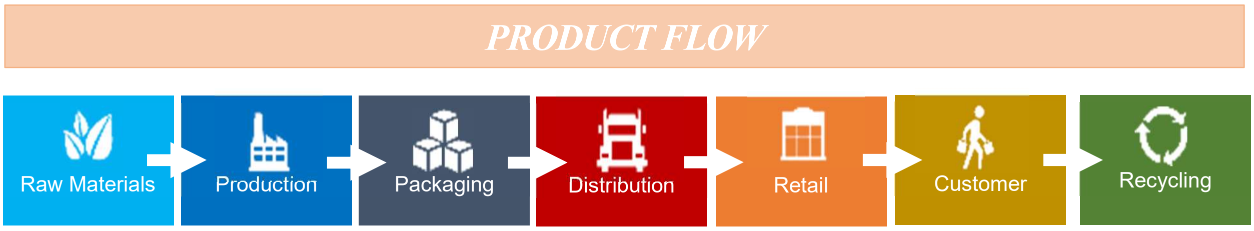
4. <u>TFP Agrifood Project</u>

The TFP project of Antares Vision seeks to build a platform that is capable of guaranteeing the full traceability of food products, by building on Antares Vision's experience in the pharmaceutical industry, starting from the very beginning – farming – all the way to the end consumer, thus providing the latter with full visibility of the history and genuineness of the product "from farm to fork", leading to the eventual disposal of the packaging and possible recycling.

With this project, Antares Vision seeks to evolve and extend its inspection, trackability and Big Data Analytics technologies to create an ecosystem of products and services targeting the agrifood market, and more in general, the consumer goods market.

The top quality segments of the food market are highly interested in being able to use such a platform to address growing consumer awareness of the issues of food quality and respect for the environment. The platform in the works is consistent with the circular economy models that are currently being debated, to maintain high standards of living while fully respecting the environment.

The picture below exemplifies the typical process for the production of food products and will act as reference for the development of actions and activities that will make it possible to build the platform.



The overall objectives of the project can be summarised as follows:

- gathering information
- connect it in an organic and integrated manner
- process and summarise it in real time
- store it in a reliable and lasting manner
- selectively provide it to the various stakeholders

In essence, the construction of the platform will require collecting data that play a role in pinpointing every stage of the production flow in order to achieve the objectives.

The progressive implementation of these technologies by the stakeholders of the supply chain will contribute to creating an ecosystem conducive to improving the transparency, efficiency and safety of the whole chain.

The element of radical innovation brought by this project onto the market is a platform (TFP) capable of uniquely tracking each individual process of the entire supply chain, designed to cater for the thousands of SMEs that make up the Italian food industry and intend to safeguard the interests of national productions abroad. This is an essential element to defend and support the exclusive positioning of Italian food production, based on the huge and unrivalled biodiversity of crops such as grapes, olives, vegetable preserves, as well as on the unique features of production, processing and ageing processes, such as the typical ones of products like salami and cheese.

The Parent Company's projects are complemented by those of the Italian subsidiary FT System, the most recent of which represent the initial results of the synergies created with Antares Vision. The following is a brief description of the most representative projects.

1. RoboQCS

The aim of the ROBO-QCS project (Quality Control System) is to create a container quality verification system (weight-volume, measurement of the capping torque, Co2 concentration) placed on the inspection line, through a robot that picks up the containers and performs quality tests on them in a fully automated, non-destructive manner; after testing, the containers can be placed back on the production line as they are intact and fit to be marketed.

2. FOOD

Many beverages and food products are packaged in sealed packaging, the purpose of which is to preserve unaltered the chemical-physical features the product has at the time of packaging for as long as possible.

In this respect, one of the main issues is guaranteeing optimal sealing of the packaging, in order to prevent contamination caused by the external environment. In the case of food products, the packaging must essentially be airtight at atmospheric pressure, so that the environment inside the packaging does not come into contact with the external environment causing the flow of substance or air and, as a consequence, the risk of contaminating the packaged product and the decay of its organoleptic properties. In the case of sealed containers, the airtight seal of the packaging may be compromised by imperfect sealing due to faulty execution of the sealing process, for example.

The aim of the project is to identify the factors that could impair the airtight sealing of the container. Errors in setting the sealing temperature, incorrect selection of the adhesive sealing material, less-than-perfect planarity of surfaces in contact in the sealing area and the presence of foreign matter could cause leaks, including microscopic ones, that cannot be identified immediately, as they do not cause evident spills of liquids or other substances.

A parallel aim of the project is to detect the carbon dioxide and oxygen concentration within food packaging through a non-destructive and non-invasive procedure.

3. AV GROUP DATA

This project arises from the integration of FT System with Antares Vision and has the aim of collecting data from the inspection systems so that information relating to the efficiency of the production line, product quality and predictive maintenance can be gathered.

In fact, inspection systems often analyse and eliminate faulty containers and produce the data relating to the analyses, corresponding to the point of the line where they are installed, but lack a data centralisation system that makes it possible to improve the operational management of the customer's production.

The project aims to implement new communication protocols and open "doors" on the data inside local databases in order to be accessible to centralisation software outside the individual machines.

4. AV GROUP VISION

This project aims to create intercompany software interfaces that allow the integration of certain products based on artificial vision that have already been developed within the Antares Vision platforms.

The project makes it possible to establish the common development foundations between FT System's own systems and those of Antares Vision so that it will be possible to work on a shared, transversal platform in the future.

5. AV GROUP T&T

The project aims to set up inspection systems that they can manage and/or provide information relating to codes (barcode, datamatrix, QR Code) read on containers (bottles, cartons, cash registers, etc.) for product track & trace.

The systems currently produced by FT System have an architecture that does not allow the communication of information for tracking the containers; their main objective is to eliminate faulty samples, not to follow those that are compliant. Thanks to a process of comparison and integration with Antares Vision's systems, which began with the acquisition of FT System over a year ago, it will be possible to apply product tracking also in the beverage field.

To pursue these projects Antares Vision has incurred costs, most of which have been expensed. Those that were capitalised and recorded under capitalised development costs at 31 December 2020 amount to Euro 4,720,792 in total, of which Euro 3,938,770 for the Parent Company and Euro 782,022 for FT System. Management believes that these projects will have a successful outcome which should increase turnover and have a positive impact on the results of Antares Vision.

Own shares and shares in Parent Companies

No company included in the consolidation holds or has held shares in the Parent Company during the year.

However, it should be noted that, on 4 January 2021, Antares Vision launched the share buyback plan approved by the Shareholders' Meeting on 20 May 2020.

The purpose of the buyback is to use the treasury shares:

- as an efficient way to invest any excess liquidity generated by the Company's operations;
- to implement incentive plans in whatever form they are structured, or to make bonus issues to shareholders or fulfil obligations deriving from warrants, convertible financial instruments that involve mandatory conversion or which are exchangeable for shares (based on existing transactions or transactions still to be resolved or implemented);
- in operations connected with the core business or of projects consistent with the strategic lines that the Company intends to pursue, which could be suitable for share exchanges in order to integrate operations with potential strategic partners;
- to intervene, in compliance with current regulations, also through intermediaries, to limit anomalous movements in prices and to regularise the trend in trading and prices at times of momentary distortions caused by excessive volatility or insufficient liquidity.

In accordance with the resolution of the Shareholders' Meeting:

- purchases may be made on one or more occasions, within 18 months from the date of the resolution, up to a maximum amount of treasury shares which overall cannot be higher than 2% of the Company's share capital, taking into account the shares held in the portfolio from time to time by the Company and its subsidiaries;
- purchases can be made at a price per share that is not more than 10% lower or 10% higher than the reference price posted by the stock at the end of the trading session on the day preceding each buyback;
- shares can be purchased - complying in any case with the concept of equal treatment for all shareholders - in any of the following ways: (i) a public purchase or exchange offer; (ii) purchases made on the AIM Italia market, according to market practices that do not allow direct matching of purchase orders with specific sale orders, or (iii) in any other way permitted by law, i.e. through bulk or block purchases or by auction, as assessed from time to time as the best way to implement the shareholders' mandate, specifying that the purchases made to support market liquidity will be carried out in accordance with current market practices; (iv) purchases, even in several tranches, must be made within the limits of the distributable profits and/or available reserves resulting from the latest financial statements approved by the shareholders at the time of the transaction, establishing a

reserve for treasury shares and, in any case, proceeding with the necessary accounting entries in the manner and within the limits of the law.

Following the purchases made, at the date of preparing this document, Antares Vision holds 33,916 treasury shares equal to 0.057% of the share capital for a total of Euro 342,272.

Information related to risks and uncertainties pursuant to art. 2428, para. 3, item 6-bis, of the Italian Civil Code

The Parent Company has Interest Rate Swap derivative contracts in place that ensure the interest rate risk is kept to a minimum. Please refer to the notes for information on these financial instruments.

Consolidated non-financial report

In accordance with the provisions of Legislative Decree 254/2016, Antares Vision is not required to prepare a consolidated non-financial report.

Nevertheless, being well aware of the fact that its environmental and social performance is a qualifying element for the competitiveness of the business, as well as being essential for its various stakeholders, Antares Vision's management has identified certain non-financial Key Performance Indicators (KPI) that translate "good deeds" into objective and measurable parameters to be achieved in 7 years.

A first KPI is an ambitious objective that falls under the "Carbon Free" project of Antares. There are still many steps that have to be taken, but even though there were no production sites using energy from renewable sources at the end of 2020, a process towards maximum energy efficiency is about to be initiated, with the aim of achieving energy self-sufficiency in 2023-2025.

A second KPI reflects Antares Vision's commitment to hire youngsters and foster a culture of talent. During 2020, 31% of total recruitments by Antares Vision involved people under the age of 30 with a permanent employment contract, a percentage that rises to 50% if only the Parent Company is considered.

Business outlook

Between the end of the year and preparation of this document, the macroeconomic situation has still been characterised by severe uncertainty. The consequences of the health crisis have been serious for the entire industrial sector and for services (including after-sales and machinery installation activities).

Future prospects remain strictly dependent on the evolution of the pandemic and the measures adopted in terms of health and economic policy; there are high hopes that vaccines will be effective in stopping the spread of infection.

At the time of drafting this document, management's attention remains high, but although the current situation had an impact on delivery and installation times, this should not affect the Company's financial situation in such a way as to compromise its ability to fulfil its obligations.

On the basis of management information available at the date of preparation of this document, despite the persistence of the Covid-19 pandemic, no particularly significant trends that could affect the Company's business have emerged in production, in the evolution of costs and selling prices, nor in sales and inventory variances. From a manufacturing point of view, Antares Vision has not experienced any particularly critical issues in terms of continuity of the production plants, which were promptly adapted to the safety protocols dictated by the Authorities during 2020. Even now, they continue to follow strict rules designed to protect workers and limit contagion.

In this regard, even on the assumption that there may be another lockdown in the future, the impact on the business should not be particularly serious. Antares Vision operates in a sector that is considered essential for the economy as its aim is the protection of consumer products (whether they are drugs, food or beverages, cosmetics or luxury goods). It also has a considerable capacity for generating cash flow, even on a prospective basis, by virtue of its positioning and the expectations inherent in its sector, demonstrating that its business is highly resilient.

In light of the health emergency, Antares Vision considers even more topical and urgent the need to introduce rigorous laws and regulations in the pharmaceutical field and to ensure TRUSTPARENCY™ of production chains around the world, increasing the use of technology to ensure the dissemination of safer, traceable products that are certified by origin.

Public market estimates suggest that in 2026 approximately 75% of medicines produced globally will go through Track & Trace solutions.[3] The implementation of Serialisation and Aggregation regulations in some important regions is already being planned for the near future:

- in 2021, so-called "complete" regulation is expected to be adopted in China (mandatory from 2022), Bahrain, Egypt, Ethiopia (mandatory from 2022 - as regards serialisation - to 2027, as regards “complete” regulation); in addition, a "complete" regulation on pharmaceutical exports from India is envisaged (from 1 October 2020 with expiry in 2021);
- on the other hand, serialisation only is expected to be required in Ukraine and the United Arab Emirates (Abu Dhabi) - also in 2021;
- in 2022, "complete" regulation is expected to be adopted in Brazil;
- in 2023, Aggregation is expected to be adopted in the United States of America (where only Serialisation is currently required), with Serialisation in Malaysia, Kazakhstan (with a possible deferral to 2024) and Qatar (possible deferral to 2025);

[3] *Source: Businesswire (https://www.businesswire.com/news/home/20190821005500/en/Track-Trace-Solutions-Market-Set-Exceed-6.8)*

- starting in 2024, "complete" regulation is expected to be adopted in Indonesia (Serialisation for 2025), Greece and Italy (for 2025).

For this, with great passion and enthusiasm, Antares Vision will intensify its efforts to develop the business, compounding the three product lines of inspection, traceability and intelligent data management, transforming the challenge created by the current health crisis into an opportunity, following what have always been its key values: Bravery, Energy, Passion and Innovation ("BEPI").

This is also the background to the ambitious project of translisting the ordinary shares and warrants of Antares Vision S.p.A. (jointly, the "Financial Instruments") from the AIM Italia multilateral trading system to the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., possibly in the STAR segment, if the conditions are met.

The transition to the main market of Borsa Italiana represents an opportunity for Antares Vision to pursue its strategic objectives and is in continuity with the path undertaken with the listing on the AIM Italia market. Over the last few years Antares Vision has also continued to grow and diversify its business through strategic acquisitions, to strengthen the industrial plan and expand its solutions in other sectors, such as food & beverage, as well as to consolidate its international presence with opening of new branches. The road travelled so far has allowed the Company to reach a level of maturity that allows it to take this next step, in order to create even greater value for all of its stakeholders. In fact, the transfer of its Financial Instruments from the AIM Italia multilateral trading system to the MTA will benefit the Company in terms of the stock's greater liquidity and, consequently, greater interest on the part of the market and institutional investors. It will also give the Company greater visibility on the national and international markets, with further advantages in terms of competitive positioning and image, also because of the stringent requirements in terms of transparency, disclosure and corporate governance, especially in the STAR segment.

Lastly, on 16 February 2021 Antares Vision announced that it had reached an agreement for the acquisition of rfXcel Corporation ("rfXcel"), a leading Software-as-a-Service ("SaaS") company based in the United States which serves the Life Science and Food & Beverage sectors, for an initial amount of US$ 120 million payable in cash (the company does not have any cash or debt). The acquisition of rfXcel will further strengthen Antares Vision's software capabilities, allowing it to consolidate its position among the world leaders in Track & Trace. Antares Vision will leverage rfXcel's capabilities and software suite to help its customers accelerate the digitisation of the supply chain end-to-end, leading to greater transparency and sustainability. The acquisition will also enable significant cross-selling opportunities of (i) rfXcel solutions to Antares Vision's growing installed base of Track & Trace and Inspection solutions and the broad base of more than 2,500 blue-chip customers, as well as of (ii) Antares Vision's products to existing rfXcel customers. Together with rfXcel, Antares Vision will take an important step forward in providing increasingly complete solutions in digitisation for tracing, serialisation, compliance with applicable regulations, collection and monitoring of data in real time in order to optimise its customers' supply chain and make it as effective as possible thanks to its complete visibility from start to finish: from ingredients and raw materials, to the end-customer's experience.

CONCLUSIONS

Dear Shareholders,

We would like to thank you for your trust, and hereby certify that these consolidated financial statements are consistent with the accounting entries and provide a true and fair view of the financial position and results of Antares Vision.

Travagliato, 22 February 2021

The Board of Directors

EMIDIO ZORZELLA

MASSIMO BONARDI

MARCO CLAUDIO VITALE

MARCO COSTAGUTA

ALIOSCIA BERTO

DANTE ROSCINI

MASSIMO PERONA

FABIO FORESTELLI

MARTINA MONICO

Antares Vision S.p.A.
Registered office: Via del Ferro 16, Travagliato (BS), Italy

Authorised share capital Euro 145,723 subscribed and paid up for Euro 143,074
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

CONSOLIDATED FINANCIAL STATEMENTS

AT 31/12/2020

Statement of financial position	Notes	31/12/2020	31/12/2019 (*)
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	1	21,491,805	13,959,490
Investment property		0	
Right-of-use assets		0	
Goodwill	2	81,563,527	45,441,456
Other intangible assets	3	24,742,781	21,336,606
Investments in associates, joint ventures and other companies	4	3,971,479	3,813,478
Investments		0	
Non-current financial assets	5	157,856	174,498
Deferred tax assets	6	6,583,664	9,841,738
Other non-current assets		0	
Total non-current assets		**138,511,112**	**94,567,266**
Current assets			
Inventories	7	32,290,540	25,573,982
Trade receivables	8	46,499,287	55,709,757
of which related parties		*869,193*	*619,758*
Other receivables	9	16,429,757	7,199,182
Other current financial assets	10	33,144,228	33,132,228
Cash and banks	11	96,044,433	85,199,801
Total current assets		**224,408,246**	**206,814,951**
Total assets		**362,919,357**	**301,382,217**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	143,074	142,606
Other reserves	12	129,389,407	109,888,374
FTA reserve	12	-15,250,613	-15,250,613
Retained earnings	12	2,391,646	287,421
Profit/(loss) for the year	12	18,159,313	21,917,723
Total shareholders' equity		**134,832,826**	**116,985,510**
Capital and reserves pertaining to minority interests	12	375,077	179,903
Profit/(loss) pertaining to minority interests	12	-43,762	409,619
Total shareholders' equity pertaining to minority interests		**331,314**	**589,522**
Total shareholders' equity	12	**135,164,141**	**117,575,033**
Non-current liabilities			
Non-current loans and borrowings	13	120,077,078	84,409,815
Non-current lease liabilities	14	6,856,513	6,878,811
Other non-current financial liabilities	15	6,845	12,946
Retirement benefit obligations	16	6,916,880	5,686,808
Deferred tax liabilities	17	4,688,127	4,812,555
Other non-current liabilities	18	136,592	620,500
Total non-current liabilities		**138,682,035**	**102,421,435**
Current liabilities			
Current loans and borrowings	19	33,915,953	15,600,163
Current lease liabilities	20	1,812,104	880,920
Other current financial liabilities	21	1,490,486	568,648
Current provisions for risks and charges	22	628,364	452,601
Contract liabilities	23	10,769,569	25,309,281
Trade payables	24	14,281,461	19,243,832
of which related parties		*1,036,196*	*1,870,841*
Other payables	25	26,175,243	19,330,305
Total current liabilities		**89,073,182**	**81,385,749**
Total shareholders' equity and liabilities		**362,919,357**	**301,382,217**

(*) comparative figure restated following the Purchase Price Allocation of FT System as explained in the section on Business Combinations

Income statement	Notes	2020	2019 (*)
Revenue	26	121,106,130	122,203,444
of which related parties		*355,208*	*678,510*
Other income	27	2,804,788	3,450,108
Changes in finished and semi-finished products	28	-3,839,175	1,863,543
Raw materials and consumables	29	-23,951,418	-32,910,967
of which related parties		*-1,714,807*	*-5,526,065*
Personnel costs	30	-41,308,852	-31,032,102
Amortisation and depreciation	31	-5,413,442	-2,253,906
Capitalised development costs	32	4,720,792	3,619,619
Commercial and promotion costs	33	-5,055,134	-5,402,451
of which related parties		*-136,784*	-
Services	34	-26,558,750	-30,965,639
of which related parties		*-365,359*	*-313,741*
Other operating expenses	35	-2,585,030	-1,885,350
Operating profit/(loss)		**19,919,909**	**26,686,298**
Financial charges	36	-2,806,470	-2,426,465
Financial income	37	414,340	4,645,093
Foreign exchange gains and losses	38	-2,770,768	92,323
Income (charges) on investments	39	-86,365	-
Profit from continuing operations before tax		**14,670,646**	**28,997,250**
Income taxes	40	**3,444,905**	**-6,669,907**
Profit from continuing operations		**18,115,551**	**22,327,343**
Profit/(loss) attributable to minority interests		-43,762	409,619
Total comprehensive profit/(loss), net of tax		**18,159,313**	**21,917,723**
Earnings per share			
- Basic, profit for the year attributable to the ordinary shareholders of the Parent Cc	41	0.31	0.39
- Diluted, profit for the year attributable to the ordinary shareholders of the Parent C	41	0.31	0.31

(*) comparative figure restated following the Purchase Price Allocation of FT System as explained in the section on Business Combination.

Statement of other comprehensive income	2020	2019 (*)
Profit for the year	**18,115,551**	**22,327,343**
Items that may be reclassified subsequently to profit/loss for the year		
Differences on translation of foreign financial statements	-426,318	39,941
Total other components of comprehensive income that will subsequently be reclassified to profit/(loss) for the year, net of tax	**-426,318**	**39,941**
Items that will not be reclassified subsequently to profit/loss for the year		
(Loss)/profit from revaluation of defined-benefit plans	-7,354	-881,274
Tax effect	1,765	211,506
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) for the year, net of tax	**-5,589**	**-669,768**
Total other components of income, net of tax	**-431,908**	**-629,827**
Total comprehensive profit/(loss), net of tax	**17,683,643**	**21,697,516**
Attributable to:		
Shareholders of the Parent Company	17,727,403	21,292,012
Minority shareholders	-43,760	405,504

(*) comparative figure restated following the Purchase Price Allocation of FT System as explained in the section on Business Combinations.

Cash flow statement (indirect method)	31.12.2020	31.12.2019
PROFIT FOR THE YEAR	**18,115,551**	**22,327,342**
Income tax	(3,444,905)	6,734,304
Financial income	(414,340)	(4,644,959)
Financial charges	2,806,470	2,426,329
Depreciation and impairment loss on property, plant and equipment	1,557,087	1,178,934
Amortisation and impairment of intangible fixed assets	3,579,111	794,191
Employee severance indemnities	(557,158)	(123,015)
Net change in deferred tax assets and liabilities	3,288,108	(318,399)
Other non-monetary movements	2,248,238	(278,387)
Income taxes paid	(1,770,801)	(9,012,395)
(Increase)/decrease in inventories	(2,790,199)	364,847
(Increase)/decrease in trade receivables	15,221,124	(7,201,273)
(Increase)/decrease in other non-financial assets	(1,460,093)	3,322,663
Increase/decrease in trade payables	(5,946,464)	1,343,402
Increase/decrease in other non-financial liabilities	(14,375,151)	(6,213,793)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**16,056,578**	**10,699,791**
Investing activities:		
Net purchases of property, plant and equipment	(621,899)	(3,369,979)
Net investments in intangible assets	(6,316,708)	(3,902,569)
Investments in associates and joint ventures	(244,255)	(3,813,462)
Purchases of current financial assets	(12,000)	(9,759,050)
Business combinations, net of cash and banks acquired	(47,643,478)	(60,632,623)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(54,838,340)**	**(81,477,683)**
Financing activities:		
New loans and borrowings	71,000,000	77,000,000
Repayments of loans and borrowings	(19,181,394)	(7,202,307)
Repayments of other financial liabilities	(1,708,055)	(2,484,391)
Business Combination with Alp.I	-	49,339,775
Other increases in capital	19,501	17,683
CASH FLOWS FROM FINANCING ACTIVITIES	**50,130,052**	**116,670,760**
NET CHANGE IN CASH AND BANKS	**11,348,290**	**45,892,868**
EXCHANGE DIFFERENCE ON CASH AND BANKS	**(503,658)**	**(29,998)**
Cash and banks at beginning of year	85,199,801	39,336,931
Cash and banks at end of year	96,044,433	85,199,801

(*) comparative figure restated following the Purchase Price Allocation of FT System as explained in the section on Business Combinations.

Statement of changes in consolidated shareholders' equity

Shareholders' equity	31/12/2019 (*)	Allocation of prior year profit	Issue and exercise of warrants	Business combinations	Other changes	Other components of comprehensive income	Result for the year	31/12/2020
Share capital	142,606		468	-				143,074
Other reserves	109,888,374	19,277,983	19,033	-	635,925	(431,908)	-	129,389,407
Share premium reserve	*90,983,361*		*19,033*	-				*91,002,394*
Legal reserve	*98,798*							*98,798*
Extraordinary reserve	*30,095,166*	*19,277,983*						*49,373,149*
Reserve for translation of current year's equity	*(1,198,937)*					*(426,318)*		*(1,625,255)*
OCI Reserve	*(1,040,014)*					*(5,589)*		*(1,045,603)*
Stock option plan reserve	-				*100,410*			*100,410*
Other reserves	*(9,050,000)*				*535,515*			*(8,514,485)*
FTA reserve	(15,250,613)							(15,250,613)
Retained earnings	287,421	2,639,740			(535,515)			2,391,646
Profit/(loss) for the year	21,917,723	(21,917,723)					18,159,313	18,159,313
Total shareholders' equity	**116,985,510**	**-**	**19,501**	**-**	**100,410**	**(431,908)**	**18,159,313**	**134,832,826**

Shareholders' equity	31/12/2018	Allocation of prior year profit	Issue and exercise of warrants	Business combinations	Other changes	Other components of comprehensive income	Result for the year (*)	31/12/2019 (*)
Share capital	127,612		2,994	12,000				142,606
Other reserves	46,704,383	21,861,129	(9,035,311)	50,988,000	-	(629,827)	-	109,888,374
Share premium reserve	*39,980,672*		*14,689*	*50,988,000*				*90,983,361*
Legal reserve	*98,798*							*98,798*
Extraordinary reserve	*8,234,037*	*21,861,129*						*30,095,166*
Reserve for translation of current year's equity	*(1,238,878)*					*39,941*		*(1,198,937)*
OCI Reserve	*(370,246)*					*(669,768)*		*(1,040,014)*
Other reserves			*(9,050,000)*					*(9,050,000)*
FTA reserve	(15,250,613)							(15,250,613)
Retained earnings	1,111,450	(2,124,400)			1,300,371			287,421
Profit/(loss) for the year	19,736,729	(19,736,729)					21,917,723	21,917,723
Total shareholders' equity	**52,429,561**	**-**	**(9,032,317)**	**51,000,000**	**1,300,371**	**(629,827)**	**21,917,723**	**116,985,510**

(*) comparative figure restated following the Purchase Price Allocation of FT System as explained in the section on Business Combinations.

EXPLANATORY NOTES

Corporate information

The core business of Antares Vision and its subsidiaries (referred to jointly as "Antares Vision") is the production, installation and maintenance of inspection systems for quality control ("Inspection"), tracking solutions to fight counterfeiting and control of the supply chain ("Track & Trace") and Smart Data Management in all the most demanding industrial sectors, from pharmaceuticals to biomedical devices, from food & beverage, to cosmetics and luxury.

The Parent Company, Antares Vision S.p.A., is incorporated and based in Italy, with registered office in Via del Ferro 16, Travagliato, Province of Brescia (BS).

Since 18 April 2019 the Parent Company has been listed on the Alternative Investment Market (AIM), managed by Borsa Italiana S.p.A. In recent months, preparations have been made for the translisting of the ordinary shares and warrants of Antares Vision S.p.A. (jointly, the "Financial Instruments") from the AIM Italia multilateral trading system to the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., possibly in the STAR segment, if the conditions are met. The transition to the principal market of Borsa Italiana, already communicated to the market on 20 April 2020 and approved on 13 January 2021 by the Board of Directors of the Parent Company, is subject to obtaining approval from the competent Authorities and the completion of a series of obligations required by them.

Lastly, on 2 July 2018 the Shareholders' Meeting appointed EY S.p.A. as independent auditors for the three-year period 2018, 2019 and 2020. EY S.p.A. is registered in the Register of Auditors under no. 70945 published in the Official Gazette Suppl. 13 - IV Special Series of 17/2/1998, enrolled in Consob's Special Register of Auditing Firms at no. 2, resolution no. 10831 of 16/7/1997, appointed through the Brescia office in Corso Magenta 29 to audit the annual accounts pursuant to Article 13 of Legislative Decree no. 39/2010.

Declaration of compliance with international accounting standards and transition to IFRS

The consolidated financial statements of Antares Vision have been drawn up in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Committee (IFRIC) and implemented by the European Union (EU).

The first IFRS-compliant consolidated financial statements were prepared at 31 December 2019 and the transition date to the international accounting standards was set at 1 January 2018. The transition to IFRS was approved by the Board of Directors on 17 February 2020 and is a further step towards compliance with the best disclosure and transparency practices versus all stakeholders.

The financial statements consist of the statement of financial position, income statement, statement of other comprehensive income, statement of changes in shareholders' equity and the statement of cash flows, as well as these explanatory notes, together with the directors' report on operations.

They include the figures of Antares Vision S.p.A. and its subsidiaries.

The consolidated financial statements have been drawn up on the basis of the historical cost principle, except for financial derivative instruments, financial assets represented by shares or bonds in portfolio and potential proceeds which are recognised at fair value. These consolidated financial statements are presented in Euro. Unless indicated otherwise, all the amounts are expressed in Euro units.

Financial statements

Antares Vision has adopted the following financial statements:

- a statement of financial position that shows current and non-current assets and current and non-current liabilities separately;
- an income statement that classifies costs based on their nature;
- a statement of other comprehensive income, that shows revenue and cost items that are not recognised in the profit or loss for the year as requested or permitted by IFRS;
- a statement of cash flows that shows the cash flows from operations, financing and investing activities using the indirect method;
- a statement of changes in shareholders' equity.

An asset is current when:

- it is assumed that it will be realised, or that it is being held for sale or consumption, during the normal operating cycle;
- it is held mainly for trading purposes;
- it is assumed that it will be realised within twelve months from the year end; or
- it consists of cash or cash equivalents, unless it is forbidden to trade or use it to settle a liability for at least twelve months from the year end.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled within its normal operating cycle;
- it is held mainly for trading purposes;
- it has to be settled within twelve months from the year end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months from the year end.

The contractual terms of the liability, which could entail its extinction by issuing equity instruments at the counterparty's discretion, do not affect its classification.
Antares Vision classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified under non-current assets and liabilities.

Using these statements permits the best possible representation of the assets and liabilities, results and financial position of Antares Vision.
Lastly, with reference to the Consob Resolution no. 15519 of 27 July 2006, any transactions and balances with related parties are shown on the face of the financial statements.

Principles of consolidation

The consolidated financial statements include the financial statements of Antares Vision S.p.A. and its subsidiaries at 31 December 2020.
Control occurs when Antares Vision is exposed or entitled to variable returns, deriving from its relationship with the entity it has invested in and, at the same time, it has the ability to affect these returns by exercising its power over the entity.
Specifically, Antares Vision controls a subsidiary if, and only if, Antares Vision has:

- power over the investee (i.e. valid rights that currently give it the ability to control the key business activities of the investee);
- exposure or entitlement to variable returns, deriving from its relationship with the investee;
- the ability to exercise its power over the investee to affect the amount of its returns.

Generally speaking, it is assumed that a majority of the voting rights gives control. To support this assumption or when Antares Vision holds less than a majority of the voting (or equivalent) rights, Antares Vision considers all significant facts and circumstances to establish whether or not it controls the investee, including:

- contractual agreements with other holders of voting rights (including shareholders' agreements);
- rights arising from contractual agreements;
- voting rights and potential voting rights of Antares Vision.

Antares Vision reconsiders whether or not it has control of a subsidiary if facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. Consolidation of a subsidiary begins when Antares Vision gains control and ceases when Antares Vision loses control.

The assets, liabilities, revenue and costs of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which Antares Vision obtains control until the date on which it no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the Statement of Other Comprehensive Income are allocated to the shareholders of the parent company and to minority interests, even if this means that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries in order to ensure compliance with Antares Vision's accounting policies. All assets and liabilities, shareholders' equity, revenue, costs and intra-group cash flows relating to transactions between Antares Vision entities are completely eliminated on consolidation.

<u>Scope of consolidation</u>

In addition to the Parent Company Antares Vision S.p.A., the companies included in the scope of consolidation at 31 December 2020 are as follows:

SCOPE OF CONSOLIDATION 2020								
Name	Country	Currency	Direct parent company	Direct investment	Indirect investment	Shareholders' equity (in euro)	Result for the year (in euro)	Consolidation method
Antares Vision Inc. America	USA	USD	Antares Vision S.p.A.	100.00%		37,643,008	(1,496,344)	Line-by-line consolidation
Antares Vision North America LLC	USA	USD	Antares Vision Inc. America	70.00%	70.00%	1,414,924	(76,776)	Line-by-line consolidation
Imago Technologies GmbH	Germany	EUR	Antares Vision S.p.A.	100.00%		6,295,852	713,320	Line-by-line consolidation
Antares Vision do Brasil ltda	Brazil	BRL	Antares Vision S.p.A.	99.99%		(1,497,006)	(1,173,126)	Line-by-line consolidation
LEGG System ltda	Brazil	BRL	Antares Vision do Brasil ltda	99.99%	99.99%	(5,248)	(5,253)	Line-by-line consolidation
T2 SOFTWARE	Brazil	BRL	Antares Vision do Brasil ltda	51.00%	50.99%	402,778	(9,298)	Line-by-line consolidation
Pharmatrack Sistemas LTDA	Brazil	BRL	T2 SOFTWARE	73.00%	37.23%	67,105	(1,833)	Line-by-line consolidation
Antares Vision France Sas	France	EUR	Antares Vision S.p.A.	100.00%		542,839	36,119	Line-by-line consolidation
Antares Vision Ireland ltd	Ireland	EUR	Antares Vision S.p.A.	100.00%		(3,928)	(1,342)	Line-by-line consolidation
Antares Vision Rus OOO	Russia	RUB	Antares Vision S.p.A.	100.00%		(49,951)	(49,457)	Line-by-line consolidation
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100.00%		(971,875)	(1,014,257)	Line-by-line consolidation
FT System	Italy	EUR	Antares Vision S.p.A.	100.00%		15,141,679	2,641,538	Line-by-line consolidation
FT System North America LLC	USA	USD	FT System	100.00%	100.00%	391,008	367,174	Line-by-line consolidation
FT Hexagon	France	EUR	FT System	100.00%	100.00%	267,017	(28,363)	Line-by-line consolidation
Tradeticity d.o.o	Croatia	HRK	Antares Vision S.p.A.	82.80%		165,393	(121,331)	Line-by-line consolidation
Tradeticity Service d.o.o	Serbia	RSD	Tradeticity d.o.o	100.00%	82.80%	(214,822)	(25,466)	Line-by-line consolidation
Convel S.r.l.	Italy	EUR	Antares Vision S.p.A.	100.00%		3,338,923	323,591	Line-by-line consolidation
Antares Vision Germany	Germany	EUR	Antares Vision S.p.A.	100.00%		33,739	8,739	Line-by-line consolidation
Innovative Marking Digital Solutions	UK	GBP	Antares Vision S.p.A.	70.00%		-	-	Line-by-line consolidation
Applied Vision Holdings Corporation	USA	USD	Antares Vision Inc. America	100.00%	100.00%	489	*	Line-by-line consolidation
Applied Vision Corporation	USA	USD	Applied Vision Holdings Corporation	100.00%	100.00%	12,374,727	*	Line-by-line consolidation
Applied Vision Services Corporation	USA	USD	Applied Vision Holdings Corporation	100.00%	100.00%	1,179,168	*	Line-by-line consolidation

** Companies included in the scope of consolidation on 31 December 2020, so none of the results for the period are attributable to Antares Vision*

Investments in associates, joint ventures and other companies are as follows:

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES			
Name	**Operating headquarters**	**Equity investment %**	**Book value**
ANTARES VISION INDIA PRIVATE LIMITED	MUMBAI, INDIA	51.0%	74,216
OROBIX SRL	BERGAMO, ITALY	37.5%	3,117,747
SIEMPHARMA SRL	APRILIA (LT), ITALY	10.0%	535,133
NEURALA	BOSTON (USA)	n.a.	244,255
OTHER INVESTMENTS	n.a.	n.a.	128
Total			**3,971,479**

The scope of consolidation at 31 December 2019 was as follows:

SCOPE OF CONSOLIDATION 2019								
Name	**Country**	**Currency**	**Direct parent company**	**Direct investment**	**Indirect investment**	**Shareholders' equity (in euro)**	**Result for the year (in euro)**	**Consolidation method**
Antares Vision Inc. America	USA	USD	Antares Vision S.p.A.	100.00%		2,582,214	761,418	Line-by-line consolidation
Antares Vision North America LLC	USA	USD	Antares Vision Inc. America	70.00%	70.00%	1,879,329	1,473,968	Line-by-line consolidation
Imago Technologies GmbH	Germany	EUR	Antares Vision S.p.A.	100.00%		5,582,532	977,803	Line-by-line consolidation
Antares Vision do Brasil ltda	Brazil	BRL	Antares Vision S.p.A.	99.99%		(581,617)	(2,012,995)	Line-by-line consolidation
LEGG System ltda	Brazil	BRL	Antares Vision do Brasil ltda	99.99%	99.99%	(551)	(29,180)	Line-by-line consolidation
T2 SOFTWARE	Brazil	BRL	Antares Vision do Brasil ltda	51.00%	50.99%	580,621	(62,206)	Line-by-line consolidation
Pharmatrack Sistemas LTDA	Brazil	BRL	T2 SOFTWARE	73.00%	37.23%	97,105	(1,353)	Line-by-line consolidation
Antares Vision France Sas	France	EUR	Antares Vision S.p.A.	100.00%		505,703	178,639	Line-by-line consolidation
Antares Vision Ireland ltd	Ireland	EUR	Antares Vision S.p.A.	100.00%		(2,588)	17,263	Line-by-line consolidation
Antares Vision Rus OOO	Russia	RUB	Antares Vision S.p.A.	100.00%		(8,626)	(8,616)	Line-by-line consolidation
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100.00%		(36,874)	(38,336)	Line-by-line consolidation
FT System	Italy	EUR	Antares Vision S.p.A.	100.00%		12,610,935	596,983	Line-by-line consolidation
FT System North America LLC	USA	USD	FT System	100.00%	100.00%	53,783	(35,310)	Line-by-line consolidation
FT Hexagon	France	EUR	FT System	100.00%	100.00%	295,380	(18,589)	Line-by-line consolidation

The scope of consolidation at 31 December 2020 has changed compared with the previous year due to the operations illustrated below.

On 17 February 2020, a new branch was established in Germany, fully controlled by the Parent Company Antares Vision S.p.A., which became fully operational from 1 July 2020. The new branch currently has eight employees (two key account managers, three technical installers, two project managers and a marketing and communication manager). It has been set up to strengthen the presence on the existing local market and promote further growth and diversification of business by Antares Vision.

On 21 April 2020, an agreement was concluded for the acquisition of 82.83% of Tradeticity d.o.o. and its 100% subsidiary Tradeticity Service d.o.o. (together "Tradeticity"), companies founded respectively in Zagreb and Belgrade and specialised in the software management of advanced traceability and serialisation processes. Tradeticity has consolidated expertise and market shares in the pharmaceutical sector, operating on the domestic and international market. This acquisition involved a cash disbursement of approximately € 1,421 thousand (of which € 932 thousand as the carrying amount of the investment, € 108 thousand for the acquisition of full control of Tradeticity Services d.o.o. and € 381 thousand to extinguish the debt) and provides for a call option to acquire the other 17.17% starting from approval of the financial statements at 31 December 2021. This will allow Antares Vision to extend its geographical presence in Eastern Europe, increasing market penetration and boosting the creation and implementation of tracking and serialisation solutions. Please refer to the paragraph dedicated to Business Combinations for a more detailed description of the financial and economic effects that this acquisition entailed.

On 30 June 2020, an agreement was finalised for the acquisition of 100% of Convel S.r.l. ("Convel"), an Italian company based in Dueville (Vicenza) that specialises in automated inspection in the pharmaceutical industry. It is also a leader in Leak Testing, a technology aimed at ensuring the highest quality of inspection by detecting any leaks that may affect the sterility of containers. Convel will allow Antares Vision to strengthen its presence in the market for inspection machines, broaden the range of products and expand its customer base, generating cross selling opportunities, as well as to strengthen the management team with people of proven worth. Furthermore, Convel's strong aptitude for research and development will make it possible to anticipate all the new challenges coming from the pharmaceutical market, which is very demanding and in continuous evolution, generating authentic value for its customers through cutting-edge technologies. Please refer to the paragraph dedicated to Business Combinations for a detailed discussion of the financial and economic effects that this acquisition entailed, also with reference to the Purchase Price Allocation carried out in the second half of 2020.

On 17 August 2020, a new branch was set up in Shenzhen, China, wholly owned by Antares Vision Asia Pacific, which has been operational since 2019. Together they further strengthen the Group's direct presence in the Chinese market. Antares Vision's consolidation in the Far Eastern market is based on the "Made in China 2025" plan, launched in 2015 by the Chinese government to ensure that the country has the technological leadership of its products. Antares Vision guarantees the market its technological solutions in the field of inspection and traceability systems, principally for the pharmaceutical and beverage sectors, which are considered particularly sensitive in China, making its expertise and know-how available to the market in the project to raise product quality, fight against counterfeiting and improve brand protection;

On 6 December 2020 Innovative Marking Digital Solutions (IMDS) Ltd, a holding company based in London, UK, was established to further develop the business through strategic investments.

Although included in the scope of consolidation, Antares Vision (Shenzhen) International Trading and Innovative Marking Digital Solutions did not have any impact on these financial statements as they were not yet operational at the end of the year.

The acquisition of Applied Vision Holdings Corporation was also strategic; it was completed on 16 December 2020 through Antares Vision Inc. Applied Vision, founded in 1997 in Akron, Ohio (USA), has been working for over 20 years in the design and development of artificial vision solutions, based on solid optical skills, innovative lighting techniques, electronic image acquisition devices combined with digital processing and AI algorithms. The company employs highly specialised personnel, including a strong management team. In addition to selling in the USA, Applied Vision exports to South America, Asia, Europe, Australia, the Middle East and Africa. The proprietary imaging technology at the base of the inspection systems, together with the high technological know-how, has allowed Applied Vision to become a world leader in the inspection of metal containers in the food & beverage segment, setting new quality standards for the market. Through technological leadership in the sector and the use of artificial intelligence, with the development of proprietary self-learning algorithms, Applied Vision is able to guarantee an effective inspection on the most innovative and high-speed production lines, whatever the complexity of the containers. Please refer to the paragraph dedicated to Business Combinations for a more detailed description of the financial and economic effects that this acquisition entailed.

On the other hand, the transaction involving the French company Adents High Tech International ("Adents"), in liquidation, did not have any impact on the scope of consolidation, as it was limited to the purchase of assets. This took place on 12 November 2020 when Antares Vision won the auction that was part of the liquidation procedure for Adents. The company has developed a traceability and serialisation software platform for the management and exchange of data between companies and regulatory bodies (level 4) and a complete offer of cloud services (both single-tenant and multi-tenant). Mainly focused on the pharmaceutical sector, the platform is strategic in other sectors such as food, beverage (particularly in the champagne niche) and luxury goods. The acquisition price was € 1.5 million, which will be paid in cash.

The transaction will allow Antares Vision to expand its portfolio of software solutions that are able to trace the entire supply chain end-to-end, allowing all the players in the supply chain to meet regulations on the traceability of medicines, while also guaranteeing the transparency and sustainability of the production and distribution chain in various sectors. Furthermore, by hiring part of Adents' personnel, Antares Vision France will also strengthen its R&D team, through the inclusion of highly specialized resources in Antares Vision's staff. In this way, Antares Vision will strengthen its service capacity with greater coverage of technical and commercial support, as well as its international presence, mainly in France, UK, Ireland, Sweden and the United States.

Subsidiaries with significant minority interests

Antares Vision North America's statement of financial position and income statement at 31 December 2020, prepared in accordance with IFRS, are shown below, as required by IFRS 12 for subsidiaries with significant minority interests.

Statement of financial position	Antares Vision North America 31/12/2020
Assets	
Non-current assets	
Property, plant and equipment and rights of use	5,346
Other intangible assets	3,301
Non-current financial assets	6,791
Deferred tax assets	35,858
Total non-current assets	**51,296**
Current assets	
Inventories	1,949,570
Trade receivables	3,607,076
Receivables from Group companies	775,672
Other receivables	387,784
Cash and banks	3,707,147
Total current assets	**10,427,249**
Total assets	**10,478,544**
Shareholders' equity and liabilities	
Shareholders' equity	
Share capital	1,034,502
Retained earnings	457,198
Profit/(loss) for the year	-76,776
Total shareholders' equity	**1,414,924**
Non-current liabilities	
Other non-current financial liabilities	6,845
Other non-current liabilities	10,671
Total non-current liabilities	**17,516**
Current liabilities	
Current loans and borrowings	10,911
Contract liabilities	128,522
Trade payables	7,482,083
Other payables	1,424,588
Total current liabilities	**9,046,104**
Total shareholders' equity and liabilities	**10,478,544**

Income statement	Antares Vision North America 31/12/2020
Revenue	8,624,855
Other income	832,239
Changes in finished and semi-finished products	299,884
Raw materials and consumables	-3,155,578
Personnel costs	-3,987,454
Amortisation and depreciation	-7,017
Sales and marketing costs	-212,652
Service costs	-1,791,259
Other operating expenses	-78,731
Operating profit/(loss)	**524,287**
Financial charges	64
Foreign exchange gains and losses	-586,454
Profit from continuing operations before tax	**-62,103**
Income taxes	**-14,673**
Total comprehensive profit/(loss), net of tax	**-76,776**

Antares Vision holds 70% of Antares Vision North America through the American holding company Antares Vision Inc.

The share of equity interests held by the minority shareholders in Antares Vision North America LLC at 31 December 2020 and 2019 is 30%. The accumulated minority interests amounted to € 493,788 at 31 December 2020 and € 633,358 at 31 December 2019, while the result attributable to minority interests was € -23,301 in 2020 and € 442,190 in 2019.

Translation of financial statements in foreign currencies

The assets and liabilities of Group companies that have a functional currency other than the Euro are translated into Euro at the exchange rate ruling on the reporting date, while the revenue and expenses in each statement of comprehensive income or separate income statement are translated at the exchange rates ruling on the date of the transactions. Exchange rate differences arising on translation of foreign currency financial statements are recognised in the statement of other comprehensive income and booked to "Other reserves" under shareholders' equity. On disposal of a foreign operation, the portion of the statement of other comprehensive income relating to the foreign operation is recognised in the income statement.

Goodwill arising from the acquisition of a foreign operation and adjustments to the fair value of the carrying amounts of assets and liabilities arising from the acquisition of that foreign operation are recorded as assets and liabilities of the foreign operation and are therefore expressed in the functional currency of the foreign operation and translated at the year-end exchange rate.

The exchange rates used to translate into Euro the financial statements of foreign subsidiaries prepared in local currency are shown in the following table:

	USD	BRL	RUB	INR	HKD	HRK	RSD
Average exchange rate 2019	1.1195	4.4134	71.1972	78.5821	8.6744	n.a.	n.a.
Actual exchange rate at 31/12/2019	1.1234	4.5157	69.9563	80.187	8.7473	n.a.	n.a.
Average exchange rate 2020	1.1422	5.8943	82.7248	84.6392	8.8587	7.5501	117.6524
Actual exchange rate at 31/12/2020	1.2271	6.3735	91.4671	89.6605	9.5142	7.5519	117.4097

Accounting policies

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the minority interest in the acquired company. For each business combination, Antares Vision defines whether to measure the minority interest in the acquired company at fair value or in proportion to the minority interest in the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified as administrative expenses.

Goodwill is initially recognised at cost represented by the excess of the total amount paid and the amount recorded for minority interests with respect to the net identifiable assets acquired and liabilities assumed by Antares Vision. If the fair value of the net assets acquired exceeds the total amount paid, Antares Vision again checks whether it has correctly identified all of the assets acquired and all of the liabilities assumed. It also reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the new valuation still shows that the fair value of the net assets acquired exceeds the consideration, the difference is recognised in the income statement as a gain.

After initial recognition, goodwill is measured at cost, net of accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each cash-generating unit (CGU) of Antares Vision that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

Fair value measurement

Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the sale of the asset or transfer of the liability takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for Antares Vision.

All assets and liabilities for which the fair value is measured or shown in the financial statements are categorised according to the fair value hierarchy, as follows:

- Level 1 - (unadjusted) prices listed in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than listed market prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - measurement techniques for which inputs are not observable for the asset or liability.

The consolidated financial statements show financial assets and liabilities and derivative instruments at fair value. For these items, Antares Vision determines whether transfers have occurred between levels of the hierarchy by reviewing the categorisation (based on the lowest level input, which is significant for fair value measurement in its entirety) at each reporting date.

Specifically, the derivative instruments held by the Parent Company to hedge interest rates fall under the Level 2 hierarchy as they are determined using valuation techniques that make reference to variables that are observable on active markets. The reference value is the mark-to-market by which the value of the derivative is systematically adjusted on the basis of current market prices.

The warrants issued by the Parent Company at the time of the Parent Company's listing on the AIM market and recorded under non-current loans and borrowings fall under the Level 1 hierarchy as their fair value is directly observable from official market prices.

All of the other financial assets and liabilities recognised in these consolidated financial statements fall under the Level 3 hierarchy as their fair value is determined with reference to variables that are not observable on the market.

Non-current assets held for sale

Antares Vision classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction instead of through continuing use. Non-current assets and disposable groups classified as held for sale are measured at the lower of their carrying amount and their fair value, net of selling costs. Selling costs are the additional costs directly attributable to the sale, excluding financial charges and taxes.

The condition for classification as held for sale is considered to be met only when the sale is highly probable and the disposable asset or group is available for immediate sale in its current condition. The actions required to conclude the sale should indicate that it is unlikely that there will be significant changes to the sale or that the sale may be cancelled. Management must have committed itself to the sale, the completion of which should be envisaged within one year from the date of classification.

The depreciation of property, plant and equipment and the amortisation of intangible assets ceases at the moment they are classified as available for sale.

Assets and liabilities classified as held for sale are shown separately in the financial statements as current assets or liabilities.

Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly attributable ancillary charges, and shown net of accumulated depreciation and impairment losses. Tangible fixed assets acquired through a business combination are recognised at fair value at the acquisition date through the Purchase Price Allocation process.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The depreciation rates applied, unchanged from the previous year, are summarised below:

- Temporary buildings and constructions: from 3% to 10%
- Plant and machinery: from 10% to 20%
- Industrial and commercial equipment: from 10% to 33%
- Other fixed assets:
  - Vehicles and internal means of transport: from 15% to 30%
  - Office furniture and machines and IT systems: from 12% to 30%

Land is not depreciated.

Ordinary maintenance costs are charged to the income statement for the year in which they are incurred. Costs that increase the value or extend the useful life of a fixed asset are capitalised and depreciated over the residual useful life of the fixed assets to which they refer.

The carrying amount of an item of property, plant and equipment and any significant component initially recognised is derecognised on disposal (i.e. on the date the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. The gain or loss that arises when the asset is derecognised (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement at the time that the asset is eliminated.

At least once a year and, in any case, at the end of each financial year, Antares Vision ascertains that there are no indicators of impairment of tangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of the assets in question to determine the amount of any write-down. The recoverable amount is the higher of the price that would be obtained from a sale and the value in use calculated by discounting prospective cash flows, net of tax. If the reasons for the write-down cease to apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the income statement for the year.

Right-of-use asset

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in accordance with a single accounting model similar to accounting for finance leases under IAS 17.

The standard includes two exceptions to recognition for lessees - leases of 'low value' assets (e.g. personal computers) and short-term leases (i.e. leases with a rental period of 12 months or less). At the commencement date of a lease, the lessee recognises a rental liability (i.e. the lease liability) and an asset representing the right of use of the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to recognise interest expense on the lease liability and depreciation on the right-of-use asset separately.

Lessees are also required to reconsider the amount of the lease liability when certain events occur (e.g. a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee will generally recognise the difference from re-measurement of the lease liability as an adjustment to the right-of-use asset.

Right-of-use assets are classified according to the nature of the asset involved in the lease contract. This means that, in these consolidated financial statements, rights of use for properties are included in Property, plant and equipment and rights of use for motor vehicles are included in Other assets.

Goodwill

Goodwill represents the difference between the purchase price and the value of the assets and liabilities acquired through a business combination.

Making use of the option provided by IFRS 1, Antares Vision has not applied IFRS 3 to acquisitions made prior to the date of first-time adoption of international accounting standards. Consequently, the goodwill arising from these transactions has not been restated.

Goodwill represents an intangible asset with an indefinite useful life. It is not amortised but subjected to an impairment test at least once a year, or more frequently if there are signs of impairment.

Goodwill is initially recognised at cost represented by the excess of the total amount paid and the amount recognised for minority interests over the net identifiable assets acquired and liabilities assumed by the Parent Company. If the fair value of the net assets acquired exceeds the total consideration paid, Antares Vision again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amount to be recognised at the acquisition date. If the new valuation still shows that the fair value of the net assets acquired exceeds the consideration, the difference is recognised in the income statement as a gain.

After initial recognition, goodwill is measured at cost, net of accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each Antares Vision cash-generating unit that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the asset disposed of is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the divested business is determined on the basis of the relative values of the divested business and the portion of the cash-generating unit retained.

The PPA process regarding the acquisitions of Tradeticity and Convel was carried out in the second half of 2020, as better described in the Business Combinations section of this document.

With regard to the acquisition of Applied Vision, completed on 16 December 2020 through Antares Vision Inc., the effects of the transaction have been provisionally accounted for in these Consolidated Financial Statements under Goodwill, taking advantage of the possibility to determine the final amounts of the PPA within 12 months of the acquisition. The Board of Directors believes that the consideration paid for the acquisition still constitutes a significant indication of the value of the assets acquired, including goodwill. This in light of the fact that the acquisition took place close to the year-end, while the management information on the performance of the companies acquired during the period between the date of the acquisition and the date of preparation of this document did not reveal any elements that might suggest that the assets acquired were worth less than what was paid for them.

Other intangible assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible fixed assets are recognised at cost net of accumulated amortisation and impairment losses, if any. Intangible assets produced internally, with the exception of development costs, are not capitalised and are recognised in the income statement in the period they are incurred.

Intangible assets with a finite useful life are amortised over their useful life and are subject to impairment testing whenever there are indications of a possible impairment. The period and method of amortisation of an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or in the manner in which the future economic benefits associated with the asset will be realised are recognised through a change in the period or method of amortisation, as appropriate, and they are considered changes in accounting estimates.

No intangible assets with an indefinite useful life other than goodwill have been recorded in these consolidated financial statements.

Research costs are charged to the income statement in the period they are incurred. Development costs incurred in relation to a given project are recognised as intangible assets when Antares Vision is able to demonstrate:

- the technical possibility that the intangible asset will be completed, making it available for use or sale;
- the company's intention to complete the asset and its ability and intention to use or sell it;
- the way in which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to reliably assess the cost attributable to the asset during development.

After initial recognition, development activities are valued at cost less accumulated amortisation or impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible asset. The amortisation rates applied, which are the same as the previous year, are summarised below:

- Development costs: 20%
- Patents: 20%

An intangible asset is derecognised on disposal (i.e. when the buyer obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

At the end of each financial year, Antares Vision ascertains that there are no indicators of impairment of intangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of the assets in question to determine the amount of any write-down. The recoverable amount is the higher of the price that would be obtained from a sale and the value in use calculated by discounting prospective cash flows, net of tax. If the reasons for the write-down no longer apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the income statement for the year. Goodwill is never written up.

Investments in associates, joint ventures and other companies

An associate is a company over which Antares Vision has considerable influence. Significant influence means the power to participate in determining the financial and operating policies of the investee without having control or joint control.

Orobix, a company based in Bergamo that operates in artificial intelligence systems, of which the Parent Company holds 37.5%, is a case in point.

A joint venture is a joint control agreement in which the jointly controlling parties have rights to the net assets of the agreement. Joint control is defined as the contractual sharing of control of an agreement, which only exists when decisions on the relevant assets require the unanimous consent of all parties sharing control.

This is the case with the 51% investments held by the Parent Company in Antares Vision India Private Limited, incorporated on 20 April 2019, and the 10% investment held in Siempharma, which was acquired in January 2019.

The considerations made to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries. Antares Vision's investments in associates and joint ventures are valued using the equity method.

The financial statements of the associates and the joint ventures are prepared with the same year-end as those of Antares Vision. Where necessary, the financial statements are adjusted to bring them into line with Antares Vision's accounting standards.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

The statement of profit or loss for the year reflects the Group's share of the result of the associate or joint venture. Any changes in the other components of comprehensive income relating to these investee companies are presented as part of the Group's comprehensive income statement. If an associate or joint venture recognises a change directly to shareholders' equity, the Group recognises its share, where applicable, in the statement of changes in shareholders' equity. Unrealised gains and losses deriving from transactions between the Group and associates or joint ventures are eliminated in proportion to the investment in the associates or joint ventures.

The Group's aggregate share of the result for the year of associates and joint ventures is recognized in the statement of profit or loss for the year after the operating profit/(loss) and represents the result net of taxes and of the portions due to the other shareholders of the associate or joint venture.

Subsequent to the application of the equity method, Antares Vision assesses whether it is necessary to recognise an impairment of its investment in associates or joint ventures. Antares Vision assesses at each financial period-end whether there is objective evidence that the investments in associates or joint ventures have suffered an impairment. In this case, Antares Vision calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and its carrying amount in the financial statements, recording this difference in the income statement.

In the consolidated financial statements, the value of these investments has been adjusted according to the equity method. As a result of this valuation:

- the investment in the associate Orobix is recorded for an amount of € 3,117,747 following the recognition of the portion of the loss for the period pertaining to Antares Vision, equal to € 132,252;
- the investment in the joint venture Antares Vision India is recorded for an amount of € 74,216 following the recognition of the portion of the loss for the period pertaining to Antares Vision, equal to € 89,246;
- the investment in the joint venture Siempharma has been recorded for an amount of € 535,133; The effect on the income statement was positive for € 135,133, represented by the portion of the profit for the period attributable to Antares Vision.

Deferred tax assets and liabilities

Deferred tax liabilities are allocated according to the global liability allocation method. They are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount in the consolidated financial statements, with the exception of goodwill that is not deductible for tax purposes and those differences from investments in subsidiaries that are not expected to be reversed in the foreseeable future. They are also calculated on the temporary differences arising on the initial recognition of an asset or liability in a transaction that does not represent a business combination and which does not affect either the financial result or the tax result at the time of the transaction.

Deferred tax assets on tax losses and unused tax credits that can be carried forward are recognised to the extent that future taxable income is likely to be available, against which they can be recovered.

Current and deferred tax assets and liabilities are offset when income taxes are applied by the same tax authority and when there is a legal right of offset. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply in the respective jurisdictions of the countries in which Antares Vision operates in the years in which the temporary differences will be realised or extinguished.

Inventories

Inventories are valued at the lower of cost and net realisable value.

The costs incurred to bring each asset to its current location and condition are recognised as follows:

- raw materials: purchase cost calculated using the weighted average cost method;
- finished and semi-finished products: direct cost of materials and labour plus a share of general production expenses, defined on the basis of normal production capacity, excluding financial charges.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables, other receivables and other financial assets

Initial recognition

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that Antares Vision uses for their management. With the exception of trade receivables that do not contain a significant financing component or for which Antares Vision has applied the practical expedient, Antares Vision initially evaluates a financial asset at its fair value, plus transaction costs in the case of a financial asset not at fair value through profit or loss.

Trade receivables that do not contain a significant financing component, such as receivables falling due within 12 months, are valued at the transaction price defined in accordance with IFRS 15 and described in the paragraph "Revenues from customer contracts".

In order for a financial asset to be classified and measured at amortised cost or at fair value recognised in other comprehensive income (FVOCI), it must generate cash flows that depend solely on the principal and interest on the amount of principal to be returned ("SPPI test"). Financial assets whose cash flows do not meet the above requirements are classified and measured at fair value through profit or loss.

Subsequent measurement

Financial assets classified and measured at amortised cost, including trade receivables, are held as part of a business model whose objective is to hold financial assets with a view to collecting their contractual cash flows. These assets are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Financial assets that are classified and measured at fair value through other comprehensive income ("FVOCI") are held as part of a business model whose objective is achieved through the collection of contractual cash flows and through the sale of financial assets. For assets from debt instruments measured at FVOCI, interest income, exchange rate differences and impairment losses, together with write-backs, are recognised in the income statement and calculated in the same way as financial assets measured at amortised cost. Other changes in fair value are recognised in OCI. At the time of elimination, the cumulative change in fair value recognised in OCI is reclassified to the income statement.

Financial instruments at fair value with changes through profit or loss ("FVT PL") are recognised in the statement of financial position at fair value and net changes in fair value are recognised in the income statement. This category includes derivatives and listed equity investments that Antares Vision has not irrevocably chosen to classify at FVOCI. Dividends on equity investments are recognised as other income in the income statement when the right to payment has been established.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset are extinguished, or when Antares Vision has transferred to a third party the right to receive cash flows from the asset or has assumed the contractual obligation to pay them in full and without delay and (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In cases where Antares Vision has transferred the rights to receive cash flows from an asset but has neither transferred nor retained substantially all the risks and benefits or has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its residual involvement in the asset. In this case, Antares Vision also recognises an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain with the Group.

Impairment

Antares Vision records a write-down for expected losses (Expected Credit Loss or 'ECL') for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due under the contract and all of the cash flows that Antares Vision expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms.

For trade receivables and contract assets, Antares Vision applies a simplified approach to the calculation of expected losses. In other words, Antares Vision does not monitor the changes in credit risk, but fully records the expected loss at each reference date.

Cash and banks

Cash and banks include cash on hand and short-term demand deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to insignificant risk or changes in value.

For the purposes of the consolidated cash flow statement, cash and cash equivalents are represented by cash as defined above, net of bank overdrafts as these are considered an integral part of the Group's liquidity management.

Trade payables and other financial liabilities

Initial recognition

Financial liabilities are classified on initial recognition as financial liabilities at fair value through profit or loss or as loans and borrowings.

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs in the case of loans, borrowings and payables.

Subsequent measurement

For subsequent measurement purposes, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVTPL);
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss include liabilities held for trading and financial liabilities initially recognised at fair value through profit or loss. Liabilities held for trading are all liabilities assumed with the intention of extinguishing or transferring them in the short term. This category also includes derivative financial instruments taken out by Antares Vision that are not designated as hedging instruments and warrants. Gains or losses on liabilities held for trading are recognised in the income statement.

After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the income statement when the liability is extinguished, as well as through the amortisation process.The amortised cost is calculated by recording the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in financial charges in the income statement.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or fulfilled. Where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, this exchange or change is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognised in the income statement.

Provisions for risks and charges

Provisions for risks and charges are made when Antares Vision has to meet a current obligation (legal or implicit) resulting from a past event, it is probable that resources will be disbursed to meet this obligation and it is possible to make a reliable estimate of its amount. When Antares Vision believes that a provision for risks and charges will be partly or fully reimbursed, the indemnity is recognised separately under assets if, and only if, it is more or less certain. In this case, the cost of any provision is presented in the income statement net of the amount recognised for compensation.

If the effect of the value of money over time is significant, provisions are discounted using a discount rate that reflects, where appropriate, the risks specific to the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognised as a financial expense.

A provision for product guarantees is recognised when the product is sold or a service has been provided to the customer. Initial recognition is based on past experience. The estimated warranty costs are reviewed annually.

Severance indemnity

The employee severance indemnity recorded by Italian companies corresponds to the liability accrued in favour of employees in accordance with current legislation.

The Italian companies of Antares Vision are not required to pay severance indemnity to the INPS Treasury Fund under Law no. 296 of 27 December 2006 because none of them exceeded the limit of 50 employees during 2006 or their first year of activity.

The portion not allocated to supplementary pension funds is therefore considered a defined benefit plan and it is subject to actuarial valuation. The portions allocated to supplementary pension funds are considered a defined contribution plan.

Share-based payments

Some directors and employees of the Group receive part of their remuneration in the form of share-based payments, which means that some employees provide services in exchange for shares ("equity-settled transactions"). The cost of transactions settled with equity instruments is determined by the fair value at the date on which the assignment is made using an appropriate valuation method, as explained in greater detail in Note 42.

This cost, together with the corresponding increase in equity, is recognised under personnel costs (Note 30) over the period during which the conditions for achievement of the objectives and/or provision of the service are satisfied. The cumulative costs recognised for these transactions at the closing date of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. The cost or revenue in the statement of profit or loss for the year represents the change in the cumulative cost recognised at the beginning and end of the year.

The service or performance conditions are not taken into consideration when defining the fair value of the plan at the grant date. However, the probability that these conditions will be met is taken into account in defining the best estimate of the number of capital instruments that will vest. Market conditions are reflected in the fair value at the grant date. Any other condition linked to the plan, which does not involve a service obligation, is not considered as a vesting condition. The non-vesting conditions are reflected in the fair value of the plan and entail the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognised for rights that do not vest as the performance and/or service conditions are not met. When the rights include a market condition or a non-vesting condition, these are treated as if they had vested regardless of whether the market conditions or other non-vesting conditions to which they are subject are complied with or not, it being understood that all the other performance and/or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recognised is the fair value at the grant date without the change of plan, on the assumption that the original conditions of the plan are satisfied. In addition, there is a cost for each change that involves an increase in the total fair value of the payment plan, or that is in any case favourable for the employees; this cost is valued with reference to the date of the change. When a plan is cancelled by the entity or the counterparty, any residual element of the plan's fair value is immediately charged to the income statement.

Translation of foreign currency items

Monetary assets and liabilities denominated in foreign currency are recorded at the spot exchange rate at the year-end, with the related exchange gains and losses recognised in the income statement. If the translation gives rise to a net gain, a reserve for the corresponding amount must not be distributed until it has been realised.

Revenue from contracts with customers

Antares Vision is involved in providing inspection systems for quality control, tracking solutions for anti-counterfeiting, supply chain control and smart data management.

Revenues from contracts with customers are recognised when control of the goods is transferred to the customer for an amount that reflects the consideration that Antares Vision expects to receive in exchange for these goods. Control over the goods passes to the customer according to the delivery terms defined with the customer. Antares Vision believes that the price does not include significant elements of financing.

Antares Vision considers whether there are other promises in the contract that represent obligations to which part of the consideration should be allocated (e.g. warranties).

Government grants

Government grants are recognised when there is reasonable certainty that they will be received and that all of the conditions have been met. Grants related to cost components are recognised as revenues, but they are allocated over the years so as to match the costs they are intended to offset. A grant related to an asset is recognised as income on a straight-line basis over the expected useful life of the asset in question.

Where Antares Vision receives a non-monetary grant, the asset and the grant are recorded at nominal value and released to the income statement on a straight-line basis over the expected useful life of the asset.

Income taxes

Current tax assets and liabilities for the year are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those in force at the reporting date in the countries where Antares Vision operates and generates its taxable income.

Current taxes relating to items recognised directly in shareholders' equity are also recognised in shareholders' equity and not in the income statement. Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and adjusts the provisions, where appropriate.

Other taxes not related to income, such as property taxes, are included in operating expenses.

Costs, revenues, assets and liabilities are normally recognised net of indirect taxes, such as value added tax. If the tax applied to the purchase of goods or services is non-deductible, it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement. Trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the balance sheet under receivables or payables.

Earnings per share

Basic earnings per share is obtained as the ratio between the Group's profit reported in the consolidated financial statements and the weighted average number of shares outstanding during the year, net of any treasury shares in portfolio.

Diluted earnings per share is the ratio between the Group's earnings reported in the consolidated financial statements and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. those not yet subscribed) with a dilutive effect.

Accounting standards issued and entered into force in 2020

The amendments provide a new definition of materiality which says that information is material if it is reasonable to assume that its omission, misstatement or concealment could affect the decisions that key users of general purpose financial statements make based on these financial statements, which provide financial information about the specific entity preparing the financial statements. Materiality depends on the nature or extent of the information, or both. An entity has to assess whether the information, taken individually or in combination with other information, is material in the context of the financial statements taken as a whole. Information is hidden if, for the main users of the financial statements, it is communicated in such a way as to have an effect similar to that of its omission or inaccurate disclosure. These changes did not have any impact on the consolidated financial statements nor is any future impact expected for the Group.

Amendments to IFRS 3: Definition of a Business

The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include at least one input and an underlying process that together significantly contribute to the ability to create an output. Furthermore, it has been made clear that a business can exist without including all the inputs and processes needed to create an output. These changes did not have any impact on the Group's consolidated financial statements, but they could have an impact on future years.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard and none of the concepts it contains take precedence over the concepts or requirements of a standard. The purpose of the Conceptual Framework is to support the IASB in the development of standards, to help editors to develop homogeneous accounting policies where there are no applicable standards in the specific circumstances and to help all parties involved to understand and interpret the standards. The revised version of the Conceptual Framework includes some new concepts, provides updated definitions and updated recognition criteria for assets and liabilities, and clarifies some important concepts. These changes did not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 provide a number of practical expedients that apply to hedging relationships that are directly impacted by the reform of benchmark interest rates. A hedging relationship that is impacted by the reform is subject to uncertainties regarding the timing and extent of cash flows based on the benchmark rate applied to the hedged instrument. These changes did not have any impact on the Group's consolidated financial statements.

Amendment to IFRS 16 Lease Covid-19 – Related rent concessions

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements of IFRS 16 to the accounting effects of contractual changes for reductions in lease payments granted by the lessors as a direct consequence of the Covid-19 epidemic. The amendment introduces a practical expedient whereby a lessee can choose not to assess whether reductions in lease payments represent contractual changes. A lessee who chooses to use this expedient accounts for these reductions as though they were not contractual changes for the purposes of IFRS 16.

The amendments are applicable to financial statements whose accounting period begins on 1 June 2020 or later. Earlier application is permitted. These changes are not expected to have an impact on the Group's consolidated financial statements.

Accounting standards issued but not yet entered into force

On 27 August 2020, the IASB also published amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (Interest rate benchmark reform - Phase 2) which will be applicable with effect from 1 January 2021.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The changes clarify:

- what is meant by the right to defer the settlement deadline
- that the right of deferral must exist at the end of the reporting period
- the classification is not impacted by the likelihood with which the entity will exercise its right of deferral
- only if an embedded derivative in a convertible liability is itself an equity instrument does the liability's maturity have no impact on its classification.

The amendments will be effective for financial years starting on 1 January 2023 or later, and are to be applied retrospectively. Antares Vision is currently evaluating the impact that the amendments will have on the current situation if renegotiation of existing loan agreements becomes necessary.

Amendments to IFRS 3 - "Business combinations"

In May 2020, the IASB published the amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments aim to replace references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the standard. The Board also added an exception to the IFRS 3 measurement principles to avoid the risk of potential "day after" gains or losses arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately. At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be impacted by the update of the references to the Framework for the Preparation and Presentation of Financial Statements.

The amendments will be effective for the financial years starting on 1 January 2022 and will apply prospectively.

No material impacts are expected for Antares Vision with respect to these amendments.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB published Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of products sold during the period when the asset is being brought to the place or condition necessary for it to operate in the manner for which it was designed by management. Instead, an entity has to record any revenue from the sale of such products in the income statement, along with the cost of producing them.

The amendment will be effective for financial years starting on or after 1 January 2022 and must be applied retrospectively to items of Property, plant and equipment made available for use on or after the start date of the period prior to the period in which the entity applies this change for the first time.

No material impacts are expected for Antares Vision with respect to these amendments.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB published amendments to IAS 37 to specify which costs must be considered by an entity in assessing whether a contract is onerous or loss-making. The amendment provides for the application of the "directly related cost approach". Costs that refer directly to a contract for the supply of goods or services include both incremental costs and the costs directly attributed to the contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly recharged to the counterparty on the basis of the contract.

The amendments will be effective for the financial years starting on 1 January 2022 or later.

Antares Vision will apply these changes to contracts for which it has not yet satisfied all of its obligations at the beginning of the year in which it will apply these changes for the first time.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of the 2018-2020 annual improvements of IFRS, the IASB has published an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment allows a subsidiary that chooses to apply paragraph D16 (a) of IFRS 1 to account for the accumulated translation differences on the basis of the amounts accounted for by the parent company, considering the date of transition to IFRS by the parent company. This change also applies to associates or joint ventures that choose to apply paragraph D16 (a) of IFRS 1.

The amendment will be effective for the financial years starting on 1 January 2022 or later; Earlier application is permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of the 2018-2020 process of annual improvements to IFRS, the IASB has published an amendment to IFRS 9. This amendment clarifies the fees that an entity should include when deciding whether the conditions of a new or modified financial liability are substantially different from those of the original financial liability. These fees only include those paid or received between the borrower and the lender, including fees paid or received by the borrower or lender on behalf of others. An entity applies this amendment to financial liabilities that are modified or exchanged after the date of the first period in which the entity first applies the amendment.

The amendment will be effective for financial years starting on or after 1 January 2022 and early application is permitted. Antares Vision will apply this amendment to financial liabilities that are modified or exchanged subsequently or on the date of the first financial year in which the entity applies this amendment for the first time. This amendment is not expected to have any material impact on Antares Vision.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new standard on insurance contracts covering recognition and measurement, presentation and reporting. When IFRS 17 comes into force, it will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17 will be in force for financial years beginning on or after 1 January 2021 and will require the presentation of comparative balances.

No impact is expected for Antares Vision.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies was issued by the IASB on 12 February with the date of first application on 1 January 2023.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates was issued by the IASB on 12 February with the date of first application on 1 January 2023.

Use of estimates

Preparing the financial statements of Antares Vision requires the directors to make discretionary assessments, estimates and assumptions that affect the values of revenues, costs, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that will require a significant future adjustment to the carrying amount of such assets or liabilities.

In applying the accounting policies of Antares Vision, the directors made decisions based on the following discretionary assessments (excluding those involving estimates) that have a significant effect on the amounts recorded in the financial statements.

Lease term and incremental borrowing rate

Antares Vision determines the lease term as the non-cancellable period of the lease to which must be added the periods covered by the option to extend the lease, if there is reasonable certainty of exercising this option, and the periods covered by the option to terminate the lease if there is reasonable certainty of not exercising this option.

Antares Vision has the possibility, for some of its leases, to extend the lease or terminate it early. Antares Vision applies its own judgement in assessing whether there is reasonable certainty of exercising the renewal options. Having said this, Antares Vision considers all the factors observed that may result in an economic incentive to exercise the renewal options or to terminate the contract. After the effective date, Antares Vision reviews the estimates of the lease term in the event of a significant event or significant change in circumstances under its control that could affect the ability to exercise (or not to exercise) the renewal or early cancellation option (for example, investments in improvements to leased assets or significant specific changes to the leased asset).

Antares Vision cannot easily determine the interest rate implicit in the lease, so it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar duration and similar security, needed to obtain an asset of similar value to the right-of-use asset in a similar economic context. The incremental borrowing rate therefore reflects what Antares Vision would have had to pay, and this requires an estimate to be made when no observable data exist or when rates need to be adjusted to reflect the terms and conditions of the lease. Antares Vision estimates the marginal lending rate using observable data (such as market interest rates) if available, while making specific considerations about the conditions of the investee company.

Impairment of non-financial assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the value in use is based on a DCF model that involves discounting cash flows, which in turn derive from the budgets of the individual cash-generating units, excluding restructuring activities to which Antares Vision has not yet committed itself or significant future investments that will increase the results of the activity included in the cash-generating unit being assessed. The recoverable amount depends considerably on the discount rate used in the cash flow discounting model, as well as the expected future cash flows and the growth rate used for the extrapolation. The key assumptions used to determine the recoverable amount for the various cash-generating units are provided below in these explanatory notes.

Provision for expected losses on trade receivables

Trade receivables are adjusted by the allowance for doubtful accounts to take account of their recoverable value. Determining the amount of write-downs requires the Directors to make subjective assessments based on the documentation and information available regarding the solvency of customers, as well as experience and historical trends in collections.

Defined benefit plans

The cost of defined benefit pension plans and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. Actuarial valuation involves processing various assumptions that may differ from actual future developments. These assumptions include determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually.

Further details, including a sensitivity analysis, are provided below in these notes.

Fair value of financial instruments

When the fair value of a financial asset or liability recognised in the balance sheet cannot be measured based on prices in an active market, the fair value is determined using various measurement techniques, including the discounted cash flow model. The inputs included in this model are inferred from observable markets, where possible, but where this is not possible, a certain degree of estimation is required to define the fair value. The estimates include considerations of variables such as liquidity risk, credit risk and volatility. Changes in assumptions about these elements could have an impact on the fair value of financial instruments.

Development costs

Antares Vision capitalises costs related to projects for the development of new products. The initial capitalisation of costs is based on the fact that the directors' opinion on the technical and economic feasibility of the project is confirmed, usually when the project has reached a precise stage in the development plan.

Write-downs of inventories

Inventories that show signs of being obsolete and slow-moving are systematically assessed and, if their recoverable value is lower than their purchase or production cost, they are written down. Write-downs are calculated on the basis of management's assumptions and estimates, derived from experience and historical results.

Share-based payments

Estimating the fair value of share-based payments means having to choose the most appropriate valuation model, which depends on the terms and conditions under which such instruments are granted. It also means identifying the data needed to feed the valuation model, including assumptions about the exercise period of the options, volatility and return on the shares.

The 2020-2022 Stock Option Plan approved by the Shareholders' Meeting of the Parent Company falls into the scope of share-based payments. It is reserved for executive directors, top management and key employees, whose performances are more likely to influence the Company's results, given their roles and functions.

During the year, 108,000 options were assigned to the executive directors and 225,000 options to top management and key employees

The valuation model used was Black & Scholes (which takes its name from Fischer Black and Myron Scholes, experts in financial mathematics, who developed it in 1973). The Black & Scholes valuation method is based on the construction of a portfolio of underlying assets and a certain number of options, in such a way that the expected return as a whole is insensitive to fluctuations in the price of the asset and is equivalent to the risk-free rate. The Black & Scholes valuation method determines possible prices for the underlying assets on maturity, as well as their respective probabilities of occurrence, assuming that they are distributed according to a normal distribution (or to be precise, a "log-normal distribution").

Income taxes

Deferred tax assets are recognised for unused tax losses, to the extent that it is probable that there will be sufficient taxable income in the future to allow such losses to be reabsorbed. Fairly complex estimates have to be made by management to determine the amount of tax assets that can be recognised on the basis of future taxable profits, their timing and the tax planning strategies that can be applied.

Antares Vision has carry-forward tax losses of € 7,077,464. These losses relate to the Parent Company for € 3,370,137 and they have generated deferred tax assets (for IRES purposes) of € 808,833. The remainder relate to subsidiaries and the tax losses that they incurred in 2019 and 2020. Deferred tax assets can be used to offset future taxable income, in some cases without time limits, in others within a maximum of 5 years. In light of analyses and the Business Plan, the directors estimate that it will be possible to make full use of the deferred tax assets within the time limit set by each local legislation.

Business combinations

Business combinations

During 2020, the Purchase Price Allocation ("PPA") of Tradeticity d.o.o. and Convel S.r.l., acquired in the first half of 2020, was completed.

With regard to the acquisition of Applied Vision Corporation Holdings and its two subsidiaries, completed on 16 December 2020 through Antares Vision Inc., the difference between the equity of the acquired entity and the price paid has been provisionally accounted for in these consolidated financial statements under Goodwill, taking advantage of the possibility to determine the final amounts of the PPA within 12 months of the acquisition.

Acquisition of FT System S.r.l.

On 30 September 2019 the Parent Company acquired 100% of FT System S.r.l. (and indirectly its subsidiaries in France and the United States), a company founded in Alseno in 1998, specialising in control and inspection technologies for bottling, mainly in the beverage industry.

The price paid for the acquisition, which is not subject to any adjustment mechanisms, was € 67,712,714 (excluding ancillary charges related to the transaction, fully expensed in accordance with IFRS 3) and is supported by a Fairness Opinion prepared by an independent third party. The cash acquired with the transaction amounted to € 7,493,064, the net cash outlay was therefore € 60,219,650.

The acquisition is part of Antares Vision's strategy of diversifying non-Pharma sectors. It also reflects the Company's mission to protect the product throughout its entire life cycle.

FT System allowed Antares Vision to expand its product offering in the beverage industry, thanks to the know-how and expertise held by the acquired company, to further extend its geographical presence, increase market penetration and develop cross-selling opportunities, by integrating tracking and smart data management solutions.

At 31 December 2019, the difference between the purchase price of the shares of FT System and the book net equity of the acquired Group has been provisionally recorded as Goodwill in the statement of financial position, taking advantage of the option provided by IFRS 3 to finalise the Purchase Price Allocation process within 12 months from the acquisition.

During the first half of 2020, Antares Vision identified the current values of the acquired assets and liabilities, including potential liabilities, and retroactively adjusted the amounts provisionally recognised at the acquisition date. The valuation involved the following adjustments to fair value:

- recognition of other intangible fixed assets represented by technology for € 5,640,500, whose useful life has been put at over 15 years, except for the Squeezer technology, which has a useful life of 10 years;
- recognition of other intangible assets represented by relationships with customers for € 10,693,700 with an estimated useful life of 10 years;
- recognition of deferred tax liabilities associated with technology for € 1,573,700;
- recognition of deferred tax liabilities associated with customer relations for € 2,983,542;
- reversal, net of the related deferred taxes (assets), where applicable, of the carrying amount of the items for which the value recognised at the acquisition date differed from the fair value.

These effects are summarised in the following statement of financial position:

Statement of financial position	FT SYSTEM 30/09/2019	PURCHASE PRICE ALLOCATION REVERSAL OF ITEMS INVOLVED IN PPA	 ADJUSTMENTS TO FAIR VALUE	FT SYSTEM 30/09/2019 AFTER PPA
Assets				
Non-current assets				
Property, plant and equipment	623,341			623,341
Right-of-use assets	818,224			818,224
Goodwill	520,671	- 16,231		504,440
Other intangible assets	826,971	- 683,462	16,334,200	16,477,708
Investments in other companies	17			17
Non-current financial assets	60			60
Deferred tax assets	330,433	190,700		521,133
Other non-current assets	184,195			184,195
Total non-current assets	**3,303,911**	**- 508,993**	**16,334,200**	**19,129,118**
Current assets				
Inventories	3,830,190			3,830,190
Trade receivables	7,720,231			7,720,231
Other receivables	2,033,640			2,033,640
Cash and banks	7,493,064			7,493,064
Total current assets	**21,077,126**	**-**	**-**	**21,077,126**
Total Assets	**24,381,037**	**- 508,993**	**16,334,200**	**40,206,244**
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	125,000			125,000
Other reserves	8,697,093			8,697,093
Retained earnings	2,324,746	- 508,993	11,777,000	13,592,753
Total shareholders' equity	**11,146,839**	**- 508,993**	**11,777,000**	**22,414,846**
Non-current liabilities				
Non-current lease liabilities	822,670			822,670
Retirement benefit obligations	2,108,908			2,108,908
Deferred tax liabilities	21,019		4,557,200	4,578,219
Other non-current liabilities	626,838			626,838
Total non-current liabilities	**3,579,435**	**-**	**4,557,200**	**8,136,635**
Current liabilities				
Current lease liabilities	14,688			14,688
Current provisions for risks and charges	346,321			346,321
Trade payables	4,589,682			4,589,682
Other payables	4,704,072			4,704,072
Total current liabilities	**9,654,763**	**-**	**-**	**9,654,763**
Total shareholders' equity and liabilities	**24,381,037**	**- 508,993**	**16,334,200**	**40,206,243**

Following these adjustments, the difference between the consideration paid and the net balance between the fair value of the assets acquired and the liabilities assumed with the transaction, as identified and recognised in accordance with IFRS 3, is recognised under Goodwill and is equal to € 45,297,868.

FT SYSTEM	30/09/2019
Consideration paid	67,712,714
FT System shareholders' equity after PPA	22,414,846
Goodwill	**45,297,868**

Management does not believe that there are any indicators or signs of possible losses in this value in consideration of the analysis conducted at 31 December 2020 and detailed in the dedicated paragraph.

The effects of the PPA in the consolidated financial statements were acknowledged retroactively at the acquisition date, resulting in the need to restate the comparative figures at 31 December 2019, not only as a result of the allocation, but also for the economic effects of it. These effects are well summarised in the tables below, which show FT System's financial position and income statement at the acquisition date in the pre-PPA version and in the version that incorporates the PPA.

Statement of financial position	31/12/2019	EFFECTS OF PPA	31/12/2019 ADJUSTED
Assets			
Non-current assets			
Property, plant and equipment	11,662,337		11,662,337
Right-of-use assets	2,297,153		2,297,153
Goodwill	56,736,514	- 11,295,058	45,441,456
Other intangible assets	5,904,660	15,431,945	21,336,606
Investments in associates and joint ventures	3,413,462		3,413,462
Investments in other companies	400,017		400,017
Non-current financial assets	174,498		174,498
Deferred tax assets	9,688,125	153,613	9,841,738
Total non-current assets	**90,276,765**	**4,290,500**	**94,567,266**
Current assets			
Inventories	25,573,982		25,573,982
Trade receivables	55,709,757		55,709,757
Other receivables	7,199,182		7,199,182
Other current financial assets	33,132,228		33,132,228
Cash and banks	85,199,801		85,199,801
Total current assets	**206,814,951**		**206,814,951**
Total Assets	**297,091,716**	**4,290,500**	**301,382,217**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	142,606		142,606
Other reserves	109,888,374		109,888,374
FTA reserve	-15,250,613		-15,250,613
Retained earnings	287,421		287,421
Profit/(loss) for the year	22,082,939	- 165,216	21,917,723
Total shareholders' equity	**117,150,726**	**- 165,216**	**116,985,510**
Capital and reserves pertaining to minority interests	179,903		179,903
Profit/(loss) attributable to minority interests	409,619		409,619
Total shareholders' equity pertaining to minority interests	**589,522**		**589,522**
Total shareholders' equity	**117,740,248**	**- 165,216**	**117,575,033**
Non-current liabilities			
Non-current loans and borrowings	84,409,815		84,409,815
Non-current lease liabilities	6,878,811		6,878,811
Other non-current financial liabilities	12,946		12,946
Retirement benefit obligations	5,686,808		5,686,808
Deferred tax liabilities	356,839	4,455,716	4,812,555
Other non-current liabilities	620,500		620,500
Total non-current liabilities	**97,965,719**	**4,455,716**	**102,421,435**
Current liabilities			
Current loans and borrowings	15,600,163		15,600,163
Current lease liabilities	880,920		880,920
Other current financial liabilities	568,648		568,648
Current provisions for risks and charges	452,601		452,601
Contract liabilities	25,309,281		25,309,281
Trade payables	19,243,832		19,243,832
Other payables	19,330,305		19,330,305
Total current liabilities	**81,385,749**		**81,385,749**
Total shareholders' equity and liabilities	**297,091,716**	**4,290,500**	**301,382,217**

Income statement	2019	EFFECTS OF THE PPA	2019 ADJUSTED
Revenue	122,203,444		122,203,444
Other income	3,450,243		3,450,243
Changes in finished and semi-finished products	1,863,543		1,863,543
Raw materials and consumables	-32,555,339		-32,555,339
Personnel costs	-34,272,789		-34,272,789
Amortisation and depreciation	-1,743,512	-229,613	-1,973,125
Impairment of financial assets	-280,782		-280,782
Capitalised development costs	3,619,619		3,619,619
Agents' commission	-3,088,830		-3,088,830
Installation costs	-5,241,092		-5,241,092
Other operating expenses	-27,038,595		-27,038,595
Operating profit/(loss)	**26,915,911**	**-229,613**	**26,686,298**
Financial charges	-2,426,330		-2,426,330
Financial income	4,644,959		4,644,959
Foreign exchange gains and losses	92,323		92,323
Profit from continuing operations before tax	**29,226,862**	**-229,613**	**28,997,250**
Income taxes	**-6,734,304**	**64,397**	**-6,669,907**
Current taxes	-6,519,335		-6,519,335
Deferred tax assets	-57,121	-37,087	-94,208
Deferred tax liabilities	-113,337	101,484	-11,853
Prior year income taxes	44,512		44,512
Profit from continuing operations	**22,492,558**	**-165,216**	**22,327,343**
Profit/(loss) attributable to minority interests	409,619		409,619
Total comprehensive profit/(loss), net of tax	**22,082,939**	**-165,216**	**21,917,723**

Acquisition of Tradeticity d.o.o. and its subsidiary Tradeticity Services d.o.o.

On 21 April 2020, an agreement was concluded for the acquisition of 82.83% of Tradeticity d.o.o. and its 100% subsidiary Tradeticity Service d.o.o. (together "Tradeticity"), companies founded respectively in Zagreb and Belgrade and specialised in the software management of advanced traceability and serialisation processes.

The price paid for the acquisition, which is not subject to any adjustment mechanisms, was € 932,083 (excluding ancillary charges related to the transaction, fully expensed in accordance with IFRS 3). At the same time as the acquisition, a loan of € 491,131 was also disbursed, partly intended for the purchase of the 100% stake in Tradeticity Services d.o.o.

Statement of financial position	TRADETICITY 30/04/2020
Assets	
Fixed assets	237,919
Goodwill	299,011
Current assets	525,534
Total assets	**1,062,464**
Shareholders' equity and liabilities	
Non-current liabilities	594,131
Current liabilities	339,848
Total liabilities	**933,979**
Equity pertaining to Antares Vision	106,425
Shareholders' equity pertaining to minority interests	22,060
Shareholders' equity	**128,485**
Total shareholders' equity and liabilities	**1,062,464**

TRADETICITY	30/04/2020
Consideration paid	**932,083**
Goodwill already recorded in Tradeticity pertaining to Antares Vision	247,671
Equity pertaining to Antares Vision	-106,425
Goodwill	**1,073,329**

It is considered appropriate to present a summary of the financial position of Tradeticity at 30 April 2020, a date that best approximates the position on the date of the acquisition and the goodwill generated by it:

During the second half of 2020, Antares Vision's management carried out an analysis on the differential generated at the time of the acquisition of Tradeticity. This did not reveal different amounts for the asset and liability items compared with their fair value, so it was not necessary to adjust the value of goodwill initially recognised.

At the same time, the analysis carried out on the preliminary figures at 31 December 2020 as to whether there were any signs of impairment of this value, allocated to the only CGU present in Antares Vision, did not reveal any signs of impairment. Please refer to note 2 "Goodwill" and the section entitled "Impairment test" for a more detailed analysis.

In the notes, the figures that come from Tradeticity's inclusion in the scope of consolidation will be commented on separately, where significant.

Acquisition of Convel S.r.l.

On 30 June 2020, an agreement was finalised for the acquisition of 100% of Convel S.r.l. ("Convel"), an Italian company based in Dueville (Vicenza) that specialises in automated inspection in the pharmaceutical industry. It is also a leader in Leak Testing, a technology aimed at ensuring the highest quality of inspection by detecting any leaks that may affect the sterility of containers.

The price paid for the acquisition was € 15,730,337, with cash acquired from the transaction of € 3,117,711.

During the second half of 2020, Antares Vision identified the current values of the acquired assets and liabilities, including potential liabilities, and retroactively adjusted the amounts provisionally recognised at the acquisition date. The valuation involved the following adjustments to fair value:

- recognition of other intangible assets represented by technology for € 566,100 with an estimated useful life of 15 years;
- recognition of deferred tax liabilities associated with technology for € 157,900.

These effects are summarised in the following statement of financial position:

Statement of financial position	CONVEL 30/06/2020	EFFECTS OF THE PPA	CONVEL 30/06/2020 ADJUSTED
Assets			
Non-current assets			
Property, plant and equipment and rights of use	301,094		301,094
Other intangible assets	7,269	566,100	573,369
Deferred tax assets	5,359		5,359
Total non-current assets	**313,722**	**566,100**	**879,822**
Current assets			
Inventories	616,967		616,967
Trade receivables	200,141		200,141
Other receivables	169,422		169,422
Cash and banks	3,117,711		3,117,711
Total current assets	**4,104,241**	**-**	**4,104,241**
Total assets	**4,417,963**	**566,100**	**4,984,063**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	24,000		24,000
Other reserves	2,193,699		2,193,699
Retained earnings	782,283	408,200	1,190,483
Total shareholders' equity	**2,999,981**	**408,200**	**3,408,181**
Total shareholders' equity	**2,999,981**	**408,200**	**3,408,181**
Non-current liabilities			
Non-current loans and borrowings	87,442		87,442
Non-current lease liabilities	41,252		41,252
Retirement benefit obligations	121,047		121,047
Deferred tax liabilities	7	157,900	157,907
Total non-current liabilities	**249,748**	**157,900**	**407,648**
Current liabilities			
Current loans and borrowings	9,783		9,783
Current lease liabilities	32,993		32,993
Trade payables	209,535		209,535
Other payables	915,922		915,922
Total current liabilities	**1,168,233**	**-**	**1,168,233**
Total shareholders' equity and liabilities	**4,417,963**	**566,100**	**4,984,063**

Following these adjustments, the difference between the consideration paid and the net balance between the fair value of the assets acquired and the liabilities assumed with the transaction, as identified and recognised in accordance with IFRS 3, is recognised under Goodwill and is equal to € 12,322,156.

CONVEL	30/06/2020
Consideration paid	15,730,337
Shareholders' equity following PPA	3,408,181
Goodwill	**12,322,156**

The management does not believe that there are any indicators or signs of possible losses in this value in consideration of the analysis conducted at 31 December 2020 and detailed in the dedicated paragraph.

In the notes, the figures that come from Convel's inclusion in the scope of consolidation will be commented on separately, where significant.

Acquisition of Applied Vision Holdings Corporation

As already mentioned, Antares Vision Inc., wholly-owned by Antares Vision S.p.A., completed the acquisition of Applied Vision Holdings Corporation and its two subsidiaries ("Applied Vision").

The price paid for the acquisition, which is not subject to any adjustment mechanisms, was US$ 45.6 million (equal to € 37.2 million at the exchange rate ruling on 31 December 2020, the date of the transaction), excluding ancillary charges related to the transaction, which have all been expensed in accordance with IFRS 3.

The financial resources for the completion of the transaction were made available to Antares Vision Inc. by Antares Vision S.p.A., through (i) an increase in capital of $ 45 million (€ 36.7 million) approved by Antares Vision Inc.'s shareholders' meeting on 14 December 2020, and (ii) a short-term intra-group loan of US $ 2.1 million (€ 1.7 million).

The following is a summary version of Applied Vision's financial position at 31 December 2020, the date used to determine the accounting effects of the transaction. Amounts are expressed in Euro units.

Statement of financial position	APPLIED VISION 31/12/2020
Assets	
Non-current assets	
Property, plant and equipment and rights of use	5,498,893
Non-current financial assets	119,965
Deferred tax assets beyond one year	0
Other tax receivables beyond one year	0
VAT receivable beyond one year	0
Total non-current assets	**5,618,857**
Current assets	
Inventories	3,507,110
Trade receivables	4,772,414
Other receivables	94,098
Cash and banks	2,712,081
Total current assets	**11,085,704**
Total assets	**16,704,561**
Shareholders' equity and liabilities	
Shareholders' equity	
Share capital	489
Other reserves	5,127,465
Retained earnings	9,311,524
Total shareholders' equity	**14,439,478**
Current liabilities	
Current loans and borrowings	47,563
Current provisions for risks and charges	152,882
Trade payables	711,913
Other payables	1,352,726
Total current liabilities	**2,265,084**
Total shareholders' equity and liabilities	**16,704,561**

In these consolidated financial statements, the difference between the purchase price and the book net equity of the acquired Group has been provisionally recorded as Goodwill in the statement of financial position, taking advantage of the option provided by IFRS 3 to finalise the Purchase Price Allocation process within 12 months from the acquisition.

APPLIED VISION	31/12/2020 (*)
Consideration paid	37,140,740
Shareholders' equity	14,439,478
Difference temporarily allocated to goodwill	**22,701,262**

(*) date that best approximates the accounting effects of the transaction

At the end of the Purchase Price Allocation process, which involves the identification of the current values of the assets and liabilities acquired, including potential liabilities, Antares Vision can retroactively adjust the provisional amounts recorded at the acquisition date to reflect subsequent analysis of facts and circumstances that existed at the acquisition date.

In the notes to the consolidated statement of financial position, the figures that come from Applied Vision's consolidated statement of financial position will be commented on separately, where significant.

Segment reporting

IFRS 8 requires that information be provided by segment, using the same bases on which internal management reports are prepared. Antares Vision operates as a single business sector, all as part of the same cash-generating unit (CGU), as it offers an integrated inspection, tracking and data management solution for the protection of consumer products (whether pharmaceuticals, consumer products, cosmetics or luxury goods), so internal reports do not generally contain details based on sector segmentation.

Capital management

For the purposes of managing the capital of Antares Vision, it was decided that this includes the issued share capital, special shares, the share premium reserve, warrants and all capital reserves attributable to the shareholders of the Parent Company. The main objective of capital management is to maximise shareholder value. Antares Vision monitors equity using a gearing ratio, consisting of the ratio of net debt to total capital plus net debt. Antares Vision includes in net debt interest-bearing loans, borrowings, trade and other payables, less cash and cash equivalents, short-term deposits and current financial assets.

CAPITAL MANAGEMENT	31/12/2020	31/12/2019 *
Interest-bearing loans and other loans	162,661,648	107,769,709
Other non-current financial liabilities	6,845	12,946
Cash and cash equivalents	-96,044,433	-85,199,801
Current securities available for sale	-33,144,228	-33,132,228
Net medium and long-term financial position	**33,479,831**	**-10,549,375**
Trade and other payables	40,456,705	38,574,136
Net debt	**73,936,536**	**28,024,762**
Shareholders' equity	134,832,826	116,985,510
Total capital	**134,832,826**	**116,985,510**
Capital and net debt	**208,769,362**	**145,010,272**
Gearing ratio	*35.4%*	*19.3%*

* restated as a result of the PPA of FT System

The covenants in current loan agreements were amply met at the date this document was being prepared.

Statement of financial position

The items in the consolidated statement of financial position at 31 December 2020 are commented on below, highlighting separately, if material, the effects deriving from the changes in the scope of consolidation that took place during the year and the details of Convel's PPA in the individual items involved.

Non-current assets

1. **Property, plant and equipment**

During the year, the value of the property, plant and equipment reached a total of € 21,491,805, significantly affected by the changes in the scope of consolidation, which contributed an additional net carrying amount of € 5,348,820. These investments amounted to € 13,959,490 at 31 December 2019.

This item, which only includes assets with a finite life, shows the following changes:

PROPERTY, PLANT AND EQUIPMENT						
Description	**Land and buildings (incl. right-of-use assets)**	**Plant and machinery**	**Industrial and commercial equipment**	**Other fixed assets (incl. right-of-use assets)**	**Fixed assets under construction and advances**	**Total**
Historical cost 31/12/2019	12,952,561	511,728	551,711	2,580,011	630,063	17,226,074
Accumulated depreciation 31/12/2019	- 1,219,561	- 304,194	- 426,915	- 1,315,914	-	- 3,266,584
Carrying amount 31/12/2019	**11,733,000**	**207,534**	**124,796**	**1,264,097**	**630,063**	**13,959,490**
Increases for purchases	3,314,933	12,291	104,933	259,656	-	3,691,813
Increases in historical cost due to expansion of the scope of consolidation	4,762,794	12,050	2,726,339	104,091	-	7,605,275
Increases in accumulated depreciation due to expansion of the scope of consolidation	- 244,099	- 12,050	- 1,406,465	- 68,632	-	- 1,731,246
Transfers	209,290	-	-	-	- 209,290	-
Elimination of historical cost	- 363,593	- 18,197	-	- 370,457	-	- 752,247
Elimination of accumulated depr./amort.	257,612	18,197	-	-	-	275,809
Depreciation for the period	- 1,065,796	- 63,056	- 62,092	- 366,144	-	- 1,557,087
Total changes	**6,871,141**	**- 50,765**	**1,362,716**	**- 441,486**	**- 209,290**	**7,532,315**
Historical cost 31/12/2020	20,875,985	517,871	3,382,983	2,573,301	420,773	27,770,914
Accumulated depreciation 31/12/2020	- 2,271,844	- 361,103	- 1,895,472	- 1,750,690	-	- 6,279,109
Carrying amount 31/12/2020	**18,604,141**	**156,768**	**1,487,511**	**822,611**	**420,773**	**21,491,805**

Land and buildings show the value of the land and buildings owned by the Group, that of buildings held under finance leases in compliance with IFRS 16, and the value in use of long-term lease, rent and rental contracts that fall within the scope of application of this standard, increased by the value of any improvements made to the assets in accordance with the standards.

It therefore includes:

- the building where the registered office of Antares Vision S.p.A. is located, acquired through a finance lease stipulated with Iccrea Banca Impresa Spa on 30 January 2014. The gross value of the property on signing the contract was € 4,181,700 of which € 836,340 for the land and € 3,345,360 for the building.
- an industrial shed in Sorbolo (PR) to which the local production unit of Antares Vision S.p.A. in Parma was transferred on 3 October 2017, acquired through a financial lease stipulated on 21 July 2017 with Unicredit Leasing Spa. The gross value of the property on signing the contract was € 1,440,600 of which € 288,120 for the land and € 1,152,480 for the building;

- a second industrial shed in Sorbolo (PR), bought with a view to expanding the local production unit in Parma, was acquired through a financial lease stipulated on 26 March 2018 with Unicredit Leasing Spa. The gross value of the property on signing the contract was € 490,600 of which € 98,120 for the land and € 392,480 for the building.
- an industrial shed adjacent to the current headquarters in Travagliato, to be used as a production site and offices. The contract was signed on 2 July 2019 with a cash payment of € 673,293 and taking over a lease contract (with consequent assumption of debt of € 956,707) stipulated with ICCREA Banca Impresa S.p.A. The lease, which was renegotiated when the contract was taken over, provides for a residual term of 10 years and a variable rate equal to 3-month Euribor plus a spread. The contract also provides for the possibility of a further payment of up to € 2,500,000 to be used for renovation work, part of which has already been started and recorded as an increase in the value of the building;
- a building adjacent to the current headquarters of Antares Vision S.p.A. in Travagliato, already used under a previous rent contract. This involves a finance lease contract signed on 30 December 2020 with Unicredit Leasing S.p.A. at a variable interest rate linked to the EIB MIDCAP 2019 NO FLOOR plus a spread. The contractual term of the finance lease is 143 months. Of the gross value of € 2,122,840, € 424,568 is for the land and € 1,698,272 for the building;
- the building where FT System S.r.l.'s registered office is located, acquired through a financial lease stipulated on 31 October 2006 with Credem Leasing S.p.A. Of the property's gross value of € 765,000, € 153,000 is for the land and € 612,000 for the building;
- a building owned by Antares Vision S.p.A. in Torbole Casaglia with a gross value of € 785,000 of which € 235,500 is for the land and € 549,500 for the building;
- a building owned by FT System S.r.l., recorded for € 69,547;
- a building owned by Convel S.r.l., recorded for € 255,306;
- a building owned by Applied Vision Corporation, recorded for € 4,179,306;
- the value of the other long-term lease, rent and rental contracts that fall within the scope of application of IFRS 16 and relating to properties and vehicles used in operations. Antares Vision adopted IFRS 16 from 1 January 2019, taking advantage of the exemption granted by the standard with regard to lease contracts for which the duration is less than 12 months or the unit value of the underlying assets does not exceed € 5,000 when new.

Plant and machinery shows a net carrying amount of € 156,768, mainly belonging to FT System, which compares with the balance of € 207,534 at 31 December 2019.

Industrial and commercial equipment shows a balance of € 1,487,511. Compared with the prior year balance of € 124,796, the considerable increase is due to the change in the scope of consolidation with the Applied Vision group contributing a net carrying amount of € 1,318,192.

Other fixed assets, which at 31 December 2020 have a balance of € 377,825, include vehicles and cars, furniture and furnishings and electronic and office machines.

Assets under construction and advances include advances paid to suppliers for the upgrade and extension of buildings still in progress.

2. Goodwill

Goodwill amounts to € 81,563,527 and relates:

- for € 45,297,868 to the acquisition of FT System on 30 September 2019;
- for € 101,985 to the acquisition of T2 SOFTWARE by the subsidiary Antares Vision do Brasil Ltda on 30 September 2019;
- for € 1,073,329 to the acquisition of Tradeticity on 21 April 2020;
- for € 12,322,155 to the acquisition of Convel on 30 June 2020;
- for € 22,701,262 to the acquisition of Applied Vision and its two subsidiaries on 16 December 2020 through Antares Vision Inc.;
- for € 66,927 to previous extraordinary transactions.

IFRS 3 establishes how an enterprise must account for the effects of a Business Combination and requires goodwill to be determined as the difference between the acquisition cost incurred by the acquiring enterprise and the acquirer's interest in the sum of the fair value of assets and liabilities acquired, contingent liabilities assumed and intangible assets recognised in the Business Combination.

The determination of goodwill is therefore the result of a preliminary Purchase Price Allocation process and represents the excess of the acquisition cost incurred over the current value of the assets and liabilities acquired.

As regards the acquisitions of FT System (30 September 2019) and Convel (30 June 2020), during 2020 the price differential paid at the time of acquisition was allocated through the PPA process, as explained in greater detail in the section on Business Combinations.

The analysis carried out on the differential generated on the acquisition of T2 Software and Tradeticity did not reveal different amounts for the asset and liability items compared with their fair value, so it was not necessary to adjust the value of goodwill initially recognised.

Lastly, as regards Applied Vision, the effects of the acquisition have been provisionally accounted for in these consolidated financial statements under Goodwill, taking advantage of the possibility to determine the final amounts of the PPA within 12 months of the acquisition.

Management believes that the purchase price constitutes a significant indication of the value of the assets acquired, including goodwill, given that the acquisition was completed very close to the year-end. Further analyses regarding the recoverability of Applied Vision's assets will be carried out during the preparation of future financial statements.

Impairment test

IAS 36 "Impairment of Assets" requires the assessment of the existence of losses in value (impairment) of tangible and intangible fixed assets and equity investments in the presence of indicators that suggest that this problem may exist. In the case of goodwill, this assessment is carried out at least once a year. The recoverability of the amounts recorded is verified by comparing the carrying amount recorded in the financial statements with the higher of the net sale price, if there is an active market, and the value in use of the asset. The value in use is defined on the basis of the discounting of the expected cash flows from the use of the asset, or from an aggregation of assets (cash generating unit or CGU), as well as the expected disposal value at the end of its useful life. The CGUs are identified in line with the organisational and business structure of the Group, as homogeneous aggregations that generate autonomous cash flows, deriving from the continuous use of the assets attributable to them.

The Board of Directors of Antares Vision has carried out specific procedures for checking the recoverable value of intangible assets with an indefinite useful life (only goodwill) recognised in the preliminary consolidated statement of financial position of Antares Vision at 31 December 2020 ("Reference date").

The scope of analysis includes all intangible assets with an indefinite useful life recorded in Antares Vision's consolidated financial statements other than those recognised following the acquisition of Applied Vision Holdings Corporation ("Applied Vision").

In fact, with regard to Applied Vision, the Directors estimate that the recoverable value of the acquired assets coincides with the price paid as this represents the best indication of fair value available at the recognition date, given that the acquisition was completed very close to the year-end. The Directors do not have any other elements that could modify the basis on which the purchase price was established. Further analyses regarding the recoverability of Applied Vision's assets will be carried out during the preparation of future financial statements, when Antares Vision will have integrated and aligned Applied Vision to its own standards and will have direct control over its results, also with respect to the expectations on which the purchase price was based.

The main assumptions used in carrying out the impairment test are reported below.

Grouping of assets

The Directors took the approach that all of the assets being analysed constituted a single CGU. The Directors adopted this approach based on the following considerations:

- Antares Vision provides tracking (Track & Trace) and inspection (Inspection) solutions, as well as software solutions for data management and analysis (Smart Data Management) and assistance and maintenance services (Services) across all its target markets;
- within Antares Vision, there are more and more cross-selling mechanisms, also thanks to the growth in solutions on offer;
- starting from 2020, remuneration mechanisms for management and employees were implemented based on the consolidated results and the Group's strategic objectives;
- each acquisition made by Antares Vision provides for the subsequent integration of the business acquired from a strategic and commercial point of view.

The relevant grouping for control therefore includes all of the net operating assets in the consolidated financial statements (excluding those of Applied Vision).

Measurement approach

The recoverable value of the group of assets in question was estimated on the basis of their value in use. Value in use of a group of assets means the present value of future cash inflows and outflows that are expected to derive from continuous use of the group of assets, discounted at an appropriate rate that reflects the current time value of money and the specific risks of the group of assets. The Discounted Cash Flow ("DCF") method is applied to estimate the value in use. It calculates that the value of the company's invested capital ("Enterprise Value") is equal to the present value of its future operating cash flows, net of taxes and discounted at a rate equal to the weighted average cost of capital ("WACC").

The set of documents underlying the impairment test carried out by the Directors with the support of an independent external expert and approved by the Board of Directors on 12 February 2021 consists of (i) the preliminary consolidated statement of financial position at 31 December 2020, from which the Net Invested Capital subject to testing has been taken and (ii) the Business Plan of Antares Vision approved by the Board of Directors on 30 November 2020, from which the cash flows subject to discounting have been taken.

As regards the Business Plan, note that the expected growth is the same as its main markets, which is in line with the historical trend, with the exception of 2020, which was a peculiar year. The cash flows subject to discounting are consistent with the expected business development over the horizon of the plan in terms of revenue and EBITDA, taking into account the dynamics of working capital and expected capital expenditure.

In particular, the discounted cash flow method was applied using a two-phase model; they refer respectively to:

- the five-year explicit forecast period of the Business Plan 2021-2025;
- the residual value of the subsequent period calculated with the synthetic perpetual annuity algorithm and based on the figures expected for 2025, assuming that the Group's current operating conditions continue. With reference to the investments to maintain production capacity, considering the high growth rates included in the Business Plan, we considered the average incidence of investment costs on the revenue of the sample of comparable companies identified, while we took the theoretical tax rate in force in Italy for the estimate of income taxes.

Discount rate (WACC)

The rate used for discounting expected cash flows was estimated with a CAPM-type additive approach (Capital Asset Pricing Model). The rate is 10.3% and was calculated on the basis of the following parameters:

- return on risk-free assets (Rf): this corresponds to the gross yield on long-term (typically 10-year) government bonds in the countries where the Group operates; in this case, the gross returns (12-month average) recorded on 17 December 2020 were used;
- equity market risk premium (MRP): the (long-term historical) yield differential between equities and bonds on mature financial markets;
- Beta coefficient: it is equal to 0.9 and was determined on the basis of the prices of some listed companies operating in the same sector as Antares;
- financial structure: the structure of the financial sources used to estimate the cost of capital is assumed to be 90% composed of equity, in line with that of comparable companies;
- premiums for additional risk: attributed according to the size of Antares Vision (3.4%), the countries in which the Group operates and the annual growth rate of revenues in the markets in which the Group expects the greatest growth (2%);
- the cost of long-term financial debt is estimated to be equal to the average of the spreads on loans from Antares Vision (1.1%);
- the expected tax rate, equal to 24%.

Long-term growth rate ("g rate")

The g rate was taken to be equal to the expected long-term inflation in the Euro/Dollar area (1.9%), in line with the reference currencies underlying the construction of the Business Plan and the WACC.

Outcome

The recoverable value obtained by discounting the plan's cash flows according to the parameters described above was compared with the Net Invested Capital ("NIC") obtained from the preliminary figures at 31 December 2020, identifying a "headroom" equal to 81.3% of the recoverable value.

In support of the impairment test described, some sensitivity analyses were carried out on the variation of the WACC and the g rate, with the following results:

- Assuming an increase in the WACC of 0.5 percentage points, the headroom would have been 80.0% of the recoverable value;
- Assuming a decrease in the g rate of 0.5 percentage points, the headroom would have been 80.5% of the recoverable value;
- Assuming a combined effect of an increase in the WACC of 0.5 percentage points and a decrease in the g rate of 0.5 percentage points, the headroom would have been 79.2% of the recoverable value.

Note that management carried out an in-depth analysis of the effect of updating the impairment test by introducing the Group's actual figures at 31 December 2020 based on the same scope of consolidation. In this case, the test would have shown a headroom of 79.1% of the recoverable value.

After 31 December 2020 and up to the date of preparation of this document, no factor was found to suggest that the results of the test might vary if more recent data or forecasts were used.

In examining the possible impairment indicators and developing its own assessments, management also took into consideration, among other things, the indications of value that can be inferred from the stock market capitalisation of Antares Vision and from the multipliers expressed by the prices of other companies in the sector. These analyses show that at 31 December 2020 the recoverable value of the group of assets under review is higher than its carrying amount in the consolidated financial statements of Antares Vision.

3. Other intangible assets

The composition and changes in other intangible assets are shown below:

OTHER INTANGIBLE ASSETS								
Description	Development costs	Industrial patent rights and use of intellectual property	Concessions, licences, trademarks and similar rights	Customer list	Know-how	Other intangible assets	Fixed assets under construction and advances	TOTAL
Historical cost 31/12/2019	2,373,810	755,672	769,245	-	-	834,350	3,495,704	8,228,781
Accumulated amortisation 31/12/2019	- 936,914	- 510,128	- 482,740	-	-	- 394,339	-	- 2,324,121
Carrying amount 31/12/2019	**1,436,896**	**245,544**	**286,505**	**-**	**-**	**440,011**	**3,495,704**	**5,904,660**
Fair value adjustments generated by the PPA of FT System	-	-	-	10,693,700	5,640,500	-	-	16,334,200
Depr./amort. for the period	-	-	-	- 267,343	- 96,549	-	-	- 363,892
Reversal of historical cost of fixed assets not recognised at fair value	- 472,734	- 593,234	-	-	-	-	- 8,370	- 1,074,338
Reversal of accumulated depr./amort. of fixed assets not recognised at fair value	143,356	392,620	-	-	-	-	-	535,975
Carrying amount at 31/12/2019 restated	**1,107,518**	**44,930**	**286,505**	**10,426,357**	**5,543,951**	**440,011**	**3,487,334**	**21,336,606**
Increases for new capitalisations	4,586,211	99,146	1,481,954				148,950	6,316,261
Increases in historical cost due to expansion of the scope of consolidation		24,448	241,379			6,759		272,586
Increases in accumulated amortisation due to expansion of the scope of consolidation		- 24,448	- 16,544					- 40,992
Fair value adjustments generated by Convel's PPA					566,100			566,100
Transfers	3,495,704						- 3,495,704	-
Exchange rate effect (historical cost)						- 174,139		- 174,139
Exchange rate effect (accumulated depr./amort.)						45,469		45,469
Elimination of historical cost	- 510,979							- 510,979
Elimination of accumulated depr./amort.	510,979							510,979
Amortisation for the period	- 1,894,402	- 71,143	- 123,397	- 1,069,370	- 405,067	- 15,732	-	- 3,579,111
Total changes	**6,187,513**	**28,003**	**1,583,392**	**- 1,069,370**	**161,033**	**- 137,643**	**- 3,346,754**	**3,406,175**
Historical cost 31/12/2020	9,472,012	286,032	2,492,578	10,693,700	6,206,600	666,970	140,580	29,958,472
Accumulated amortisation 31/12/2020	- 2,176,981	- 213,098	- 622,681	- 1,336,713	- 501,616	- 364,602	-	- 5,215,691
Carrying amount 31/12/2020	**7,295,031**	**72,934**	**1,869,897**	**9,356,987**	**5,704,984**	**302,368**	**140,580**	**24,742,781**

Other intangible assets only include assets with a finite life and amount to € 24,742,781 at 31 December 2020.

The balance at 31 December 2019 has been restated to take into account the effects of the PPA of FT System, which led to a change in this item of € 15,431,945, made up of € 10,426,357 for the net carrying amount of the customer list, € 5,543,951 for know-how, less € 538,363 for the know-how already recorded by FT System. During 2020, the customer list did not undergo any changes other than routine amortisation of € 1,069,370, whereas know-how increased by € 566,100 for the PPA of Convel in the second half of 2020.

Development costs amount to € 7,295,031, already net of accumulated amortisation, recorded under other intangible assets in previous years once it was verified that there was reasonable certainty that they would have generated revenue in future years.

In this caption, new costs have been capitalised for € 4,586,211 (of which € 3,938,770 attributable to the Parent Company and € 647,441 to FT System), as well as the costs capitalised last year in fixed assets under construction and advances and transferred on completion of the project that generated them. On the other hand, Fixed assets under construction include costs of € 134,581 incurred by FT System for projects still being completed.

Industrial patent rights and intellectual property rights have been restated. In fact, the net carrying amount of € 245,544 recognised at 31 December 2019 included patents attributable to the know-how measured at fair value during the PPA of FT System, appropriately reversed for € 200,614. In 2020, the item changed as a result of new entries (€ 99,146), mainly from FT System, and expansion of the scope of consolidation, as well as routine amortisation.

Concessions, licences, trademarks and similar rights went from € 286,505 at 31 December 2019 to € 1,869,897 as the Parent Company recorded € 1,440,000 of proprietary software deriving from the acquisition of the assets of Adents (French company in liquidation).

4. Investments in associates, joint ventures and other companies

Investments in associates, joint ventures and other companies are shown in the consolidated financial statements at 31 December 2020 for an amount of € 3,971,479, entirely attributable to the Parent Company, compared with € 3,813,478 at 31 December 2019.

These are investments in the following companies:

INVESTMENTS IN ASSOCIATES, JOINT VENTURE AND OTHER COMPANIES			
Name	**Operating headquarters**	**Equity investment %**	**Book value**
ANTARES VISION INDIA PRIVATE LIMITED	MUMBAI, INDIA	51.0%	74,216
OROBIX SRL	BERGAMO, ITALY	37.5%	3,117,747
SIEMPHARMA SRL	APRILIA (LT), ITALY	10.0%	535,133
NEURALA	BOSTON (USA)	n.a.	244,255
OTHER INVESTMENTS	n.a.	n.a.	128
Total			**3,971,479**

Antares Vision India Private Limited was founded on 20 April 2019, after setting up a joint venture with the Indian company Jay Instruments and Systems Private Limited. Although the Parent Company Antares Vision S.p.A. holds a majority stake (51%) in the share capital, in these consolidated financial statements the investment has been valued according to the equity method as there are shareholders' agreements that constitute joint control. The effect on the income statement was negative for € 89,246, represented by the portion of the profit for the year attributable to Antares Vision.

The Parent Company also holds a minority interest in Orobix S.r.l., a company based in Bergamo that operates in artificial intelligence systems. Antares Vision S.p.A. acquired 37.5% of its share capital in December 2019 through an increase in capital. The investment is valued according to the equity method and is recorded for an amount of

€ 3,117,747 following the recognition of the portion of the loss for the period pertaining to Antares Vision, equal to € 132,252.

Siempharma S.r.l. operates in the design and marketing of packaging machines. Antares Vision S.p.A. bought 10% of its share capital on 28 January 2019 and the investment is shown in these consolidated financial statements according to the equity method as there are shareholders' agreements that constitute joint control. The effect on the income statement was positive for € 135,133, represented by the portion of the profit for the period attributable to Antares Vision.

Neurala is an innovative start-up based in Boston, operating in artificial intelligence applied to vision technology for inspection. The investment will allow Antares Vision to continue its progress in Artificial Intelligence (AI), which began with the entry into the share capital of Orobix. Neurala's research team has created the Lifelong-Deep Neural Network™ technology, which reduces the data requirements for developing AI models and enables continuous learning "in the cloud" or "on the premises". Neurala's AI can only be trained on specific categories of inspection problems with product images that are considered "acceptable" or "good", unlike traditional deep learning approaches that typically need examples of both good and bad products. In this way, the learning process is faster than with traditional approaches, reducing the time, costs and skills required to build and maintain customised artificial intelligence solutions applied to vision technologies in manufacturing. The investment is shown at the purchase cost of € 244,255.

5. Non-current financial assets

Non-current financial assets amount to € 157,856 (€ 174,498 at 31 December 2019) and relate to security deposits paid to guarantee existing contracts.

6. Deferred tax assets

DEFERRED TAX ASSETS										
Description	Temporary differences separate financial statements	Deferred tax assets on tax losses	Tax effect of elimination of unrealised profits	Deferred tax assets IFRS 15	Deferred tax assets IFRS 16	Deferred tax assets IAS 19	Deferred tax assets IAS 38	Deferred tax assets IFRS 2	Effect of the PPA	Total
Value as at 31/12/2019	385,392	586,984	924,244	7,099,079	4,632	351,825	335,970	-	153,613	9,841,738
Change during the period	-23,399	1,247,048	-364,221	-4,056,580	2,329	74,223	-106,175	28,014	-59,315	-3,258,075
of which: exchange rate effect	-	*-165,676*	-	-	-	-	-	-	-	-165,676
Value as at 31/12/2020	361,993	1,834,032	560,023	3,042,499	6,961	426,048	229,795	28,014	94,298	**6,583,664**

Deferred tax assets amount to € 6,583,664 (€ 9,841,738 at 31 December 2019) and represent the temporary differences between the balance sheet amounts recorded in the financial statements of the individual Antares Vision companies and the corresponding amounts recognised for tax purposes, at the tax rates that are expected to apply when these differences reverse, including the effects on non-current taxes deriving from first-time adoption of IFRS.

The application of IFRS has entailed the recognition of deferred tax assets, which at 31 December 2020 amounted to € 3,733,318. This figure is attributable for € 3,042,499 to the application of IFRS 15, for € 229,795 to the reversal of plant costs that cannot be capitalised, for € 426,048 to the entry relating to IAS 19, for € 28,014 to the application of IFRS 2 relating to stock options and for € 6,961 to the application of IFRS 16.

This item includes the temporary differences generated by the elimination of unrealised intra-group profits, which at 31 December 2020 generated deferred tax assets of € 560,023.

Other deferred tax assets, on the other hand, are mostly on the losses made by Antares Vision Group companies: the Parent Company for € 808,833, Antares Vision do Brasil for € 711,675 (at the local tax rate of 34%), Antares Vision Asia Pacific for € 282,978 and Antares Vision Russia for € 30,546. The Board of Directors considers this loss to be temporary, so the conditions for recognising deferred tax assets are deemed to have been met. The valuation was carried out following the general principle of prudence and is based on a Business Plan that suggests that it will be possible to make full use of the deferred tax assets to offset future taxable income in the next two years.

As regards the subsidiary Antares Vision do Brasil, the health situation that sadly saw Brazil among the worst-hit countries did not undermine the forecast of full recovery of financial equilibrium within the next two years. The first positive signs could already be seen in the last months of 2020 which saw a positive trend thanks to the revenue realised following the conclusion of the first part of an important project.

This item also includes other temporary differences for € 361,993 generated by the application of local tax provisions and implemented in the separate financial statements of the individual Group companies and the deferred tax assets deriving from the PPA of FT System, net of reversals during the year.

Current assets

7. Inventories

Inventories at 31 December 2020 came to € 32,290,540 (€ 25,673,982 at 31 December 2019), measured at the lower of purchase or production cost and estimated realisable value based on market trends. The acquisitions of Convel for € 616,967 at 30 June 2020 and of Applied Vision for € 3,507,110 at 31 December 2020 contribute to the increase.

The balance is made up as follows:

INVENTORIES				
Description	**Raw materials, ancillary and consumables**	**Work in progress and semi-finished goods**	**Finished products and goods**	**Total inventories**
Value as at 31/12/2019	17,677,540	2,055,647	5,840,795	25,573,982
Change during the period	2,141,497	225,463	384,508	2,751,468
Effect of the change in the scope of consolidation - Convel	174,642	256,995	26,342	457,979
Effect of the change in the scope of consolidation - Applied	2,348,351	1,156,121	2,639	3,507,111
Value as at 31/12/2020	**22,342,030**	**3,694,226**	**6,254,284**	**32,290,540**

The change in the inventory provision shows an increase of € 197,719, deriving from higher provisions for € 322,043 net of uses for € 124,325.

INVENTORY PROVISION			
Description	**Raw materials, ancillary and consumables**	**Finished products and goods**	**Total inventories**
Value as at 31/12/2019	236.515	381.747	**618.262**
Provisions	299.532	22.512	322.043
Uses/releases	- 7.690	- 116.635	- 124.325
Value as at 31/12/2020	**528.357**	**287.623**	**815.981**

8. Trade receivables

Trade receivables are all due within 12 months and have therefore been recorded at their estimated realisable value, without having to measure them at amortised cost or discount them.

The estimated realisable value corresponds to the difference between the nominal value and the allowance for doubtful accounts based on a review of individual receivable balances, taking into account past experience, specific by business and geographical area, as required by IFRS 9.

The changes in trade receivables are shown below:

TRADE RECEIVABLES			
Description	**Trade receivables**	**Provision for credit risks**	**Total trade receivables**
Value as at 31/12/2019	56,505,373	795,616	55,709,757
Change during the period	- 14,521,574	235,489	- 14,757,064
Effect of the change in the scope of consolidation - Tradeticity	230,953	-	230,953
Effect of the change in the scope of consolidation - Convel	546,676	3,450	543,226
Effect of the change in the scope of consolidation - Applied	4,772,414	-	4,772,414
Value as at 31/12/2020	**47,533,842**	**1,034,555**	**46,499,287**

At 31 December 2020, this item amounts to € 46,499,287 (net of a provision for doubtful accounts of € 1,034,830), and compares with a balance of € 55,709,757 the previous year (net of a provision of € 795,616).

A breakdown of trade receivables by time bands is shown below:

	2020	%	2019 (restated)	%
Not yet past due	31,118,063	66.9%	23,201,629	41.6%
Past due between 0-30 days	3,855,099	8.3%	5,084,720	9.1%
Past due between 31-60 days	2,943,262	6.3%	8,902,609	16.0%
Past due between 61-90 days	1,892,257	4.1%	4,166,712	7.5%
Past due between 91-180 days	2,862,703	6.2%	3,762,209	6.8%
Past due between 181-365 days	2,591,544	5.6%	5,747,119	10.3%
Past due beyond 1 year	2,271,189	4.9%	5,640,375	10.1%
Provision for doubtful accounts	-1,034,830	-2.2%	-795,616	-1.4%
Total trade receivables	**46,499,287**	**100.0%**	**55,709,757**	**100.0%**

Antares Vision carefully evaluates the solvency of its customers, constantly monitoring credit exposure and activating immediate reminders and debt collection procedures with counterparties with large past due accounts. Given the business model of Antares Vision, because of delays in the Site Acceptance Test (SAT), it is normal for past due amounts to exceed 180 days, without this suggesting that the customer may be insolvent. It should also be remembered that when products are shipped, Antares Vision issues an invoice for the total value of the project, but having already received advances for 50-70%, it still only has to receive 30-50%.

Part of the amount past due beyond 180 days is attributable to certain customers who are also suppliers, mainly providing commercial services and machinery installation services. Settling outstanding items with them takes place by offsetting debit and credit balances, so the tendency is to wait for similar balances to be run up.

Lastly, there are no situations of commercial dependence or significant concentration with individual customers; the receivables portfolio is also well distributed by geographical area, which mitigates any country risk.

9. Other receivables

Other receivables amount to € 16,429,757 and compare with € 7,199,182 at 31 December 2019. This item is made up as follows:

OTHER RECEIVABLES				
Description	**Tax receivables**	**Advances to suppliers**	**Other**	**Total other receivables**
Value as at 31/12/2019	4,371,459	2,020,366	807,358	7,199,182
Change during the period	6,853,259	354,232	1,868,489	9,075,980
Effect of the change in the scope of consolidation - Tradeticity	30,421	499	3,143	34,063
Effect of the change in the scope of consolidation - Convel	-	-	26,434	26,434
Effect of the change in the scope of consolidation - Applied Vision	-	-	94,098	94,098
Value as at 31/12/2020	**11,255,139**	**2,375,097**	**2,799,522**	**16,429,757**

Tax receivables have gone from € 4,371,459 to € 11,255,139 at 31 December 2020. They are due to the Parent Company for € 10,483,714. This amount is strongly influenced by the tax benefit from the "Patent Box" tax regime for the years 2016-2019, which is fully reflected in the Parent Company's result for the year 2020. It led to Antares Vision S.p.A. recording tax receivables for € 7,783,448, of which € 6,709,273 relating to IRES and € 1,074,175 to IRAP. The benefit relating to 2020 is currently being quantified and will be communicated and included in the balances of the Parent Company as soon as it is available.

Advances include receivables for advances paid to suppliers, attributable to the Parent Company for € 1,464,630 and Antares Vision do Brasil for € 311,595.

Other receivables go from € 807,358 at 31 December 2019 to € 2,799,522 at 31 December 2020. This item mainly includes accrued income and prepaid expenses for € 1,623,556, relating to the Parent Company for € 1,124,899. They are represented by software fees, installation costs, advertising costs and trade fairs that have already been paid and/or documented, but which actually accrue to future years.

It also includes the charges incurred up to now for the renovation of the leased industrial shed adjacent to the current headquarters of the Parent Company for € 548,025 which Antares Vision has the right to charge back to the lessor. It also includes the first tranche of a non-refundable loan of € 347,985 for which the Parent Company had received the disbursement resolution by the end of the year, but not the actual amount.

10. Other current financial assets

Other current financial assets amount to € 33,144,228 (€ 33,132,228 at 31 December 2019) entirely attributable to the Parent Company.

The increases for the year (€ 12,000) are due to periodic payments relating to Unibonus Impresa Plus policies.

Details of the current financial assets shown in the consolidated financial statements at 31 December 2020 are provided below. The cost at which they were recognised is equal to their fair value:

EQUITIES IN PORTFOLIO HELD AT BCC DEL GARDA:
2,200 SHARES OF BCC DEL GARDA
PURCHASE COST INCURRED € 10,820
VALUE AT 31/12/2020 € 10,820

EQUITIES IN PORTFOLIO HELD AT BCC DI BRESCIA:
SHARES OF BCC DI BRESCIA
PURCHASE COST INCURRED € 1,434
VALUE AT 31/12/2020 € 1,434

AXA MPS POLICY EFFECTIVE 18/02/2008, EXPIRY 18/02/2023, SINGLE PREMIUM
PURCHASE COST € 15,000

UNIBONUS IMPRESA PLUS POLICY NUMBER 3162527 24/08/2011 - 24/08/2021
AT CREDITRAS VITA SPA, PREMIUMS PAID € 116,974

CERTIFICATE OF DEPOSIT ISIN CD08676AD24, EXPIRY 05/03/2021
HELD AT BCC DEL GARDA
VALUE AT 31/12/2020 € 3,000,000

CERTIFICATE OF DEPOSIT ISIN CD08676SM12, EXPIRY 16/02/2021
HELD AT BCC DEL GARDA
VALUE AT 31/12/2020 € 10,000,000

EUROVITA SPA POLICY ZA000000226, EFFECTIVE 12/12/2018
SINGLE PREMIUM
PURCHASE COST € 5,000,000

EUROVITA SPA POLICY 56210000026, EFFECTIVE 18/07/2019
SINGLE PREMIUM
PURCHASE COST € 4,000,000

CALI EUROPE S.A. POLICY EFFECTIVE 14/12/2018
SINGLE PREMIUM
PURCHASE COST € 11,000,000

As already indicated in the section on fair value measurement, other current financial assets fall under the Level 3 hierarchy as their fair value is determined with reference to variables that are not observable on the market.

11. Cash and banks

The balance of cash and banks recorded at nominal value amounts to € 96,044,433 which compares with € 85,199,801 last year.

The composition of this item is shown below:

CASH EQUIVALENTS AND SHORT TERM DEPOSITS				
Description	**Bank and postal deposits**	**Cash and cash equivalents**	**Prepaid payment cards**	**Total**
Value as at 31/12/2019	85,067,620	6,235	125,946	85,199,801
Changes during the period	4,941,972	387,817	447	5,330,235
Effect of the change in the scope of consolidation - Tradeticity	20,975	-	-	20,975
Effect of the change in the scope of consolidation - Convel	2,780,979	362	-	2,781,341
Effect of the change in the scope of consolidation - Applied Vision	2,712,081	-	-	2,712,081
Value as at 31/12/2020	**95,523,627**	**394,413**	**126,393**	**96,044,433**

During the year, new cash was collected for a nominal amount of € 71 million mostly by obtaining medium/long-term loans, negotiated with leading banks at particularly favourable conditions thanks to the excellent credit rating enjoyed by Antares Vision, without guarantees and with minimal covenants, all amply met. This cash was partly allocated to finance:

- the acquisitions of Tradeticity and Convel, which involved a total outlay of € 16,662,420 against a cash injection on the respective acquisition dates of € 3,447,599;
- the acquisition by Antares Vision Inc. of 100% of the share capital of Applied Vision. The price paid for the acquisition, not subject to any adjustment mechanisms, was $ 45,575,401 (€ 37,140,740) and the financial resources for completion of the transaction were made available to Antares Vision Inc. by Antares Vision S.p.A., through (i) an increase in capital of $ 45 million (€ 36.7 million) approved by Antares Vision Inc.'s shareholders' meeting on 14 December 2020, and (ii) a short-term intra-group loan of US $ 2.1 million (€ 1.7 million);
- the purchase of the assets of Adents (French company in liquidation), which involved an outlay of € 1.5 million.

Assets held for sale

At 31 December 2020 there were no assets held for sale.

Shareholders' equity

12. Share capital and reserves

The share capital at 31 December 2020 amounted to € 143,074, fully paid up (€ 142,606 at 31 December 2019), divided into 58,128,282 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value.

None of the companies included in the scope of consolidation holds or has held stakes in the Parent Company during the year.

However, note that the Shareholders' Meeting of the Parent Company held on 20 May 2020 authorised the Board of Directors to purchase and dispose of treasury shares pursuant to art. 2357 and 2357-ter of the Italian Civil Code for a period of 18 months starting from the date of the resolution. Antares Vision started the purchase programme in accordance with said resolution on 4 January 2021. Following the purchases made, at the date of preparing this document, Antares Vision holds 33,916 treasury shares equal to 0.057% of the share capital for a total of € 342,272.

Please refer to the section on Subsequent Events where the reasons for the buy-back programme are explained.

The share premium reserve shown under other reserves had a value at the end of the year of € 91,002,394 (€ 90,983,361 at 31 December 2019). This reserve was generated at the time of the Business Combination in 2019 with Alp.I S.p.A. with a view to listing Antares Vision on the AIM market and, to a lesser extent, to exercise the Warrants issued in favour of the previous shareholders of the SPAC (special purpose acquisition company).

The extraordinary reserve has been increased by the 2019 profit and amounts to € 43,890,616.

It should also be noted that the FT System Purchase Price Allocation, the effects of which were retroactively acknowledged at the acquisition date, generated a negative impact on shareholders' equity at 31 December 2019 of € 165,216, as explained in greater detail in the section on Business Combinations.

The reconciliation (net of tax) between profit and shareholders' equity of the Parent Company (ITA GAAP) and consolidated profit and shareholders' equity is shown in the table below:

	31/12/2020		31/12/2019 (*)	
	Shareholders' equity	of which: result for the year	Shareholders' equity	of which: result for the year
Shareholders' equity and result for the year as reported in the financial statements of the Parent Company	**146,402,104**	**6,784,690**	**139,597,913**	**19,277,983**
IFRS adjustments	(11,337,376)	11,714,506	(23,068,511)	3,032,558
Shareholders' equity and profit for the year of the Parent Company (after IFRS adjustments)	**135,064,728**	**18,499,196**	**116,529,402**	**22,310,541**
Surplus of shareholders' equity in the financial statements, including the results for the year, compared with the book value of investments in consolidated companies	3,443,395	- 653,350	4,472,188	28,005
Foreign currency translation reserve	(1,228,535)	-	(1,198,937)	-
Elimination of the effects of transactions carried out between consolidated companies	(1,368,805)	941,232	(2,310,038)	(418,198)
Effect of the application of international accounting standards	**(1,077,956)**	**(627,765)**	**(507,105)**	**(2,624)**
Effect of application of IFRS 15	*(948,461)*	*(629,288)*	*(319,172)*	*(6,485)*
Effect of application of IFRS 16/IAS 17	*281,376*	*31,588*	*250,475*	*13,219*
Employee Severance Fund discounting effect	*(410,871)*	*(30,065)*	*(438,408)*	*(9,358)*
Shareholders' equity and result for the year as reported in the Group's financial statements	**134,832,826**	**18,159,313**	**116,985,510**	**21,917,723**
Minority interest in shareholders' equity and result	331,314	(43,762)	589,522	409,619
Consolidated shareholders' equity and result	**135,164,141**	**18,115,551**	**117,575,033**	**22,327,343**

(*) comparative figure restated following the Purchase Price Allocation of FT System as explained in the section on Business Combinations.

Non-current liabilities

13. Non-current loans and borrowings

At 31 December 2020, non-current loans and borrowings amounted to € 120,077,078 and compare with a balance of € 84,409,815 at 31 December 2019. The composition is shown below:

NON-CURRENT LOANS AND BORROWINGS			
Description	**Medium/long-term loans (share over 12 months)**	**Warrants**	**Total non-current loans and financing**
Value as at 31/12/2019	79,895,332	4,514,483	84,409,815
Change during the period	35,902,924	- 303,226	35,599,698
Effect of the change in the scope of consolidation - Convel	67,565	-	67,565
Value as at 31/12/2020	**115,865,821**	**4,211,257**	**120,077,078**

As can be seen from the table, non-current loans and borrowings mostly include payables due by the Parent Company to banks with a maturity of more than 12 months (the portion due within the next year is classified under current loans and borrowings).

The breakdown of loans and borrowings by time bands is shown in the table below:

31/12/2020	Sight	3 to 12 months	1 to 5 years	over 5 years	Total	Warrants	Total including warrants
Non-current loans and borrowings	-	-	115,684,003	181,818	115,865,821	4,211,257	120,077,078
Current loans and borrowings	2,503,762	31,412,192	-	-	33,915,953	-	33,915,953
Total	**2,503,762**	**31,412,192**	**115,950,827**	**181,818**	150,048,598	**4,211,257**	**154,259,856**

Debt increased significantly due to the disbursement of new medium/long-term loans negotiated by the Parent Company with leading banks at particularly favourable conditions, thanks to the excellent credit rating enjoyed by Antares Vision. The contractual covenants are met in full at the date of preparing this document.

During the year, deposits amounted to a nominal € 71 million, partly allocated to the acquisitions already made and partly set aside for possible future acquisitions.

The portion of medium/long-term loans with a maturity of over 5 years is equal to € 181,818.

The adjustment of the financial liability generated by the issue of the warrants which occurred in conjunction with the Parent Company's listing on the AIM market is also shown under non-current loans and borrowings.

In this regard, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 approved an increase in capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the warrants, in a divisible manner, for a maximum nominal amount of € 3,255.60 through the issue of up to 1,356,500 conversion shares.

Warrant holders can decide whether to exercise their warrants in total or in part by asking to subscribe shares at the subscription price (€ 0.10 per share), provided that the average monthly price is higher than the strike price (€ 9.50 per share). On exercise, warrant holders will be assigned conversion shares on the basis of the exercise ratio calculated according to the following formula:

(Average monthly price - Strike price) / (Average monthly price - Subscription price)

If the acceleration condition in the above formula occurs, the average monthly price will be replaced by the acceleration price (€ 13 per share).

The warrant expiration date is the first of the following dates to occur: (i) the first trading day after 5 years from the business combination with Alp.I and (ii) the first trading day after 30 calendar days from the date of publication of the acceleration notice.

Since these are financial instruments that, once exercised, may give the right to delivery of a variable number of shares, they do not fall within the definition of equity instruments in IAS 32, paragraph 16. As a result, they must be classified as a financial liability offset by a corresponding change in shareholders' equity. Subsequent adjustments to the financial liability will be booked to the income statement.

The table below shows the changes in this item. The change of € 303,226 has been recorded under financial income:

NON-CURRENT LOANS AND BORROWINGS			
Description	**no. of Warrants**	**Price**	**Financial liabilities**
Value as at 31/12/2019	4,528,067	1.00	4,514,483
Changes for the period	-1,453,708	0.37	-303,226
Value as at 31/12/2020	**3,074,359**	**1.37**	**4,211,257**

14. Non-current lease liabilities

Non-current lease liabilities amount to € 6,856,513 compared with € 6,878,811 at 31 December 2019.

Antares Vision has adopted IFRS 16 for the accounting treatment of leases and rental contracts.

At the time of signing a contract, Antares Vision assesses whether it can be classified as a lease, i.e.

- whether it confers an exclusive right to use an asset;
- whether a period within which the right of use can be exercised is identified;
- whether a fee is fixed for the enjoyment of that right.

Assets identified in this way are recorded at cost, including all initial direct expenses, and they are depreciated on a straight-line basis from the effective date until the end of the useful life of the asset underlying the contract or until expiry of the lease, whichever comes first. At the same time as the right of use is recorded under assets, Antares Vision enters the present value of the payments due, including the price of any purchase option, under lease liabilities. The value of the liabilities decreases as a result of payments made and can change if the contractual terms are amended. The discount rate used to determine the value of the liabilities is the incremental borrowing rate.

With regard to rental contracts for buildings and offices, since it is extremely likely, from a strategic point of view, that they will be extended, the duration has been calculated taking into account the optional period indicated in the contract.

Contracts with a total duration of 12 months or less have been excluded from application of the standard, as have contracts for which the unit value of the underlying assets does not exceed € 5,000. The related fees are therefore recognised as costs over the duration of the contract. As a result of this exemption, the lease payments recorded in the income statement amount to € 45,446.

The breakdown by time bands of non-current lease liabilities is shown in the table below:

31/12/2020	Sight	3 to 12 months	1 to 5 years	over 5 years	Total
Non-current lease liabilities	-	-	3,194,581	3,661,932	6,856,513
Current lease liabilities	155,585	1,656,519	-	-	1,812,104
Total	**155,585**	**1,656,519**	**3,194,581**	**3,661,932**	**8,668,617**

15. Other non-current financial liabilities

At 31 December 2020, other non-current financial liabilities amount to € 6,845 and relate entirely to Antares Vision North America. At 31 December 2019 this item amounted to € 12,946.

16. Retirement benefit obligations

Retirement benefit obligations are shown in the consolidated financial statements at 31 December 2020 for € 6,916,880 which compares with the balance of € 5,686,808 at 31 December 2019.

For € 6,892,847 this item consists of the severance indemnities recorded for the benefit of the employees of the Italian companies Antares Vision S.p.A. and FT System S.r.l. and Convel S.r.l. The change during the year is represented by the inclusion of Convel in the scope of consolidation which at the acquisition date resulted in an increase of € 97,309, the provision for the year, net of payments to employees and the effect of discounting the liability that existed at the reference date.

In application of IAS 19, paragraphs 67-69, the "accrued benefits" method was used for the valuation of severance indemnities using the "Projected Unit Credit" (PUC) criterion. This method is characterised by valuations that express the average present value of severance indemnities accrued on the basis of the service that the employee has rendered up to the time when the valuation was made and can be summarised in the following steps:

- projection for each employee in the payroll at the valuation date of the severance indemnities already set aside and of the future severance indemnities that will be accrued until the assumed time of payment, projecting the employee's remuneration;
- determination for each employee of the probable severance indemnity payments to be made by the Company in the event of termination of employment due to dismissal, resignation, disability, death and retirement, as well as in the event of advance payments requested by the employee;
- discounting to the valuation date of each probable payment;
- re-proportioning, for each employee, of the probable services and discounted on the basis of period of service accrued at the valuation date compared with the equivalent overall period of service at the assumed date of liquidation.

The individual demographic assumptions adopted were as follows:

DEMOGRAPHIC ASSUMPTIONS	
Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement	100% upon attainment of the AGO (compulsory state pension) requirements adjusted for Legislative Decree no. 4/2019

The technical bases used are listed below:

ECONOMIC ASSUMPTIONS		
Description	**31/12/2020**	**31/12/2019**
Annual discount rate	0.53%	0.77%
Annual inflation rate	0.80%	1.20%
Annual rate of increase in severance indemnity (T.F.R.)	2.10%	2.40%
Real annual salary increase rate	1.00%	1.00%

The annual frequency of advances and turnover shown in the table below are based on the past experience of Antares Vision and the results of a benchmarking analysis with similar companies:

TURNOVER AND ADVANCES HYPOTHESIS		
Description	**31/12/2020**	**31/12/2019**
Frequency of advances	1.50%	1.50%
Frequency of turnover	2.50%	2.50%

The following is a reconciliation of the IAS 19 valuations between the beginning of the period and at 31 December 2020:

IAS 19 EVALUATIONS RECONCILIATION				
Description	**ANTARES VISION 31/12/2020**	**FT SYSTEM 31/12/2020**	**CONVEL 31/12/2020**	**TOTAL 31/12/2020**
Defined Benefit Obligation (BOD) beginning of period (*)	**3,719,272**	**1,950,166**	**121,047**	**5,790,486**
Service Cost	1,048,974	333,451	16,500	1,398,924
Interest Cost	29,900	14,502	375	44,778
Benefits paid	-71,590	-182,306	-39,381	- 293,277
Adjustments	-	- 35,196.98	-	- 35,197
Expected DBO end of period	**4,726,556**	**2,080,617**	**98,542**	**6,905,715**
A(G)/L from experience	7,869	-143,784	-2,493	- 138,408
A(G)/L from change of demographic assumptions	-	-	-	-
A(G)/L from discount rate exchange	87,591	36,689	1,260	125,541
Defined Benefit Obligation (DBO) end of period	**4,822,016**	**1,973,522**	**97,309**	**6,892,847**

** for the Company Convel this means 01/07/2020*

With regard to Convel, 30 June 2020 was the acquisition date, as well as the date of first-time adoption of IAS 19. The latter resulted in a negative difference of € 20,221 between the statutory valuation of severance indemnities and their measurement according to IAS 19. The contra-entry, net of the related tax effect, went to the OCI reserve.

The following is the sensitivity analysis carried out for each material assumption at the end of the year, showing the effects that could have come from changes in actuarial assumptions that are reasonably possible:

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS			
Description	**ANTARES VISION DBO 31/12/2020**	**FT SYSTEM DBO 31/12/2020**	**CONVEL DBO 31/12/2020**
Turnover rate +1%	4,693,620	1,918,496	94,856
Turnover rate -1%	4,975,143	2,039,165	100,259
Inflation rate +0.25%	4,984,359	2,043,703	100,687
Inflation rate -0.25%	4,666,952	1,906,547	94,086
Discount rate +0.25%	4,627,234	1,890,733	93,332
Discount rate -0.25%	5,029,105	2,061,580	101,539

The following is the sensitivity analysis carried out for each material assumption at the end of the year, showing the effects that could have come from changes in actuarial assumptions that are reasonably possible:

SERVICE COST AND DURATION			
Description	**ANTARES VISION**	**FT SYSTEM**	**CONVEL**
Service cost in the future	1,051,723	435,491	29,468
Duration	24.1	24.3	24.4

Lastly, as required by IAS 19, the estimated future disbursements of the plan are indicated below:

ESTIMATED FUTURE DISBURSEMENTS			
Years	**ANTARES VISION**	**FT SYSTEM**	**CONVEL**
1	304,695	70,955	4,715
2	194,016	81,636	4,464
3	222,193	93,888	5,258
4	249,080	105,598	6,018
5	287,305	116,779	6,745

17. Deferred tax liabilities

Deferred taxes are determined in relation to all taxable temporary differences between the values of consolidated assets and liabilities, compared with the values recorded for tax purposes in the financial statements of consolidated companies.

At 31 December 2020 the deferred taxes recognised under liabilities in the statement of financial position amounted to € 4,688,127.

It should be noted that the balance of € 356,839 at 31 December 2019 was restated to take into account the effect of the Purchase Price Allocation of FT System which at the acquisition date generated a provision for deferred taxes of € 4,557,200.

The restated balance on this item at 31 December 2019 amounts to € 4,812,555, after the reversal of the deferred tax liabilities on the amortisation generated in the period from the date of acquisition to the end of the year from the recognition of the Customer List and Know-how as intangible assets as part of the PPA process.

Convel's PPA led to the recognition in 2020 of deferred tax liabilities of € 157,900.

DEFERRED TAX LIABILITIES				
Description	**Deferred tax liabilities generated by PPA**	**Deferred tax liabilities IAS 17**	**Other deferred taxes**	**Total**
Value as at 31/12/2019	-	329,578	27,261	356,839
Effect of FT System's PPA on the acquisition date	4,557,200	-	-	4,557,200
Change during the period	- 101,484	-	-	- 101,484
Amount at 31/12/2019 restated	**4,455,716**	**329,578**	**27,261**	**4,812,555**
Effect of Convel's PPA on the acquisition date	157,900		-	157,900
Change during the period	- 411,326	135,369	- 6,371	- 282,328
Value as at 31/12/2020	**4,202,290**	**464,947**	**20,890**	**4,688,127**

18. Other non-current liabilities

At 31 December 2020, other non-current liabilities amounted to € 136,592, compared with the balance of € 620,500 at 31 December 2019.

OTHER NON-CURRENT LIABILITIES			
Description	**Customers advances beyond the year**	**Other non-current liabilities**	**Total**
Value as at 31/12/2019	587,380	33,120	620,500
Changes during the period	- 523,056	39,148	- 483,908
Value as at 31/12/2020	**64,324**	**72,268**	**136,592**

Current liabilities

19. Current loans and borrowings

Current loans and borrowings amount to € 33,915,953 compared with € 15,600,163 the previous year.

The movements and composition of this item are shown below:

CURRENT LOANS AND BORROWINGS				
Description	**Medium/long-term loans (share within 12 months)**	**Credit Cards**	**Other current loans**	**Total current loans and financing**
Value as at 31/12/2019	15,231,172	178,614	190,378	15,600,163
Change during the period	18,552,821	- 117,340	- 190,378	18,245,103
Effect of the change in the scope of consolidation - Convel	19,877	3,247	-	23,124
Effect of the change in the scope of consolidation - Applied	-	47,563	-	47,563
Value as at 31/12/2020	**33,803,870**	**112,083**	**-**	**33,915,953**

This item includes the portion within 12 months of medium/long-term loans that the Parent Company has with leading banks.

Please refer to note 15 on non-current loans and borrowings for a more detailed analysis of this item and for the breakdown by time bands.

The amount of € 112,083 refers to the balance due on corporate credit cards.

20. Current lease liabilities

Current lease liabilities amount to € 1,812,104 (€ 880,920 at 31 December 2019), which is the portion due within twelve months of payables to leasing companies following the application of IFRS 16. Please read section 16 for details. Non-current lease liabilities which also show the breakdown by time bands.

21. Other current financial liabilities

At 31 December 2020, Other current financial liabilities amount to € 1,490,486, compared with € 568,648 the previous year. This amount represents the change in the fair value of the following derivative instruments taken out by the Parent Company:

Type of derivative contract	Loan agreement	Effective date of the contract	Contract expiry date	Acquired interest rate	Currency	Notional upon stipulation	Mark to market **** at 31 December 2020
Interest Rate Swap (Intesa Sanpaolo)	Financing Mediocredito	31/10/2019	30/06/2025	0.00%	Euro	50,000,000	- 572,105
Interest Rate Swap (Iccrea Bancaimpresa)	Consortium loan	31/03/2019	31/03/2023	0.02%	Euro	13,511,111	- 70,504
Interest Rate Swap (Iccrea Bancaimpresa)	Lease	01/08/2016	01/02/2026	0.45%	Euro	3,660,067	- 104,853
Interest Rate Swap (Unicredit) *	Lease	01/12/2019	01/12/2026	0.80%	Euro	926,343	- 35,924
Interest Rate Swap (Iccrea Bancaimpresa)	Consortium loan	31/03/2019	31/03/2023	0.02%	Euro	4,266,667	- 22,264
Interest Rate Swap (Unicredit) **	Lease	01/12/2019	01/12/2026	0.80%	Euro	335,458	- 13,727
Interest Rate Swap (Intesa Sanpaolo)	Financing Mediocredito	22/11/2018	15/06/2023	0.25%	Euro	1,500,000	- 9,757
Interest Rate Swap (BNL) ***	Financing BNL	31/12/2019	31/12/2025	0.10%	Euro	15,000,000	- 142,506
Interest Rate Swap (BNL)	Financing BNL	28/02/2020	28/02/2026	0.15%	Euro	2,000,000	- 18,700
Interest Rate Swap (BNL)	Financing BNL	30/06/2020	31/12/2025	0.15%	Euro	13,000,000	- 108,954
Interest Rate Swap (MPS)	Financing MPS	13/02/2020	30/06/2025	0.20%	Euro	10,000,000	- 68,153
Interest Rate Swap (MPS)	Financing MPS	23/03/2020	30/06/2025	0.28%	Euro	10,000,000	- 46,092
Interest Rate Swap (Mediobanca)	Financing Mediobanca	18/02/2020	18/02/2025	0.22%	Euro	20,000,000	- 169,795
Interest Rate Swap (UBI)	Financing UBI	31/03/2020	31/03/2025	0.08%	Euro	10,000,000	- 107,152
Total							**- 1,490,486**

** Contract signed on 21 December 2017 with effect from 1 December 2019.*

*** Contract signed on 27 April 2018 with effect from 1 December 2019.*

**** Contract signed on 3 January 2020 with effect from 31 December 2019.*

***** Mark to market means the present value of the future cash flows of the transaction at the reference date, calculated on the basis of the discount factors relating to each flow and taken from the interest rate curve and the volatility curve existing on financial markets at the above date*

Despite their hedging purpose, the changes in the fair value of these derivatives have been recognised in the income statement as it was not possible to demonstrate in detail the hedging relationship between the derivative and the item being hedged.

22. Current provisions for risks and charges

At 31 December 2020, the Current provisions for risks and charges amounted to € 628,364 and compare with the balance of € 452,601 of the previous year.

CURRENT PROVISIONS FOR RISKS AND CHARGES					
Description	Products warranty fund	Fund for ongoing disputes	Provision for agents' severance indemnities	Other provisions for risks and charges	Total
Value as at 31/12/2019	387,928	19,393	-	45,280	452,601
Changes during the period	11,982	-	25,319	- 14,419	22,882
Effect of the change in the scope of consolidation - Applied Vision	152,882	-	-	-	152,882
Value as at 31/12/2020	**552,792**	**19,393**	**25,319**	**30,861**	**628,364**

The provision for product warranties relates to the estimated charges for servicing and repairs to be carried out under warranty on machinery already delivered; the calculation is carried out periodically and is made on the basis of historical data.

This item also includes an estimate of potential liabilities that might arise from outstanding legal disputes, of which the amount of € 19,393 is attributable to FT System, € 25,319 to the provision for agents' severance indemnities and € 30,861 to other provisions for risks and charges.

23. Contract liabilities

The application of IFRS 15 has led to a deferral of revenues compared with Italian accounting standards due to the fact that they can only be recognised after the two performance obligations inherent in contracts with customers have been met: delivery of the goods and installation.

The value recorded under contract liabilities reflects the value of the goods (net of their cost of sales) delivered to the customer, but for which installation has not yet been completed. The changes are reported below:

CONTRACTUAL LIABILITIES	
Description	**Contract liabilities**
Value as at 31/12/2019	25,309,281
Changes during the period	- 14,539,712
Value as at 31/12/2020	**10,769,569**

24. Trade payables

Trade payables amount to € 14,281,461, all with a duration of less than twelve months, showing a decrease compared with € 19,243,832 at 31 December 2019.

TRADE PAYABLES	
Description	**Trade payables**
Value as at 31/12/2019	19,243,832
Changes during the period	-6,008,138
Effect of the change in the scope of consolidation - Tradeticity	17,989
Effect of the change in the scope of consolidation - Convel	315,866
Effect of the change in the scope of consolidation - Applied Vision	711,913
Value as at 31/12/2020	**14,281,461**

The effect deriving from the changes in the scope of consolidation came to € 1,037,594.

If this effect is excluded, the reduction in this item amounts to 31.2%. This is due to the general slowdown in activities related to the Covid-19 pandemic which, on the one hand, led to lower supplies, as can also be seen from the corresponding items in the consolidated income statement; on the other hand, it saw Antares Vision ethically ready to comply as usual with the payment terms agreed with suppliers before the onset of the health emergency.

25. Other payables

Other payables amount to € 26,175,243 compared with € 19,330,305 at 31 December 2019.

The composition of this item is shown below:

OTHER PAYABLES							
Description	**Advances from customers**	**Payables to personnel**	**Payables to social security institutions**	**Tax payables**	**Accrued expenses and deferred income**	**Other payables**	**Total**
Value as at 31/12/2019	9,899,470	4,063,239	2,162,238	2,959,857	245,500	-	19,330,304
Changes during the period	3,448,351	667,383	248,764	-1,260,486	2,002,929	57,707	5,164,648
Effect of the change in the scope of consolidation - Tradeticity	29,841	9,036	5,463	5,141	-	-	49,481
Effect of the change in the scope of consolidation - Convel	169,321	41,244	28,676	23,305	-	15,538	278,084
Effect of the change in the scope of consolidation - Applied Vision	1,203,294	71,163	13,934	64,335	-	-	1,352,726
Value as at 31/12/2020	**14,750,277**	**4,852,065**	**2,459,075**	**1,792,152**	**2,248,429**	**73,245**	**26,175,243**

Advances from customers relate to amounts collected from customers as an advance on sales still to be completed and show an increase thanks to the recovery of orders following the improvement in the health situation.

Payables to personnel include payables for wages and salaries due at the end of the year.

Payables to social security institutions amount to € 2,459,075 (€ 2,162,238 at 31 December 2019) and are attributable for € 1,613,695 to the Parent Company. This item includes payables to INPS and INAIL of Italian companies and those to local social security institutions of foreign companies.

Tax payables, amounting to € 1,792,152 at 31 December 2020, include payables for direct taxes, net of any advances paid, and the amount of withholding taxes relating to employees' salaries.

Accrued expenses and deferred income, in addition to the portions of revenue on assistance contracts already invoiced at 31 December 2020 but pertaining to future years, include the deferred income of € 1,141,856 booked by the Parent Company in relation to the R&D contribution for the part corresponding to the costs that have been capitalised. This contribution was deferred over 5 years in accordance with the matching principle.

INCOME STATEMENT

Before commenting in detail on the items of the consolidated income statement, note that the effects on the individual items deriving from changes in the scope of consolidation are disclosed separately, where significant.

26. Revenue

Revenue at 31 December 2020 amounted to € 121,106,130 compared with € 122,203,444 at 31 December 2019.

REVENUE	
Description	Revenue
Value as at 31/12/2019	122,203,444
Value as at 31/12/2020	**121,106,130**
of which: relating to FT System	*24,183,269*
of which: relating to Tradeticity	*116,490*
of which: relating to Convel	*1,729,377*
Change	-1,097,314

The change in revenue, equal to -0.8%, benefits from the inclusion of FT System which last year contributed for only 3 months, as well as - to a lesser extent - from the contribution made by Tradeticity and Convel.

Given Antares Vision's operations on international markets, it is considered appropriate to provide a breakdown of revenue by geographical area.

GEOGRAPHICAL AREA	2020	2019
ITALY	20,062,960	25,119,259
EUROPE	63,942,004	64,810,410
OUTSIDE EUROPE	37,101,167	32,273,776
Total	**121,106,130**	**122,203,444**

27. Other income

At 31 December 2020, other income amounts to € 2,804,788 compared with € 3,450,108 at 31 December 2019.

This item includes operating grants for € 2,465,088 attributable to:

- the Parent Company for € 1,629,680 of which 347,985 concerning the first tranche of the non-refundable grant linked to the Smart Ward Platform (SWP) project as part of the Digital Agenda tender and € 1,164,002 for the year's accrual of the tax credit on Research and Development activities carried out in 2019;
- Antares Vision North America for € 590,089 and FT North America for € 245,319 relating to the non-refundable loan granted by the US Government as part of the Paycheck Protection Program as support to businesses to deal with the Covid-19 health emergency.

28. CHANGE IN FINISHED AND SEMI-FINISHED PRODUCTS

The change in finished and semi-finished products is positive for € 3,839,175. Their composition and changes are shown below:

CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS			
Description	**Change in inventories of finished products**	**Change in inventories of semi-finished products and work in progress**	**Total**
Value as at 31/12/2019	2,077,906	-214,363	1,863,543
Value as at 31/12/2020	-3,904,033	64,858	**-3,839,175**
of which: relating to FT System	*-123,515*	*79,034*	*-44,481*
of which: relating to Convel	*-145,307*	*-27,191*	*-172,498*
Change	-5,981,939	279,221	-5,702,718

29. Raw materials and consumables

Raw materials and consumables amount to € 23,951,418 compared with € 32,910,967 at 31 December 2019. Their composition and changes are shown below:

RAW MATERIALS AND CONSUMABLES				
Description	**Change in inventories of raw materials**	**Goods**	**Consumables**	**Total**
Value as at 31/12/2019	2,549,350	28,637,009	1,724,608	32,910,967
Value as at 31/12/2020	-2,369,858	25,016,809	1,304,467	**23,951,418**
of which: relating to FT System sub-group	*111,622*	*7,658,070*	*3,608,684*	*11,378,375*
of which: relating to Convel	*-13,510*	*260,688*	*12,718*	*259,896*
Change	-4,919,208	-3,620,200	-420,141	-8,959,549

30. Personnel costs

Personnel costs amounted to € 41,308,852 compared with € 31,032,102 at 31 December 2019.

Changes in this item are shown below:

TOTAL PERSONNEL COSTS						
Description	**Salaries and wages**	**Temporary work**	**Social security charges**	**Severance indemnity provision**	**Other personnel expenses**	**Total**
Value as at 31/12/2019	21,702,752	271,269	6,427,893	902,170	1,728,018	31,032,102
Value as at 31/12/2020	29,944,898	209,249	7,715,569	1,619,252	1,819,883	41,308,852
of which: relating to FT System	*6,485,134*	*16,459*	*1,557,394*	*375,938*	*325,925*	*8,760,850*
of which: relating to Tradeticity	*213,264*	*199*	*70,992*	-	*2,290*	*286,745*
of which: relating to Convel	*222,836*	-	*62,732*	*15,935*	*3,053*	*304,555*
Change	8,242,146	-62,020	1,287,676	717,082	91,865	10,276,750

The increase in personnel costs (+33.1%) is significantly affected by the expansion of the scope of consolidation with the inclusion of the 12-month costs of FT System (in 2019 it contributed for only 3 months), of Tradeticity from April 2020 and Convel from June 2020. If we exclude the incidence deriving from extraordinary transaction, the increase would be 3.0% on the figure at 31 December 2019. It should be remembered that during the previous year Antares Vision adopted a hiring policy aimed at providing the Group with the human capital needed to cope with the expected growth. It was therefore a conscious investment for the future, aimed at realising Antares Vision's strategy. During 2020 the number of personnel remained constant and the slight increase in this item is attributable to the compensation policy, including the stock option plan in favour of top management and key employees for € 75,961.

31. Amortisation and depreciation

At 31 December 2020, the balance of amortisation and depreciation amounts to € 5,413,442 compared with € 2,253,906 the previous year.

AMORTISATION AND DEPRECIATION				
Description	**Amortisation of intangible assets**	**Depreciation of property, plant and equipment**	**Write-downs**	**Total**
Value as at 31/12/2019	794,190	1,178,934	280,782	2,253,906
Value as at 31/12/2020	3,579,111	1,557,087	277,245	**5,413,442**
of which: relating to FT sub-group	*1,917,367*	*418,779*	*77,842*	*2,413,988*
of which: relating to Tradeticity sub-group	*31,807*	*3,122*	-	*34,929*
of which: relating to Convel	*20,541*	*22,730*	*3,007*	*46,278*
Change	2,784,921	378,153	-3,537	3,159,536

The amortisation of intangible assets amounted to € 3,579,111 (€ 794,190 at 31 December 2019) and was significantly affected:

- for € 1,455,567 by the higher amortisation generated by the recording under intangible assets of the customer List (€ 1,069,370) and know-how (€ 386,197) following the Purchase Price Allocation of FT System, from 30 September 2019;
- for € 1,894,402 by the amortisation generated by the capitalisation of development costs, relating to the Parent Company for € 1,734,503 and to FT System for € 250,979.

Convel's PPA resulted in higher amortisation of € 18,870.

Depreciation of property, plant and equipment amounted to € 1,557,087 (€ 1,178,934 at 31 December 2019).

The write-down of trade receivables at 31 December 2020 amounted to € 277,245. This is a provision for expected losses estimated on the basis of past experience and an ageing analysis of receivables.
As can be seen from the reduction in trade receivables already commented on above, Antares Vision makes a careful assessment of customers' solvency, constantly monitors credit exposure and initiates immediate credit recovery procedures with counterparties that have overdue payments.

The composition of customers is such that there are no situations of commercial dependence: receivables are well distributed by geographical area and customer group.

32. Capitalised development costs

Capitalised development costs amount to € 4,720,792, of which € 3,938,770 relating to the Parent Company and € 782,022 to FT System S.r.l. The balance at 31 December 2019 was € 3,619,619, with FT System contributing for only 3 months, having been acquired in September 2019.

These are costs incurred during the year that meet the conditions of IAS 38 for capitalisation, being linked to innovative projects from which Antares Vision expects to benefit in terms of higher future revenues.

33. Sales and marketing costs

At 31 December 2020, Sales and marketing costs amounted to € 5,055,134, a slight decrease compared with € 5,402,451 the previous year.

SALES AND MARKETING COSTS	
Description	**Commercial and promotion commissions**
Value as at 31/12/2019	5,402,451
Value as at 31/12/2020	**5,055,134**
of which: relating to FT System	*400,200*
of which: relating to Convel	*64,898*
Change	-347,317

This item mainly includes the cost of commissions paid to foreign agents, representatives and business brokers which Antares Vision uses of € 3,609,636, as well as costs for advertising, promotions and fairs of € 1,244,671.

34. Service costs

Service costs amount to € 26,558,750 and include the cost of installations carried out by commercial partners. Changes in this item are shown in the following table:

SERVICE COSTS	
Description	**Service costs**
Value as at 31/12/2019	30,965,639
Value as at 31/12/2020	**26,558,750**
of which: relating to Tradeticity	*78,744*
of which: relating to Convel	*272,086*
Change	-4,406,889

The composition of the item is as follows:

SERVICE COSTS										
Description	Installation costs	External processing	Travel expenses	Software licenses and fees	Costs for collaborators	Consulting and professional fees	General expenses and utilities	Compensation to board members	Other service costs	Total
Value as at 31/12/2019	5,241,092	4,370,828	6,214,492	3,359,539	3,240,687	4,116,373	2,198,786	1,480,175	743,667	30,965,639
Value as at 31/12/2020	1,323,156	4,155,213	4,097,733	3,698,356	2,247,090	5,588,092	2,553,372	2,034,285	861,453	**26,558,750**
Change	-3,917,936	-215,615	-2,116,759	338,817	-993,597	1,471,719	354,586	554,110	117,786	-4,406,889

The reduction of € 4,589,917 was strongly influenced by lower installation and travel expenses. It reflects the far-sighted process of internalising resources that was started last year as a conscious investment to face the growth expected in the coming years, as well as the inevitable slowdown in installation and technical assistance during the pandemic.

35. Other operating expenses

Other operational expenses amount to € 2,585,030 with the following changes during 2019:

OTHER OPERATING EXPENSES	
Description	Other operating expenses
Value as at 31/12/2019	1,885,350
Value as at 31/12/2020	**2,585,030**
of which: relating to FT System	*96,005*
of which: relating to Tradeticity	*16,416*
of which: relating to Convel	*11,975*
Change	699,680

The composition of the item is as follows:

OTHER OPERATING EXPENSES					
Description	Accruals to provisions	Taxes not on income for the year	Other operating expenses	Losses and capital losses	Total
Value as at 31/12/2019	82,318	128,394	1,672,203	2,435	1,885,350
Value as at 31/12/2020	16,447	139,617	2,421,798	7,168	**2,585,030**
Change	-65,871	11,222	749,595	4,733	699,679

36. Financial charges

Financial charges amount to € 2,806,470, compared with € 2,426,465 at 31 December 2019.

FINANCIAL CHARGES	
Description	**Financial charges**
Value as at 31/12/2019	2,426,465
Value as at 31/12/2020	**2,806,470**
Changes during the period	380,005

This item includes interest payable on mortgages of € 1,308,667 almost entirely relating to the Parent Company and the mark to market valuation of derivative instruments of € 1,294,387.

37. Financial income

Changes in financial income, which at 31 December 2020 amounted to € 414,340 and are almost entirely attributable to the Parent Company, are shown in the table below:

FINANCIAL INCOME	
Description	**Financial income**
Value as at 31/12/2019	4,645,093
Value as at 31/12/2020	**414,340**
Changes during the period	*-4,230,753*

The amount of € 303,226 (€ 4,535,517 at 31 December 2019) represented by the negative change in the fair value of the Warrants issued by the Parent Company at the same time as the listing and still in circulation at the closing date was recognized in the item in question. As already mentioned in the section on non-current loans and borrowings, to which reference should be made, since these are financial instruments the exercise of which gives the right to a variable number of shares, the difference with respect to the issue value has to be shown in the income statement.

38. Foreign exchange gains and losses

Foreign exchange gains and losses show a negative net balance of € 2,770,768 at 31 December 2020 and include the exchange differences generated on the payment of foreign currency assets and liabilities or by their translation at rates that are different from those at which they were translated at the time of initial recognition. The balance is strongly influenced by the trend in the exchange rate of the Euro against the Brazilian Real, a consequence of the critical health situation that Brazil has experienced and is still experiencing.

39. Income (charges) on investments

Income (charges) on investments is negative for € 86,365 due to application of the equity method to value the investments in Antares Vision India, Orobix and Siempharma. More specifically, the Indian branch made a loss of € 174,922, of which Antares Vision's 51% share is € 89,246. Orobix made a loss of € 352,672 of which Antares Vision's share is € 132,252. Siempharma, on the other hand, made a profit of € 1,351,327, of which Antares Vision's share is € 135,133.

40. Income taxes

Income taxes are positive for € 3,444,905 at 31 December 2020 (negative for € 6,669,907 at 31 December 2019).

At 31 December 2020, there are no temporary differences or carry-forward tax losses on which deferred tax assets or liabilities have not been recognised. In fact, as already explained in section 7, to which reference should be made, deferred tax assets have been accrued on these losses, considering these results to be temporary, given the exceptional nature of the period.

The item is strongly influenced by the benefit gained by the Parent Company from the optional "Patent Box " tax regime for the years 2016-2019 of € 7,783,448, which is fully reflected in the 2020 result. As regards 2020, the additional tax benefit is still being quantified and will be communicated and included in the accounting balances as soon as it is available. Through the Patent Box agreement, based on the information currently available, Antares Vision's average consolidated tax rate for the period 2016-2019 was approximately 18%, compared with 26% before the agreement.

Below we present a reconciliation between the theoretical taxes, calculated using the Parent Company's tax rate (27.9%) and the actual taxes shown in the consolidated financial statements.

	2020	%	2019	%
Result before taxes	**14,670,646**		**28,997,250**	
Theoretical taxes	**4,093,110**	27.90%	**8,090,233**	27.90%
Different IRAP taxable effect	221,008	1.51%	73,599	0.25%
Untaxed revenue and deductions	- 233,973	-1.59%	- 578,913	-2.00%
Deduction of own invested capital (ACE)	- 419,942	-2.86%	- 349,128	-1.20%
Non-deductible costs	690,076	4.70%	121,568	0.42%
Tax neutrality effect of fair value measurement of equity instruments	- 84,600	-0.58%	279,000	0.96%
Tax neutrality effect of the application of the equity method to investments	24,096	0.16%	-	0.00%
Patent Box benefit	-7,783,448	-53.05%	-	0.00%
Use of prepaid tax assets	-	0.00%	- 1,076,896	-3.71%
Effect of other foreign legislation	48,768	0.33%	110,445	0.38%
Total	**- 3,444,905**	-23.48%	**6,669,907**	23.00%

41. Earnings per share (basic and diluted)

Basic earnings per share is the ratio between the Group's profit reported in the consolidated financial statements and the weighted average number of shares outstanding during the period, net of any treasury shares.

Diluted earnings per share is the ratio between the Group's earnings reported in the consolidated financial statements and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. those not yet subscribed) with a dilutive effect.

EARNINGS PER SHARE		
Description	**31/12/2020**	**31/12/2019 (restated)**
Profit attributable to the ordinary shareholders of the Parent Company	18,159,313	21,917,723
Dilution	- 303,226	- 4,535,517
Total post-dilution profit	17,856,087	17,382,206
Weighted average number of ordinary shares	58,058,863	55,883,335
Weighted average potential ordinary shares	65,622	378,417
Weighted average potential ordinary shares	58,124,485	56,261,752
Earning per Share (EPS)	0.31	0.39
Earning per Share (EPS) diluted	0.31	0.31

42. Share-based payments

Stock Option Plans

On 20 May 2020, the shareholders' meeting of Antares Vision S.p.A. resolved to approve the share incentive plan called "2020-2022 Stock Option Plan" to be implemented through the free assignment of a maximum of 1,000,000 options for the subscription and/or assignment against payment of shares representing the Company's capital to executive directors and employees of it and of the companies directly or indirectly controlled by it, to be identified having regard to the role performed and the Plan's function as a loyalty-building incentive.

For both executive directors and employees, the Plan involves granting the right to receive a Bonus consisting of Company Shares on the achievement of specific and predetermined Performance Objectives, referred to the 2020-2022 Three-Year Plan.

Accrual of the Bonus and Attribution of the Shares presuppose an ongoing Relationship with the Company or Subsidiaries during the Vesting Period. Termination of the Relationship during the Vesting Period entails losing the right to receive the Bonus, except in some specific cases.

For executive directors, the vesting period is 48 months and the grant process ended on 20 July 2020 with the granting of 108,000 rights.

For employees, the vesting period is 36 months and the grant process ended on 22 July 22020 with the granting of 225,000 rights.

The fair value of the options is estimated at the grant date using a Black & Scholes model, taking into consideration the terms and conditions on the basis of which the options were granted. Moreover, the condition linked to performance is only taken into consideration in determining the number of options that will vest.

The cost of share-based payment transactions (payment in shares) amounted to € 75,961 for 2020 and € 0 for 2019.

Changes during the year

The following table shows the number and weighted average exercise prices (WAEP) of options during the year:

	2020		2019	
	Number	PMPE	Number	PMPE
Outstanding at 1 January	0	€ 0.00	0	€ 0.00
Granted during the year	333,000	€ 2.24	0	€ 0.00
Cancelled during the year	0	€ 0.00	0	€ 0.00
Exercised during the year	0	€ 0.00	0	€ 0.00
Expired during the year	0	€ 0.00	0	€ 0.00
Outstanding at 31 December	**333,000**	€ 2.24	**0**	€ 0.00
Exercisable at 31 December	0	€ 0.00	0	€ 0.00

The tables below give the information with which the models used for the two plans adopted for the years ended 31 December 2020 were prepared:

	Executive directors	Employees
Weighted fair value at the measurement date (€)	2.2416	2.2361
Exercise price of the option (€)	11.448	11.414
Expected dividends (€)	0.285	0
Expected volatility (%)	28.01%	30.47%
Risk-free interest rate (%)	-0.40%	-0.40%
Expected useful life of options (in years)	4.4466	2.7753
Weighted average price per share (€)	10.8705	11.414
Model adopted	Black & Scholes	Black & Scholes

OTHER INFORMATION

Guarantees given, commitments and other contingent liabilities

At 31 December 2020, the Group had provided guarantees to its customers consisting of € 465,173 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and € 873,736 in advance bonds on advances already received from customers.

Information on risk

Risk of Covid-19

The macroeconomic context at both global and national level has been impacted by the spread of the respiratory syndrome called SARS-CoV-2 and the related Covid-19 disease, starting from January 2020. The authorities of most countries, including the Italian government, have adopted restrictive measures aimed at containing further spread of the pandemic. Among these, the most significant involved restrictions and controls on movement and the closure of production plants and offices. These measures have had a significant impact on financial markets and economic activities at domestic and global level.

It should be noted that none of the Antares Vision plants had to interrupt operations due to the restrictive measures to contain the pandemic as the Company's production falls within those considered essential, playing a key role in the supply chain of the pharmaceutical sector. Despite this, the crisis has inevitably led to delays in delivery times, installation postponements of and lower supplies of raw materials, with a consequent impact on revenue and profitability, as explained in greater detail in the following paragraphs. In order to minimise postponements, Antares Vision has implemented a system of installation planning that is even more careful, with constant monitoring and updating.

Market risk

The competitive context in which Antares Vision operates takes on different forms depending on the market segment and geographical area of reference. In fact, depending on the situation, the Company is faced with a competitive scenario that features a number of large global players or medium to small local players that carry out, even if only partially, activities that are identical or in any case related to those carried out by Antares Vision. There is therefore a risk that Antares Vision's position on the market could be contested by competitors, with the consequent loss of part of our clientèle.

Management believes that the range of solutions (hardware and software) of the Track & Trace business, in which the Company is a leader, combined with the state-of-the-art technology of our Inspection systems, our Smart Data Management services, as well as the completeness of our before and after-sales assistance, combined with our continuously accumulated experience and the presence of highly specialised technical personnel, constitute a strong competitive advantage in contrasting the competition and are an obstacle to entry of new commercial players in the short term.

Credit risk

Antares Vision is exposed to potential losses deriving from the non-fulfilment of the obligations undertaken by its counterparties. Should a significant part of the customers delay or fail to honour payments within the agreed terms and methods, this would have a negative impact on the financial situation of Antares Vision.

The trade credit risk is monitored through formalised procedures that guarantee control over the expected collection flows and any recovery action that may be needed. Furthermore, most of Antares Vision's customers are primary pharmaceutical and industrial companies, characterised by a high level of financial solidity, which makes the risk of their insolvency remote with regard to the amounts that they owe Antares Vision.

The significant reduction in trade receivables starting from last year is due to a more targeted collection policy.

Liquidity risk

Antares Vision obtains its financial resources from the flows deriving from its operations and through bank borrowings.

Starting from 2019, gross debt has increased significantly in proportion to the raising of liquidity by means of medium/long-term loans negotiated with leading banks. These have been used partly to finance acquisitions (FT System in September 2019, Tradeticity in April 2020, Convel in June 2020 and Applied Vision in December 2020) and the increase in capital at Orobix, and partly for possible future acquisitions.

It should be noted that some medium/long-term loan agreements signed by the Company (i) make a series of operations and acts (such as the issue of guarantees in favour of third parties, substantial changes to the corporate purpose of Antares Vision, voluntary reductions in share capital or change of control) subject to the prior consent of the lenders and/or (ii) require certain disclosures from Antares Vision and/or (iii) contain clauses which provide for automatic termination of the contract if so-called "cross default situations" occur and/or (iv) in some cases, require Antares Vision to comply with specific covenants.

Antares Vision carefully monitors the evolution of its financial exposure and has complied with all its payment commitments under the aforementioned loan agreements, as well as all of the covenants imposed on it; none of the lenders has therefore exercised any right of early termination of their loan agreement. The Antares Vision Asia Pacific branch can use a bank credit line with a primary credit institution for € 1,500 thousand. The credit line, which is guaranteed by the Parent Company, has not yet been drawn down.

Interest-rate risk

Antares Vision is exposed to the risk of changes in interest rates with a consequent increase in financial expense on debt, which it uses through medium/long-term loan agreements and property lease contracts characterised by variable interest rates.

In order to reduce the amount of debt subject to interest rate fluctuations, Antares Vision has adopted hedging policies using derivatives (interest rate swaps or IRS) to hedge this type of risk.

The sensitivity analysis at 31 December 2020 and 31 December 2019 for the financial debt of Antares Vision, which shows the potential effects deriving from changes in the interest rate on an annual basis, is shown below.

(In thousands of Euro)	31/12/2020		31/12/2019 (restated)	
Change	**-0.50%**	**0.50%**	**-0.50%**	**0.50%**
Euro (Euribor)	-709	709	-200	200
Total	**-709**	**709**	**-200**	**200**

Foreign exchange risk

Antares Vision operates internationally and is therefore exposed to the exchange rate risk generated by changes in the value of trade and financial flows in currencies other than the reporting currencies of the individual companies.

The currencies in which most of the Antares Vision Group's revenue originates are the Euro, the US dollar and the Brazilian real. Foreign subsidiaries have expressed a trend to incur costs for installation and assistance services, commercial and promotion costs and personnel costs in currencies other than the Euro (mainly in USD), which are naturally covered by sales made in USD by the same companies. This trend contributed to reducing the impact of exchange rate differences incurred by the Antares Vision Group.

Against revenue mainly expressed in Euro (86.0% of consolidated revenue in 2020, 90.5% in 2019), Antares Vision bears a significant part of the costs in Euro, mainly relating to production and management of the corporate structure. The management of Antares Vision is therefore of the opinion that the currency balance is in equilibrium.

The main exchange ratios affecting Antares Vision concern:

- Euro/US Dollar: for commercial transactions by companies operating in the Euro Area on the American market and vice versa;
- Euro/Brazilian Real: for commercial and financial transactions by companies operating in the Euro Area on the Brazilian market and vice versa;
- Euro/Russian rouble: for commercial and financial transactions by companies operating in the Euro Area on the Russian market and vice versa.

The following is a sensitivity analysis which shows the effects on the profit, and consequently on consolidated shareholders' equity, deriving from a 7% increase or decrease in the exchange rates of foreign currencies compared with the effective rates on 31 December 2020 and 31 December 2019.

As part of the sensitivity analyses illustrated below, the effect on profit and shareholders' equity was determined without taking into account the tax effect.

	31/12/2020		31/12/2019 (restated)	
(In thousands of Euro)	7%	-7%	7%	-7%
US Dollar	-3,438	3,955	-295	340
Brazilian Real	68	-78	-6	7
Other currencies	69	-80	3	-4
Total	**-3,301**	**3,797**	**-298**	**343**

Environmental risk

Antares Vision's business involves production processes with a low impact on the territory in terms of consumption of natural resources, production of industrial waste and the emission of polluting substances. In certain cases of exceptional climatic events, or in the presence of serious breakdowns or malfunctioning in the plants, Antares Vision's industrial production could cause damage to third parties, accidents and/or environmental damage, in addition to a slowdown in activities, exposing the Company to obligations involving compensation and/or reclamation, as well as to liability, possibly even of a criminal nature. Antares Vision strives to prevent this type of risk by adopting measures deemed adequate by its management and in line with industry practices. Please refer to the section on Environmental and Personnel Information for a more in-depth discussion of these matters.

Management supervision and coordination activities

Despite the fact that article 2497-sexies of the Italian Civil Code states that "it is presumed, unless there is evidence to the contrary, that the activity of management supervision and coordination of companies is carried out by the company or body required to consolidate their financial statements or which in any case controls them pursuant to article 2359", Antares Vision S.p.A. operates in conditions of corporate and entrepreneurial autonomy with respect to its parent company Regolo S.p.A. For example, the Issuer autonomously manages the treasury and commercial relations with its customers and suppliers and does not make use of any service provided by its parent company.

Related-party transactions

As regards dealings between Group companies and related parties, in accordance with IAS 24, we provide the following information on 2020:

TRANSACTIONS WITH RELATED PARTIES				
Associated companies and joint ventures	**Trade payables at 31/12/2020**	**Trade receivables at 31/12/2020**	**Costs financial year 2020**	**Revenues financial year 2020**
Antares Vision India Private Limited	51,990	44,647	173,578	44,647
Orobix	-	14,915	96,112	30,221
Siempharma	984,206	809,631	1,947,260	280,340
Total	**1,036,196**	**869,193**	**2,216,951**	**355,208**

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At 31 December 2019, related-party transactions were as follows:

TRANSACTIONS WITH RELATED PARTIES				
Associated companies and joint ventures	Trade payables at 31/12/2019	Trade receivables at 31/12/2019	Costs financial year 2019	Revenues financial year 2019
Antares Vision India Private Limited	45,841	-	45,841	-
Siempharma	1,825,000	619,758	5,793,965	678,510
Total	**1,870,841**	**619,758**	**5,839,806**	**678,510**

In accordance with the provisions of art. 13 of the AIM Italia Issuers' Regulations and in compliance with the provisions of Consob resolution no. 17221 of 12 March 2010 and the provisions on related parties issued by Borsa Italiana S.p.A. in May 2012, the Board of Directors of Antares Vision S.p.A. adopted the Regulations for Transactions with Related Parties, the current version of which was approved on 8 April 2019 and can be consulted on the Company's website at:

https://www.antaresvision.com/investors/governance/1928/procedure-e-regolamenti

The transactions carried out with related parties are part of the Company's normal business and the typical activity of each party concerned and are carried out at normal market conditions. There are no atypical or unusual transactions to report.

The effects of intercompany transactions have been eliminated on consolidation.

Compensation to board members and the independent auditors

The following table shows the fees due to the directors and statutory auditors, as well as the fees due to the independent auditors EY S.p.A.:

COMPENSATION TO BOARD MEMBERS AND THE INDEPENDENT AUDITORS			
Description	Directors	Statutory auditors	Independent auditors
Compensation for the financial year 2020	1,913,610	79,556	98,000 *

** amount including fees relating to the audit of the separate financial statements of Antares Vision S.p.A., of the Consolidated Financial Statements and the Interim Consolidated Financial Statements.*

Subsequent events

On 13 January 2021, the Board of Directors of Antares Vision approved the translisting of the Company's ordinary shares and warrants (jointly, the "Financial Instruments") from the AIM Italia multilateral trading system to the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A., possibly in the STAR segment, if the conditions are met.

To carry out this project, already communicated to the market on 20 April 2020 and subject to approval by the competent Authorities and the completion of a series of obligations required by them, an Ordinary and Extraordinary Shareholders' Meeting has been convened at first calling on 22 February 2021 (and, if necessary, at second calling on 23 February 2021) to approve the resolutions needed to go ahead with the listing process.

The transition to the main market of Borsa Italiana represents an opportunity for Antares Vision to pursue its strategic objectives and is in continuity with the path undertaken with the listing on the AIM Italia market. Over the last few years Antares Vision has continued to grow and diversify its business through strategic acquisitions, to strengthen the industrial plan and expand its solutions in other sectors, such as food & beverage, as well as to consolidate its international presence with opening of new branches. The road travelled so far has allowed the Company to reach a level of maturity that allows it to take this next step, in order to create even greater value for all of its stakeholders. In fact, the transfer of its Financial Instruments from the AIM Italia multilateral trading system to the MTA will benefit the Company in terms of the stock's greater liquidity and, consequently, greater interest on the part of the market and institutional investors. It will also give the Company greater visibility on the national and international markets, with further advantages in terms of competitive positioning and image, also because of the stringent requirements in terms of transparency, disclosure and corporate governance, especially in the STAR segment.

On 4 January 2021, Antares Vision launched the share buyback programme as approved by the Shareholders' Meeting on 20 May 2020.

The purpose of the buyback is to use the treasury shares:

- as an efficient way to invest any excess liquidity generated by the Company's operations;
- to implement incentive plans in whatever form they are structured, or to make bonus issues to shareholders or fulfil obligations deriving from warrants, convertible financial instruments that involve mandatory conversion or which are exchangeable for shares (based on existing transactions or transactions still to be resolved or implemented);
- in operations connected with the core business or of projects consistent with the strategic lines that the Company intends to pursue, which could be suitable for share exchanges in order to integrate operations with potential strategic partners;

- to intervene, in compliance with current regulations, also through intermediaries, to limit anomalous movements in prices and to regularise the trend in trading and prices at times of momentary distortions caused by excessive volatility or insufficient liquidity.

In accordance with the resolution of the Shareholders' Meeting:

- purchases may be made on one or more occasions, within 18 months from the date of the resolution, up to a maximum amount of treasury shares which overall cannot be higher than 2% of the Company's share capital, taking into account the shares held in the portfolio from time to time by the Company and its subsidiaries;
- purchases can be made at a price per share that is not more than 10% lower or 10% higher than the reference price posted by the stock at the end of the trading session on the day preceding each buyback;
- shares can be purchased - complying in any case with the concept of equal treatment for all shareholders - in any of the following ways: (i) a public purchase or exchange offer; (ii) purchases made on the AIM Italia market, according to market practices that do not allow direct matching of purchase orders with specific sale orders, or (iii) in any other way permitted by law, i.e. through bulk or block purchases or by auction, as assessed from time to time as the best way to implement the shareholders' mandate, specifying that the purchases made to support market liquidity will be carried out in accordance with current market practices; (iv) purchases, even in several tranches, must be made within the limits of the distributable profits and/or available reserves resulting from the latest financial statements approved by the shareholders at the time of the transaction, establishing a reserve for treasury shares and, in any case, proceeding with the necessary accounting entries in the manner and within the limits of the law.

After a series of purchases, at the time these notes were being prepared, Antares Vision held 33,916 treasury shares equal to 0.057% of the share capital for a total of € 342,272.

On 16 February 2021 Antares Vision announced that it had reached an agreement for the acquisition of rfXcel Corporation ("rfXcel"), a leading Software-as-a-Service ("SaaS") company based in the United States which serves the Life Science and Food & Beverage sectors.

The purchase of the entire share capital of rfXcel for an initial consideration of US$ 120 million (in the absence of liquidity and financial debt, assuming a normalised level of working capital and payable in cash on closing the deal), will be carried out through a reverse triangular merger between rfXcel and Antares Vision Acquisition Corporation, a new vehicle set up by Antares Vision Inc.

The parties also agreed on an additional deferred consideration ("earn-out”) for an amount not exceeding US$ 30 million, payable in cash in the first quarter of 2023 by Antares Vision to the current shareholders of rfXcel if certain debt collection targets are achieved by rfXcel.

The acquisition of rfXcel will further strengthen Antares Vision's software capabilities, allowing it to consolidate its position among the world leaders in Track & Trace. Antares Vision will leverage rfXcel's capabilities and software suite to help its customers accelerate the digitisation of the supply chain end-to-end, leading to greater transparency and sustainability. The acquisition will also enable significant cross-selling opportunities of (i) rfXcel solutions to Antares Vision's growing installed base of Track & Trace and Inspection solutions and the broad base of more than 2,500 blue-chip customers, as well as of (ii) Antares Vision's products to existing rfXcel customers. Together with rfXcel, Antares Vision will take an important step forward in providing increasingly complete solutions in digitisation for tracing, serialisation, compliance with applicable regulations, collection and monitoring of data in real time in order to optimise its customers' supply chain and make it as effective as possible thanks to its complete visibility from start to finish: from ingredients and raw materials, to the end-customer's experience.

Lastly, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 resolved to increase the share capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the warrants, in a divisible manner, for a maximum nominal amount of € 3,255.60 through the issue of a maximum of 1,356,500 conversion shares. No requests for the exercise of warrants have been received from the closing date of the financial year to the date of preparing this document. Antares Vision's share capital has therefore remained unchanged and amounts to € 143,074. The number of warrants still in circulation is equal to 3,074,359.

Explanatory notes, final part

These explanatory notes, as well as the entire financial statements of which they are an integral part, give a true and fair view of the Company's financial position and results for the year.

We are, of course, available to provide any clarifications and information that may be necessary.

Travagliato, 22 February 2021

The Board of Directors

EMIDIO ZORZELLA
MASSIMO BONARDI
ALIOSCIA BERTO
MARCO CLAUDIO VITALE
MARCO COSTAGUTA

DANTE ROSCINI

MASSIMO PERONA

MARTINA MONICO

FABIO FORESTELLI

Antares Vision S.p.A.

Consolidated financial statements as at December 31, 2020

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

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Corso Magenta, 29
25121 Brescia

Tel: +39 030 2896111
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(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, 2020, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, 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.

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.

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, 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.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Antares Vision S.p.A. are responsible for the preparation of the Report on Operations of Antares Vision Group as at December 31, 2020, including its consistency with the related consolidated financial statements and its 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, with the consolidated financial statements of Antares Vision Group as at December 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Antares Vision Group as at December 31, 2020 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.

Brescia, March 4, 2021

EY S.p.A.
Signed by: Stefano Colpani, Auditor

This report has been translated into the English language solely for the convenience of international readers.