FINANCIAL STATEMENTS

AS AT 31/12/2022

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

Authorised share capital Euro 171,806 subscribed and paid up for Euro 169,457
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

REPORT ON OPERATIONS

With this document, we submit the consolidated financial statements at 31 December 2022 (hereinafter also referred to as "**Consolidated financial statements**") of the group of companies ("**Antares Vision Group**" or the "**Group**") headed up by Antares Vision S.p.A. (the "Parent Company" or the "Company") and the Antares Vision S.p.A 2022 financial statements ("financial statements"), 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 financial position and cash flow and point out the more significant facts that characterised the operations of Antares Vision Group during 2022; we also provide you with information about the main events that took place after the end of the period.

Please refer to the notes to the consolidated and separate financial statements for an analysis of the Company's main risks and how they are managed.

Business activities

Antares Vision Group is a technological partner of excellence in digitalization and innovation for businesses and institutions, to guarantee the safety of products and people, the competitiveness of businesses and protection of the planet. It offers a unique and complete ecosystem to guarantee safety and quality, efficiency, sustainability and transparency through: product quality control (Inspection, inspection systems and machines), product traceability along the supply chain (Track & Trace from raw materials to production, from distribution to the consumer), digitalization of production processes and an integrated management of production and supply chain data, also through the application of artificial intelligence and blockchain technology (Smart Data). Antares Vision Group is active in the Life Sciences sector (pharmaceuticals, biomedical devices and hospitals) and in FMCG (Fast-Moving Consumer Goods – consumer goods such as Food, Beverage Cosmetics and Chemical). Antares Vision Group confirms its leadership in the pharmaceutical market as a provider of track & trace solutions to the world's leading pharmaceutical companies [over half of the top 20 are customers of the Group], and as a provider of track & trace solutions for government authorities to fight against counterfeit medicines and mass-market consumer products.

Governance structure

Board of Directors

The Shareholders' Meeting of Antares Vision S.p.A. held on 22 February 2021 (with effect from the starting date of trading on the Euronext Star Milan) appointed a Board of Directors consisting of nine members, which will remain in office for three years, i.e. up to the date of approval of the financial statements at 31 December 2023.

Following the resignation of Marco Vitale on 15 December 2022, Alberto Grignolo was co-opted as a non-executive, independent director pursuant to article 2386 of the Civil Code and by resolution of the Board of Directors passed unanimously on 25 January 2023. He will remain in office until the next shareholders' meeting.

Board of Directors	
Office	**Name and surname**
Chairman and Chief Executive Officer	Emidio Zorzella*
Chief Executive Officer (CEO)	Massimo Bonardi*
Director with powers	Alioscia Berto*
Director	Fabio Forestelli**
Director	Martina Paola Alessandra Monico***
Director	Alberto Grignolo****
Director	Fiammetta Roccia***
Director	Cristina Spagna****
Director	Fabiola Mascardi****

** Executive*
*** Executive with powers in the subsidiary FT System S.r.l.*
**** Non-executive and non-independent*
***** Non-executive and independent*

Board of Statutory Auditors

The Shareholders' Meeting of Antares Vision S.p.A. held on 22 February 2021 (with effect from the starting date of trading on the Mercato Telematico Azionario) appointed a Board of Statutory Auditors consisting of three acting members and two alternate members, which will remain in office for three years, i.e. up to the date of approval of the financial statements at 31 December 2023.

Board of Statutory Auditors	
Office	**Name and surname**
Chairman	Enrico Broli
Acting Auditor	Germano Giancarli
Acting Auditor	Stefania Bettoni
Alternate Auditor	Paolo Belleri
Alternate Auditor	Ramona Corti

Board Committees

On 22 February 2021, subject to the starting date of trading on the Euronext Star Milan, the Board of Directors followed the recommendations of the Corporate Governance Code approved by Borsa Italiana S.p.A. and appointed a Control, Risks and Sustainability Committee consisting of three non-executive, independent directors, two of whom have adequate knowledge and experience in accounting, finance and risk management.

Control, Risks and Sustainability Committee *	
Office	**Name and surname**
Chairman	Alberto Grignolo**
Member	Cristina Spagna
Member	Fabiola Mascardi**

** The functions and duties regarding related-party transactions (RPT) have also been assigned to the Control, Risks and Sustainability Committee (CRSC).*

*** Director with adequate knowledge and experience in accounting, finance and risk management.*

On 22 February 2021, subject to the starting date of trading on Euronext Star Milan, the Board of Directors followed the recommendations of the Corporate Governance Code approved by Borsa Italiana S.p.A. and appointed a Nominations and Remuneration Committee consisting of three non-executive, independent directors, one of whom has adequate knowledge and experience in finance and remuneration policies.

Nominations and Remuneration Committee	
Office	**Name and surname**
Chairman	Cristina Spagna*
Member	Alberto Grignolo
Member	Fabiola Mascardi*

** Director with adequate knowledge and experience in financial matters and remuneration policies.*

Supervisory Board

The Supervisory Board was appointed on 29 March 2021 and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

Supervisory Board	
Office	**Name and surname**
Chairman	Francesco Menini
Internal Member	Martina Monico
Internal Member	Silvia Baresi

Independent auditors

The Shareholders' Meeting of Antares Vision S.p.A. on 22 February 2021 (with effect from the start date of trading on the Euronext Star Milan) appointed EY S.p.A., with registered office in Via Meravigli 12, Milan, registered in the Ordinary Section of the Companies Register at the Milan Monza Brianza Lodi Chamber of Commerce, Tax code and registration number 00434000584, REA of Milan 606158, and VAT no. 00891231003 and at no. 70945 of the Register of Legal Auditors at the Ministry of Economy and Finance pursuant to art. 6 et seq. of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, as the company appointed to audit the accounts for the financial years from 2021 to 2029.

Scope of consolidation

At the year-end, the scope of consolidation was made up as follows:

SCOPE OF CONSOLIDATION						
	Name	Headquarters	Currency	Direct parent company	Direct investment	Indirect investment
	Antares Vision Inc.	New York, USA	USD	Antares Vision S.p.A.	100.00%	
	Antares Vision North America LLC	New Jersey, USA	USD	Antares Vision Inc. America	100.00%	100.00%
	Imago Technologies Gmbh	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%	
	Antares Vision do Brasil ltda	Sao Paulo, Brazil	BRL	Antares Vision S.p.A.	99.99%	
	Legg System ltda	Sao Paulo, Brazil	BRL	Antares Vision do Brasil ltda	99.99%	99.99%
	T2 Software	Sao Paulo, Brazil	BRL	Antares Vision do Brasil ltda	51.00%	50.99%
	Pharmatrack Sistemas LTDA	Sao Paulo, Brazil	BRL	T2 SOFTWARE	73.00%	37.23%
	Antares Vision France Sas	Rillieux-la-Pape, France	EUR	Antares Vision S.p.A.	100.00%	
	Antares Vision Ireland Ltd	Galway, Ireland	EUR	Antares Vision S.p.A.	100.00%	
	Antares Vision Rus OOO	Moscow, Russia	RUB	Antares Vision S.p.A.	100.00%	
	Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100.00%	
	Antares Vision (Shenzhen) International Trading Co., LTD	Shenzhen, China	CNY	Antares Vision Asia Pacific Ltd	100.00%	100.00%
	FT System S.r.l.	Piacenza, Italy	EUR	Antares Vision S.p.A.	100.00%	
	FT System North America LLC	Massachusetts, USA	USD	FT System S.r.l.	100.00%	100.00%
	FT Hexagon	Challes les Eaux, France	EUR	FT System S.r.l.	100.00%	100.00%
	Pen-tec S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	100.00%
	Tecnel S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	100.00%
	Tradeticity d.o.o	Zagreb, Croatia	HRK	Antares Vision S.p.A.	82.80%	
	Tradeticity Service d.o.o	Belgrade, Serbia	RSD	Tradeticity d.o.o	100.00%	82.80%
	Convel S.r.l.	Vicenza, Italy	EUR	Antares Vision S.p.A.	100.00%	
	Antares Vision Germany	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%	
	Innovative Marking Digital Solutions	London, UK	GBP	Antares Vision S.p.A.	70.00%	
	Applied Vision Corporation	Ohio, USA	USD	Antares Vision Inc. America	100.00%	100.00%
	rfXcel Corporation	Delaware, USA	USD	Antares Vision Inc. America	100.00%	100.00%
	rfXcel Limited	UK	GBP	rfXcel Corporation	100.00%	100.00%
	rfXcel LLC	Russia	RUB	rfXcel Corporation	100.00%	100.00%
	Antares Vision India Private Limited	Mumbai, India	INR	Antares Vision S.p.A.	99.998%	
				FT System S.r.l.	0.002%	100.00%
	Markirovka As a Service	Russia	RUB	Innovative Marketing Digital Solutions (IMDS) Uk Ltd	100.00%	70.00%
*	ACSIS, Inc.	USA	USD	Rfxcel Corporation	100.00%	100.00%
**	Antares Vision (Thailand) Co., LTD	Thailand	THB	Antares Vision Asia Pacific Ltd	49.00%	49.00%
*	Ingg. Vescovini S.r.l.	Italy	EUR	FT System S.r.l.	100.00%	100.00%
*	Packital S.r.l.	Italy	EUR	FT System S.r.l.	100.00%	100.00%
**	Antares Vision Sagl	Switzerland	CHF	Antares Vision S.p.A.	100.00%	100.00%
*	Wavision S.r.l.	Italy	EUR	FT System S.r.l.	60.00%	60.00%

** Company acquired in 2022*
*** Company founded in 2022*

Please refer to the notes for a more detailed description of the changes in the scope of consolidation compared with 31 December 2021.

Information on the shareholders and stock performance

The share capital at 31 December 2022 amounted to Euro 169,457, fully paid up, divided into 69,121,137 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value.

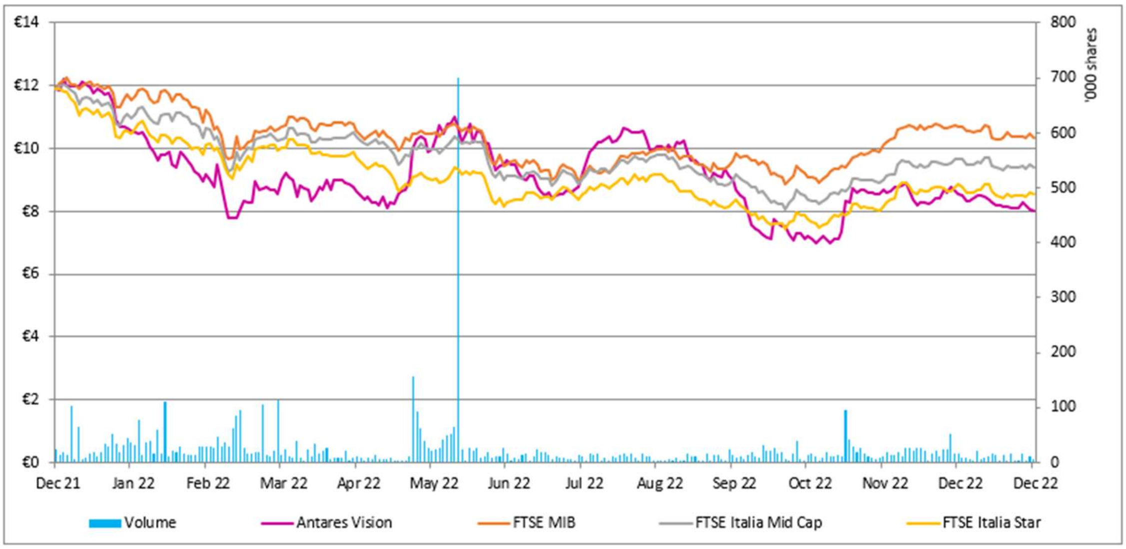
The shareholder structure is made up as follows:

SHAREHOLDER STRUCTURE			
Shareholder	Number Ordinary Shares	% Share capital Ordinary	% Share capital in Voting Rights
Regolo S.p.A.	35,037,802	50.69%	63.30%
Sargas S.r.l.	6,547,598	9.47%	11.83%
Capital Research and Management Company	5,535,813	8.01%	5.00%
Invesco Advisers	3,403,535	4.92%	3.07%
Rfxcel management	668,198	0.97%	0.60%
Treasury Shares	33,916	0.05%	0.03%
Float remaining	17,892,664	25.89%	16.16%

After its initial debut and listing in 2019 on the Euronext Growth multilateral trading system (AIM Italia at the admission date), since 14 May 2021, Antares Vision S.p.A. has been listed on the Euronext Star Milan market (Mercato Telematico Azionario, MTA, at the translisting date), a segment of the main board of the Italian Stock Exchange, which includes the shares of medium-sized companies that meet stringent requirements in terms of governance, transparency and liquidity.

The ordinary shares of the Parent Company (ISIN IT000536660) are included in the following indices: FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia STAR and FTSE Italia Mid Cap.

The stock's performance with respect to the FTSE MIB is shown below.



Since June 2022, Antares Vision Group has been a member of Euronext Tech Leaders, the initiative launched in July 2022 for leading companies in the technology sector with a high growth potential. This initiative aims to expand Euronext's existing offering to strengthen the European Tech sector and accelerate the growth of the next generation of technology leaders: the companies taking part in the project will become members of an exclusive network and will benefit from a series of services dedicated to technology companies, not to mention greater visibility at an international level. Euronext's rich Tech ecosystem brings together over 700 technology companies listed on the Euronext markets and a broad base of international investors who finance tech companies with significant growth profiles. Euronext Tech Leaders debuted on 6 July 2022 and represents the segment that completes the panorama of tech companies in the seven markets served by the Euronext group.

Operating performance

In 2022 Antares Vision Group recorded a significant increase in terms of both turnover and orders, despite the numerous challenges: the persistence of the health emergency, the difficulties involved in procuring electronic components, higher logistics costs and the ongoing conflict in Ukraine. Despite this macroeconomic scenario, the Group continued its growth path in line with its business vision, as an enabler of innovation and digitalization, providing quality solutions to meet the emerging needs of markets, supply chains, governments and institutions, in line with consumption trends.

The harmonisation process that was begun last year continued in 2022, integrating the technologies and solutions present in the Group with a view to creating an integrated ecosystem of solutions and technologies. The development steps taken are the result of the synergy between the technologies present in the Group and the applicability of solutions present in new business areas, which can be summarised as follows:

- ***Inspection***: the range of inspection systems and machines for quality control has been further strengthened, expanding and integrating the technology portfolio, which can be used in each business area: (*i*) pharmaceuticals, where the multi-technological approach in automatic inspection controls has been extended to a greater variety of drugs to be inspected (liquids, lyophilisates, powders, solids and injectables). Specifically, we launched an automatic visual inspection machine for pre-filled syringes which was well received by the market, representing innovation and a revolution in the sector, both for the technology applied and the packaging solution developed in collaboration with a manufacturer of pre-filled syringes. An automatic machine for visual inspection and leak control for large-volume containers was also designed and built for a Polish customer, winning awards for its high level of innovation; (*ii*) cosmetics, where a portfolio of solutions dedicated to the sector has been defined: quality control inspection (filling control, empty bottle control, cap control and 3D label control, weight control and checkweighers, detection of physical contaminants) borrowed from food & beverage solutions (FT System technology), track & trace, hardware traceability solutions and software borrowed from life sciences (Antares Vision technology), solutions for the transparency of the supply chain, for complete traceability of the supply chain, from raw materials to the end-consumer (rfxcel technology), digital factory solutions for the efficiency and digital transformation of productive processes (Antares Vision technology); (*iii*) _beverage_, where the range of technologies and inspection systems (leakage control, laser spectroscopy, vision systems) was further expanded, making it possible to enter new market niches; (*iv*) _food_, where the portfolio of technologies (x-rays and metal detectors for contaminant control, laser spectroscopy, hyperspectral, artificial vision, checkweigher) has led to a new "All-in-One" value proposition: just one machine capable of performing multiple quality checks. Moreover, through the acquisition of Wavision, we have added to the portfolio microwave technology, which is proving revolutionary for detecting foreign bodies (physical contaminants) in packaged products; (v) _rigid containers_, where the range of solutions for the inspection of glass containers and cans saw the completion of two technological developments aimed at improving functionality, ease of installation and the operator's user experience.

- ***Track & Trace**:* Track & Trace solutions have seen the harmonisation of the various solutions present in the group, with the integration of functions and a shared roadmap for the next 3 years. In particular, the pharmaceutical sector has seen growth in the most profitable business models (Smart Data, Saas, Service) due to the expansion of the pool of machines already installed and the implementation of traceability solutions at government hubs; the food & beverage sector has seen the implementation of traceability solutions to satisfy regulations applied in specific countries; with the acquisition of two new customers that are top players in the world, the cosmetics sector is now involved in implementing traceability solutions, from the production lines to data management.
- ***Smart Data***: the integration process has led to the consolidation of Digital Factory as a model for various solutions: monitoring the efficiency and productivity of production lines and plants, optimising maintenance with the use of artificial intelligence, measuring the impacts of sustainability, monitoring quality control trends, managing traceability data through the integration of primary data extracted from machines and systems for quality control (Inspection) and for traceability machines (Track & Trace) and from interoperability with IoT and existing solutions. With the development of an end-to-end traceability platform (from the raw material, to the transformation processes, to the distribution up to the end-consumer), Supply Chain Transparency has seen the integration of new functions as well as the implementation of specific supply chain projects.

From a management point of view, the Group has maintained full operations despite the climate of uncertainty.

The excellent result in terms of turnover achieved in 2022 confirms the growth trend and the huge delivery capacity of Antares Vision Group, which in the second half of the year generated revenue of almost Euro 140 million (of which around 90 million in the last quarter of the year) with growth of over 60% compared with 1H 2022 and more than 34% compared with 2H 2021.

The result is even more significant if we consider the shortage of electronic components which led to the postponement of deliveries of original Inspection and Track & Trace equipment and a slowdown in the implementation of traceability solutions in Brazil (due to a change in the regulatory framework that no longer makes serialisation and aggregation obligatory, but leaves freedom of choice).

Positive results have also been achieved in terms of cost of goods sold (“**COGS”**) and consequently at the level of gross operating margin, in line with the Group's expectations. This was possible thanks to the successful measures taken to manage the supply shortages and the consequent inflation in the cost of electronic components.

To manage the cost increases and lack of availability of electronic components, the Group (i) looked for new and alternative sources of supply, (ii) re-engineered certain products in order to reduce the quantity of electronic components, (iii) absorbed the increase in costs thanks to the reduced incidence of these components on total costs and (iv) will be able to pass on any component inflation to customers. In any case, possible delays in the delivery of components required more careful planning of production in order to avoid or manage potential delays in deliveries. From a logistical point of view, the cost impacts have been partially mitigated as transport costs are borne by customers in the majority of cases. In any case, greater attention is being paid to planning shipments following the saturation of logistics chains.

These positive results were more than neutralized, however, by the growing complications on the Russian market (which led to a reduction in EBITDA of approximately 5% compared with the guidance) and by a growth in overheads and personnel beyond expectations (with an impact of another 5%).

As regards the current scenario in Eastern Europe, the conflict between Russia and Ukraine has resulted in a severe blow to the recovery and brought the global economy onto a path of slower growth expectations and rising inflation. For some time now, the Russian market has been an area of great interest for the implementation of the Group's tracking solutions, especially in the beverage sector. In this context, it is undeniable that the conflict represents an element of concern, above all because the outcomes and consequences of the crisis that this conflict is causing, both on the fate of the world economy and on the Antares Vision Group's business, are still unclear. In 2022, the margins of the Russian subsidiary were heavily penalised and resulted in an impact on consolidated EBITDA of approximately 5% compared with the guidance.

Personnel and overheads were undoubtedly hit by inflationary pressures, which Antares Vision Group only partially managed to limit during the year, as the cost containment actions launched in the second half of 2022 required more time and turned out to be more complex than we had initially assumed. We therefore launched an organisational and strategic review in order to make the Group more efficient. In terms of impairment of assets, as detailed in the section on the main balance sheet figures, all of the reference parameters have been updated to take into consideration the new dynamics and macroeconomic conditions. In particular, i) we used cash flow forecasts that reflected the changed market prospects, as well as ii) higher discount rates and risk premiums. Based on these analyses, it emerged that, at the reference date of 31 December 2022, the recoverable amount of the Group's assets was higher than their carrying amount in the consolidated balance sheet.

Also from the point of view of the sanctions regime, management, under the constant supervision of the Board of Directors and the control bodies, works constantly to ensure full compliance with the restrictions, adopting a procedure that formalises and strengthens the operational best practices that have already been in place for some time.

Development Path

During the 2022, Antares Vision Group continued on its development path through numerous innovative projects. Some of these projects were capitalised in 2022; please refer to the section in question for details.

Group projects

- The ONE COMPANY Project, which involves all Group companies with a view to strengthening our presence on the market at group level, consolidating the last phase of the rebranding project: Antares Vision Group integrates all of the brands of all the companies involved, which will live wherever it is necessary with the value of their technology. The project coincides with a new corporate organisation that considers a single model, defined by business area, by product unit, and which involves all of the companies in the group.
- A new corporate organisation that implements a matrix model that integrates the teams of each group company with a view to positioning the Group in each market with a customer-centric approach, activating synergies that are already present. The organisation will, for now, include the business areas i) Life Sciences & Cosmetics, ii) Food & Beverage and Rigid Containers, and the specific skills of certain product units (Inspection, Track & Trace, Supply Chain Transparency, Digital Factory). A Group-wide governance team will be responsible for implementing the strategy; AV Group is a single interlocutor with an offer

dedicated to each business area, access to an integrated ecosystem of solutions and a unique and distinctive technology hub.

- Presence in the METAVERSE: AVGroupVERSE offers a space where it is possible to explore the "ecosystem of technologies" of Antares Vision Group, unique and complete for product quality control (inspection systems and machines) and product traceability along the supply chain (from raw materials to production, from distribution to the consumer), with integrated management of production and supply chain data, also through the application of artificial intelligence and the use of blockchain. By entering AVGroupVERSE [spatial.io] it is possible to experience each of the "environments" of the supply chain, from raw materials to production, from packaging to logistics and distribution, all the way to the end-consumer. Technological solutions will be present to guarantee the quality, integrity and authenticity of the product (and raw materials), to trace the individual unit along the supply chain, at each step and in real time, so that it reaches the end-consumer in a way that is safe and guaranteed, as a conscious choice of sustainability.

Innovation

- MEDICATION MANAGEMENT PLATFORM Project (ex SMART WARD PLATFORM), the testing phase has been completed. The project, which is funded by the MISE, was developed in collaboration with the Research Centre for Advanced Technologies for Health and Well-Being of the IRCCS San Raffaele Hospital in Milan. The platform allows the logistical flow of drugs and medical devices in the hospital environment to be more efficient and traced, from the central pharmacy to the patient, thus reducing waste, errors in the administration of drugs and activities of little value to the patient. The tests were successful: the safety and efficiency indices improved by 100% compared with traditional logistics systems for drugs and medical devices in the hospital. The industrialisation phase of the first element of the project, the intelligent automatic trolley for administering drugs, is expected in 2023.
- The Traceability Platform Project for the Agrifood market seeks to build a platform that is capable of guaranteeing full traceability for products of the food industry. The project, funded by MISE, is in its second year of development and will end in 2023.
- The RNA THERAPY AND DRUGS Research Project with the University of Padua: Antares Vision Group has signed an agreement with the National Research Centre for the "Development of gene therapy and drugs with RNA technology" of Padua, as a founder. This involves a commitment to make its solutions available in the digital healthcare sector, smart digital innovation, software platforms, digital twin systems, traceability and serialisation technologies, origin and certification of drugs and products, quality inspection with computer vision and IoT sensors and data analysis, also thanks to Artificial Intelligence. The Centre is funded by the European Union with Euro 400 million as part of the NextGenerationEU programme as an

excellence in Research and Development for gene therapy and drugs with RNA technology. It has the dual objective of increasing the technological know-how needed to design and deliver RNA-based medicines and gene therapy and identify promising drugs and candidate genes in five major areas of pathology: genetic diseases, cancer, metabolic-cardiovascular diseases, neurodegenerative diseases and inflammatory-infectious diseases. Once fully operational, the Research Centre is expected to reach a production capacity of up to 250-300 drugs per year dedicated to gene therapy.

- The AGRITECH project with the University of Naples: Antares Vision Group has signed an agreement with the National Research Centre for "Agriculture Technologies - Agritech" at the Federico II University of Naples as a technological partner in making its solutions available in the field of smart digital innovation, software platforms, digital twin systems, tracking and serialisation technologies, product origin and certification, quality inspection with computer vision and IoT sensors and data analysis, also - and above all - thanks to Artificial Intelligence. The Centre is funded by the European Union with Euro 477 million as part of the NextGenerationEU programme. After careful analysis of requests for innovation in the agricultural sector, it intends to operate with a view to increasing productivity in a sustainable way, addressing food security needs and reducing the environmental impact in changing climatic conditions, through five research objectives: resilience (improving sustainable productivity and promoting resilience to climate change), low impact (reducing waste and environmental impact), circularity (developing circular economy strategies), recovery (sustainable development of marginal areas), traceability (promoting safety, traceability and typicality in agri-food supply chains).
- The L.I.G.H.T. project: the University of Brescia has signed an agreement with Antares Vision Group and Dompé Farmaceutici S.p.A., a leading Italian company in the biopharmaceutical sector, for the development of an integrated infrastructure that will expand the Multi-sector Technological Service Centre by approximately 2,000 square metres in the building owned by the University on the North University Campus. The project, which is the result of a public-private partnership and which has raised Euro 19.5 million in funds, is called LIGHT - Lifescience Innovation Good Healthcare Technology - will develop healthcare technologies with three main objectives: AI and Big Data Main Hub, Digital Healthcare Hub and AI Biopharma Hub. The project is consistent with the 17 sustainable development goals of the 2030 Agenda signed by the UN member countries and focuses on the Green New Deal.
- The PhD Project: Antares Vision has promoted 13 research doctorates with some of the main Italian universities and with the newborn National Research Centre. Seven doctorates are aimed at Digital Healthcare, a division of the expanding Group ("Telemedicine and Digitisation of health services"; "Development of mechatronic systems and smart solutions for the hospital of the future"). On the other hand, two bursaries have been introduced in the artificial intelligence sector. Two doctorates will be dedicated to research into personalised gene therapy platforms, with the Federico II University of Naples,

and its pharmacy department, designated by the MUR as a department of excellence, to develop new materials, delivery systems, vesicles and microneedles, for a new generation of delivery technologies. The doctorates dedicated to innovation in the Agritech sector also have great potential for application, including: i) “Innovative AI methods and traceability infrastructures to support smart harvesting in high-yield crops” with the University of Trento; ii) “Survey of space-time variability and precision applications for efficient and sustainable viticulture” with Professor Stefano Poni, director of the Department of Sustainable Plant Production Sciences of the Catholic University of Piacenza. A doctorate is dedicated to drug inspection machines: “Design optimisation of drug tracking, serialisation and inspection machines” and aims to reduce energy consumption, components and vibrations, rationalise the design and improve the overall performance of drug inspection machines. Lastly, attention is also being given to humanistic studies with a doctorate in "Industrial and post-industrial literature", with Professor Giuseppe Lupo of the Catholic University of Milan and Brescia.

Alternative Performance Measures

Antares Vision Group uses certain alternative performance measures ("APMs") 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 Group 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 Group, 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 Group’s financial information contained in the consolidated financial statements and accompanying notes;
- the definitions of the indicators used by Antares Vision Group, 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 Group 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 Group believes that:

- the Gross Profit, Value Added, EBITDA and EBIT (also adjusted), together with other profitability indicators, make it possible to show the changes in operating performance and provide useful information on Antares Vision Group'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 Group'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 consolidated income statement figures

The consolidated income statement at 31 December 2022 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 31 December 2021 (in thousands of Euro).

Note that 2022 and 2021 are not totally comparable because of:

- the acquisitions of Pentec and Tec-nel through FT System S.r.l. in February 2021 and therefore included in the comparative figures for only 10 months;
- the acquisition of rfxcel in March 2021 through Antares Vision Inc. and therefore included in the comparative figures for only 9 months;
- the inclusion in the scope of consolidation of ACSIS, acquired on 18 February 2022 through rfxcel, and therefore not included in the comparative figures and included only for just under 11 months in 2022;
- the inclusion in the consolidation area of Packital and Ingg. Vescovini, acquired on 31 July 2022 through FT System and therefore not in the comparatives and included for only 5 months in 2022;
- the inclusion in the scope of consolidation of Wavision of which FT System acquired 60% in September 2022 and therefore not present in the comparatives and included for only 3 months in 2022.

ANTARES VISION S.P.A. Consolidated Income Statement ('000,€)	FY2022	FY 2021	Difference %
Revenue (*)	223,489	178,969	24.9%
Capitalisation of development costs	8,600	8,307	3.5%
Operating grants	989	2,088	-52.6%
Tax credit	793	515	53.9%
Value of production	**233,871**	**189,880**	**23.2%**
Changes in inventories of raw materials and finished gooc	-7,636	4,998	-252.8%
Purchases of materials	62,487	40,402	54.7%
Changes in inventories of work in progress	-1,665	-3,284	-49.3%
Cost of sales	**53,186**	**42,116**	**26.3%**
% of sales	*23.8%*	*23.5%*	
Commissions	3,271	3,566	-8.3%
Installation costs	1,354	1,155	17.2%
Gross Operating Margin	**176,060**	**143,042**	**23.1%**
% of sales	*78.8%*	*79.9%*	
Leases and rentals	1,607	1,234	30.2%
Operating costs	266	321	-17.3%
Service costs	41,270	28,969	42.5%
Value added	**132,917**	**112,518**	**18.1%**
% of sales	*59.5%*	*62.9%*	
Labour	92,307	69,029	33.7%
Employees	84,126	62,618	34.3%
Collaborators	8,181	6,411	27.6%
Adjusted Gross Operating Profit (EBITDA)	**40,610**	**43,489**	**-6.6%**
% of sales	*18.2%*	*24.3%*	
Write-down of receivables	1,864	847	120.0%
Amortisation and depreciation	10,459	6,924	51.0%
Intangible assets	6,523	4,011	62.7%
Tangible fixed assets	3,936	2,914	35.1%
Adjusted Operating Result (EBIT	**28,287**	**35,718**	**-20.8%**
% of sales	*12.7%*	*20.0%*	
Financial income and charges	-3,233	4,125	-178.4%
Net interest, fees and commissions	3,947	2,745	43.8%
Gains and losses on unrealised exchange rates	-659	-1,511	-56.4%
Write-ups	-782	-383	103.9%
Warrants at market value	-5,739	3,275	-275.2%
Extraordinary income and expenses	2,669	12,221	-78.2%
PPA amortisation	8,314	5,916	40.5%
Profit before taxes (EBT)	**20,538**	**13,456**	**52.6%**
% of sales	*9.2%*	*7.5%*	
Income taxes	2,408	1,108	117.2%
Profit/(loss) attributable to minority interests	-72	-49	47.1%
Profit/(loss) for the year	**18,201**	**12,396**	**46.8%**
% of sales	*8.1%*	*6.9%*	

Profit before taxes (EBT)	**20,538**	**13,456**
PPA amortisation	8,314	5,916
Extraordinary income and expenses	2,669	12,221
Gains and losses on unrealised exchange rates	-659	-1,511
Mediobanca loan fees		951
Warrants at market value	-5,739	3,275
Adjusted Profit before taxes (EBT_ADJ)	**25,121**	**34,308**
Adjusted Income taxes (**)	3,936	6,820
Profit/(loss) attributable to minority interests	-72	-49
Adjusted Net Result	**21,257**	**27,536**

(*) The Revenue shown here differs from the amount shown in the accounting schedules in the notes because of a different classification of certain accounts.

(**) The comparative figure has been restated to take into account the different tax treatment of the warrants following the Revenue Agency's tax ruling no. 90/2023.

The figures for 2022 have been adjusted to exclude certain extraordinary items, reclassified below EBIT and mainly consisting of the costs that Antares Vision Group incurred for extraordinary transactions.

2022 closed with revenues (Euro 223.5 million) up by 24.9% compared with the previous year (Euro 179.0 million) in line with the guidance provided to the financial community. This result (affected for 4.6% by the change in perimeter) demonstrates how Antares Vision Group has managed to continue its growth path despite the numerous challenges, thanks to its business vision and in line with consumption trends.

The excellent result in terms of turnover confirms the growth trend and the excellent delivery capacity of the Group, which in the second half of the year generated revenue of almost Euro 140 million (of which 90 million in the last quarter of the year) with growth of over 60% compared with the first half of 2022 and more than 34% compared with the second half of 2021.

The result is even more significant if we consider the shortage of electronic components which led to the postponement of deliveries of original Inspection and Track & Trace equipment and a slowdown in the implementation of traceability solutions in Brazil (due to a change in the regulatory framework that no longer makes serialisation and aggregation obligatory, but leaves freedom of choice).

As regards the evolution of revenue on a geographical basis, the largest contribution, both in absolute terms (Euro 90.1 million compared with Euro 61.8 million) and in terms of growth (+45.8%) were produced by the Americas, driven by the United States (Euro 74.0 million, +62.7%), where the second phase of the rules on business combinations are expected to come into force in November 2023. This trend more than compensated for the slowdown in the implementation of track & trace solutions in Brazil (Euro 11.3 million, -11.2%), due to a regulatory change that provides for freedom of choice in the implementation of serialisation and aggregation.

Europe (excluding Italy which turned in +4.9%), driven by the eastern part, shows a recovery (Euro 64.6 million compared with Euro 54.6 million in 2022), with an increase of 18.4%, after the decline recorded last year, due to a sharp reduction in sales in Eastern Europe.

Africa and the Middle East also recorded strong increases (+89.4%), in contrast to Asia (particularly China) which fell by -23.2% following the anti-Covid restrictions which lasted for most of 2022.

REVENUE BY GEOGRAPHICAL AREA – FY 2022 vs FY 2021 (Euro m)					
Geographic area	**FY2022**	**%**	**FY 2021**	**%**	**Change %**
Italy	33.6	15%	32.0	18%	4.9%
Europe	64.6	29%	54.6	30%	18.4%
North & South America	90.1	40%	61.8	35%	45.8%
Asia and Oceania	15.5	7%	20.2	11%	-23.2%
Africa and the Middle East	19.8	9%	10.4	6%	89.4%
Total	**223.5**	**100%**	**178.9**	**100%**	**24.9%**

Integration continues of all the “**Technological solutions**” present in the Group to offer a complete and distinctive ecosystem, available to all business areas. The Technological Solutions of Antares Vision Group (Inspection, Track & Trace and Smart Data) have shown significant growth in 2022. In particular, worth highlighting is the strong growth achieved by Inspection: in the fourth quarter of 2022 it posted an increase of 28%, bringing growth for the year to 8.9% versus -1.3% in the first 9 months of 2022; at the same time, there continues to be very strong growth by Smart Data: in 2022 it increased by 182.1%, along with +16.6% by Track & Trace.

REVENUES BY TECHNOLOGICAL SOLUTIONS - FY 2022 vs FY 2021 (Euro m)

Life Sciences	FY2022	%	FY 2021	%	Change %
Inspection	28.8	21%	28.2	25%	2.2%
Track and Trace	81.3	59%	70.9	64%	14.6%
Smart Data	27.9	20%	12.0	11%	132.1%
Total Life Sciences	**138.0**	**100%**	**111.2**	**100%**	**24.1%**

FMCG	FY2022	%	FY 2021	%	Change %
Inspection	70.1	82%	62.60	92%	12.0%
Track and Trace	6.1	7%	4.00	6%	51.9%
Smart Data	9.2	11%	1.20	2%	701.7%
Total FMCG	**85.5**	**100%**	**67.8%**	**100%**	**26.1%**

Antares Vision Group	FY2022	%	FY 2021	%	Change %
Inspection	99.0	44%	90.8	51%	8.9%
Track and Trace	87.4	39%	74.9	42%	16.6%
Smart Data	37.1	17%	13.2	7%	182.1%
Total Antares Vision Group	**223.5**	**100%**	**178.9**	**100%**	**24.9%**

At a "**Business model**" level, in the full year 2022 considerable growth has again been achieved by Services and SaaS/Smart Data (respectively +48.8% and +81.2%). These results confirm the positioning of Antares Vision Group in data management through digitalization and, more generally, in the generation of recurring revenue and higher margins. This is the result of Antares Vision Group's strategy of developing more and more "intangible" business models, which are easier to scale up.

In fact, Life Cycle Services and SaaS/Smart Data represent 41% of total turnover in 2022 with an overall growth of +66%. In 2021, the same types of revenue accounted for 31% of turnover. Another aspect worth highlighting is the rapid turnaround in equipment: in the fourth quarter of 2022 it recorded an increase of over 45%, bringing annual growth to 6.4% compared with -11.8% in the first 9 months of 2022.

REVENUES BY BUSINESS MODEL - FY 2022 vs. FY 2021 (Euro m)					
Life Sciences	**FY2022**	**%**	**FY 2021**	**%**	**Change %**
Life Cycle Services	19.7	14%	15.6	14%	25.7%
SaaS/Smart Data	48.0	35%	27.2	24%	76.7%
Recurring Business	**67.6**	**49%**	**42.8**	**39%**	**58.1%**
Equipment	70.3	51%	68.4	61%	2.9%
Total Life Sciences	**138.0**	**100%**	**111.2**	**100%**	**24.1%**

FMCG	**FY2022**	**%**	**FY 2021**	**%**	**Change %**
Life Cycle Services	19.2	22%	10.5	15%	83.4%
SaaS/Smart Data	5.4	6%	2.3	3%	135.6%
Recurring Business	**24.6**	**29%**	**12.8**	**19%**	**92.7%**
Equipment	60.9	71%	55.0	81%	10.7%
Total FMCG	**85.5**	**100%**	**67.8**	**100%**	**26.1%**

Antares Vision Group	**FY2022**	**%**	**FY 2021**	**%**	**Change %**
Life Cycle Services	38.9	17%	26.1	15%	48.8%
SaaS/Smart Data	53.4	24%	29.5	16%	81.2%
Recurring Business	**92.2**	**41%**	**55.6**	**31%**	**66.0%**
Equipment	131.2	59%	123.4	69%	6.4%
Total Antares Vision Group	**223.5**	**100%**	**178.9**	**100%**	**24.9%**

Positive results have also been achieved in terms of cost of goods sold (**COGS**, Euro 53.2 million, equal to 23.8% of revenue, compared with Euro 42.1 million, equal to 23.5% of revenue, in 2021) and consequently at the level of gross operating margin (Euro 176.1 million compared with Euro 143.0 million in 2021), in line with the Group's expectations. This was possible thanks to the successful measures taken to manage the supply shortages and the consequent inflation in the cost of electronic components.

To manage possible cost increases and lack of availability of electronic components, the Group i) made an early start on searching for new and alternative sources of supply, ii) started and completed the re-engineering of certain products in order to reduce the quantity of electronic components, iii) has well absorbed the increase in costs thanks to the reduced incidence of these components on total costs and iv) has been and will be able to pass on inflation on components to customers. In any case, possible delays in the delivery of components required more careful planning of production in order to avoid or manage potential delays in deliveries. From a logistical point of view, the cost impacts have been partially mitigated as transport costs are borne by customers in the majority of cases. In any case, greater attention is being paid to planning shipments following the saturation of logistics chains.

These positive results were more than neutralized, however, by the growing complications on the Russian market (which led to a reduction in EBITDA of approximately 5% compared with the guidance) and by a growth in overheads and personnel beyond expectations (with an impact of another 5%). , As regards the current scenario in Eastern Europe, the conflict between Russia and Ukraine has resulted in a severe blow to the recovery and brought the global economy onto a path of slower growth expectations and rising inflation. For some time now, the Russian market has been an area of great interest for the implementation of the Group's tracking solutions, especially in the beverage sector. In this context, it is undeniable that the conflict represents an element of concern, above all because the outcomes and consequences of the crisis that this conflict is causing, both on the fate of the world economy and on the Antares Vision Group's business, are still unclear. In 2022, the margins of the Russian subsidiary were heavily penalised and resulted in an impact on consolidated EBITDA of approximately 5% compared with the guidance.

Personnel and overheads were undoubtedly hit by inflationary pressures, which the Antares Vision Group only partially managed to limit during the year, as the cost containment actions launched in the second half of 2022 required more time and turned out to be more complex than we had initially assumed. We therefore launched an organisational and strategic review in order to make the Group more efficient.

The adjusted gross profit **(EBITDA)** amounts to Euro 40.6 million compared with Euro 43.5 million recorded in 2021 (-6.6%), equal to 18.2% of sales (24.3% in 2021).

The adjusted operating profit (**EBIT**) is equal to Euro 28.3 million compared with Euro 35.7 million in 2021, equal to 12.7% of sales (20.0% in 2021). This result reflects higher amortisation and depreciation following capitalisation of development costs and rights of use for the various company locations, as well as higher provisions of a prudential nature for credit risks.

The financial component (positive for Euro 3.2 million) benefits from a positive balance of gains and losses on unrealised exchange rates of Euro 0.7 million, from the fair value measurement of derivatives for Euro 0.8 million, from the recognition of Euro 5.7 million of income deriving from the fair value measurement of the warrants.

All of this, associated with the extraordinary items (Euro 2.7 million) and the effect of the PPAs (Euro 8.3 million) led to a profit before taxes (EBT) of Euro 20.5 million and a profit for the year of Euro 18.2 million.

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

- the extraordinary items,
- the effect of the warrants,
- the effect of the PPAs,
- unrealised exchange differences

which, net of the theoretical tax effect, made it possible to determine an **Adjusted Net Result** of Euro 21.3 million, compared with the figure of Euro 27.5 million in 2021 (balance restated to take into consideration the tax relevance of the warrants following the response to the tax ruling No. 90/2023 of the Revenue Agency which clarifies their tax treatment).

Revenue exposure to the Russian market

Revenue generated in 2022 from sales in Russia amounted to Euro 6.8 million, approximately 3.0% of the total (much like in 2021 when they accounted for 2.9%), achieved mostly by Antares Vision Russia to complete existing contracts.

As regards the current scenario in Eastern Europe, the conflict between Russia and Ukraine has resulted in a severe blow to the recovery and brought the global economy onto a path of slower growth expectations and rising inflation. For some time now, the Russian market has been an area of great interest for the implementation of the Group's tracking solutions, especially in the beverage sector. In this context, it is undeniable that the conflict represents an element of concern, above all because the outcomes and consequences of the crisis that this conflict is causing, both on the fate of the world economy and on the Antares Vision Group's business, are still unclear. In 2022, the margins of the Russian subsidiary were heavily penalised and resulted in an impact on consolidated EBITDA of approximately 5% (negative for Euro 2.2 million) compared with the guidance.

Main consolidated balance sheet figures

The statement of financial position is set out below, reclassified by sources and applications as at 31 December 2022 and 31 December 2021 (in thousands of Euro).

Antares Vision Group Consolidated statement of financial position (€/000)	31 December 2022	31 December 2021	Difference %
Property	31,182	23,552	32.4%
Financial assets	9,707	7,342	32.2%
Tangible fixed assets, net	3,571	2,986	19.6%
Intangible fixed assets, net	238,057	214,072	11.2%
Total fixed assets	**282,517**	**247,952**	**13.9%**
% of net invested capital	*75.1%*	*82.7%*	
Raw materials	33,814	26,317	28.5%
Work in progress	7,546	6,411	17.7%
Finished products	6,943	4,848	43.2%
Total inventories	**48,303**	**37,575**	**28.6%**
Trade receivables	113,969	63,932	78.3%
Trade payables	-23,140	-18,675	23.9%
Advances from customers	-30,292	-20,283	49.3%
Net trade working capital	**108,840**	**62,550**	**74.0%**
% of net invested capital	*28.9%*	*20.9%*	
Other current assets	29,274	26,531	10.3%
Other current liabilities	-32,355	-25,391	27.4%
Net working capital	**105,759**	**63,691**	**66.1%**
% of net invested capital	*28.1%*	*21.2%*	
TFR	-7,799	-8,634	-9.7%
Provisions	-1,231	-965	27.6%
Write-downs	-3,240	-2,148	50.8%
Net invested capital	**376,007**	**299,896**	**25.4%**
% of net invested capital	*100.0%*	*100.0%*	
Net capital	308,851	272,399	13.4%
Net capital	**308,851**	**272,399**	**13.4%**
% of total sources of funds	*82.1%*	*90.8%*	
Net long-term financial payables (*)	150,961	145,418	3.8%
Bank loans	131,036	126,871	3.3%
Lease liabilities (current portion)	16,683	11,059	50.9%
Other loans (non-current)	3,242	7,488	-56.7%
Cash and cash equivalents (*)	-83,805	-117,921	-28.9%
Net financial debt	**67,156**	**27,497**	**144.2%**
% of total sources of funds	*17.9%*	*9.2%*	
Total sources of funding	**376,007**	**299,896**	**25.4%**
% of total sources of funds	*100.0%*	*100.0%*	

(*) Balances net of the amounts not yet redeemed by the previous shareholders of rfxcel following the company's sale to Antares Vision Group. In the consolidated financial statements, these amounts are shown for Euro 11,087 thousand in cash and cash equivalents with a corresponding payable as the contra-entry.

Total fixed assets (Euro 282.5 million) show a significant increase (+13.9%), mainly influenced by:

- the inclusion of ACSIS in the scope of consolidation, which took place in February 2022 and generated a difference between the price paid and the shareholders' equity of the company acquired of US$ 13 million (Euro 11.4 million at the exchange rate on the date of acquisition); the PPA carried out during the first half of 2022 resulted in the allocation of the difference of US$ 4.1 million (Euro 3.6 million) to Technologies, US$ 3.1 million (Euro 2.7 million) to the Customer List, offset by the related provision for deferred taxes of US$ 2 million dollars (Euro 1.7 million at the local tax rate of 27%) and a residual value of Goodwill of US$ 7.7 million (Euro 6.8 million)[1];
- the inclusion of Pakital in the scope of consolidation on 31 July 2022, which generated a difference between the price paid and the shareholders' equity of the company acquired of Euro 2.6 million; the PPA involved allocating this difference to Technologies for Euro 353 thousand and to the Customer List for Euro 401 thousand, offset by the provision for deferred taxes of Euro 210 thousand, leaving a residual value of Goodwill of Euro 2 million;
- the exchange rate effect on goodwill already recognized as at 31 December 2021 which resulted in an increase of Euro 5.1 million;
- increases in tangible fixed assets relating to Euro 0.7 million for advances for investments in machinery, for Euro 0.4 million to advances paid by the Parent Company for the purchase of land in the municipality of Sorbolo Mezzani and for Euro 3.8 million upon completion of the extraordinary maintenance and expansion works on the building where the parent company's registered office is located (bought under finance leases);
- the exercise of the option to purchase a further stake in Siempharma S.r.l., raising the interest from 30% to 45% with a cash outlay of Euro 1,500 thousand;
- the increase in capital of Optwo S.r.l. subscribed for Euro 1 million (for a share of 24.9%);
- the investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- investments in intangible fixed assets, mainly for development costs (Euro 12.3 million as higher capitalisations, of which Euro 3.2 million classified under intangible fixed assets in progress because they are linked to projects not yet completed, and Euro 117.6 thousand as exchange rate effect) partially

[1] *At the exchange rate ruling on 31 December 2022, Technologies are worth Euro 3.9 million, the Customer List Euro 2.9 million, the provision for deferred taxes Euro 1.8 million and the residual value allocated to goodwill Euro 7.2 million.*

offset by the increase in accumulated depreciation (fuelled by depreciation for the period for Euro 5.9 million and by the negative exchange effect for Euro 22.3 thousand), and for digital transformation projects (Euro 1.7 million), first of all the introduction of the new ERP and the new PLM, still in progress and therefore not yet subject to amortisation;

- recognition of the new long-term rental contracts according to IFRS 16 for Euro 3.4 million under right-of-use assets.

Note that with reference to the year end ("Reference Date"), the Board of Directors of Antares Vision Group 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 Group, in accordance with IAS 36.

The scope of analysis includes all intangible assets with an indefinite useful life recorded in Antares Vision Group's consolidated financial statements. The main assumptions used in carrying out the impairment test are reported below.

The Directors took the approach that all of the assets being analysed constituted a single CGU. The relevant grouping for control therefore includes all of the net operating assets in the consolidated financial statements.

The recoverable amount 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”).

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

- the three-year explicit forecast period of the Business Plan 2023-2025;
- 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. For 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, while we took the theoretical tax rate in force in Italy for the estimate of income taxes.

The reference parameters have also been updated to take into consideration the new dynamics and macroeconomic conditions. In particular i) the expected cash flows which incorporate the changed market prospects and ii) higher discount rates and risk premiums 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 2022 the recoverable value of the group of assets under review is significantly higher than its 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 impairment.

Net working capital has increased by 66.1%, mainly because of the concentration of a considerable portion of turnover in the latter part of the year (as mentioned previously), which led to a significant increase in trade receivables, not completely offset by the increase in payables to suppliers and advances from customers. In addition, there has been i) an increase in inventories (which is higher than normal levels to deal with shortages of electronic components) ii) allocations of deferred tax assets and liabilities to the various accounting items and, to a lesser extent, iii) the working capital of ACSIS from the date of inclusion in the scope of consolidation.

Provisions have increased by Euro 523 thousand. Contributing to this result are i) a reduction of Euro 835 thousand (-9.7%) in the severance indemnity provision (accounted for in accordance with IAS 19 – Employee benefits) influenced by the economic assumptions associated with the current macroeconomic scenario, and ii) higher allocations to the product warranty fund (Euro 125 thousand), the provision for agents' severance indemnity (Euro 123 thousand) and the risk provision for disputes in progress (Euro 18 thousand). Write-downs include the provision for doubtful accounts which was increased by Euro 1,092 thousand in accordance with IFRS 9.

Shareholders' equity amounts to Euro 308.9 million, up by 13.4% compared with 31 December 2021, influenced by the result for the period (not adjusted for extraordinary items) of Euro 18.2 million. Other reserves have been affected by the application of IAS 19 - Employee Benefits (Euro 2 million due to the significant increase in the discount rate linked to the economic assumptions of the current macroeconomic scenario) and the accounting treatment of hedging derivatives (Euro 5.2 million). Accounting for the Stock Option Plans resulted in an increase in shareholders' equity of Euro 791 thousand. Please refer to the statement of changes in shareholders' equity, included in the notes, for a more detailed discussion of the changes that have affected shareholders' equity.

Main consolidated financial figures

The following is the consolidated net financial position at 31 December 2022 compared with 31 December 2021 (in Euro thousand). The statement reflects the provisions of the ESMA32-382-1138 guideline on disclosure obligations, aimed at greater uniformity of disclosure obligations at European level.

Antares Vision Group Net financial position ('000,€)		31/12/2022	31/12/2021
Cash at banks		*49,903*	*77,887*
Cash on hand		*107*	*445*
Cash and banks	A	50,010	78,332
Cash equivalents	B	-	-
Other financial assets	C	26,827	40,147
Cash and financial assets	**D=A+B+C**	**76,837**	**118,479**
Current lease liabilities		*-3,508*	*-1,683*
Other payables of a financial nature	(*)	-	*-460*
Current financial debt *(including debt instruments, but excluding the current portion of non-current financial debt)*	E	-3,508	-2,143
Current portion of non-current financial debt	F	-8,361	-5,747
Current financial debt	**G=E+F**	**-11,870**	**-7,890**
Net current financial debt	**H=G-D**	**64,967**	**110,589**
Non-current loans and borrowings		*-124,169*	*-120,664*
Non-current lease liabilities		*-13,175*	*-9,376*
Financial liability of warrants (fair value measurement)		*-1,747*	*-7,486*
Non-current financial payables	I	-139,091	-137,527
Debt instruments including negative derivative instruments	J	-162	-565
Non-current financial debt	**L=I+J+K**	**-139,254**	**-138,092**
Net financial position (**)	**M=H+L**	**-74,286**	**-27,503**

(*) At 31 December 2021 the item included the payable recorded for the price adjustment relating to the acquisition of Pen-tec and Tecnel, which was paid in April 2022
(**) The difference with respect to the Net financial position shown in the section on Capital management of the Explanatory Notes is due to a different classification of company credit cards

Furthermore, it is also considered appropriate to show the financial position including derivatives receivable, which is not envisaged by the ESMA guideline 32-382-1138, but net of the fair value of the warrants ("Adjusted Net Financial Position").

Antares Vision Group Adjusted net financial position ('000,€)		31/12/2022	31/12/2021
Net financial position		**-74,286**	**-27,503**
Positive derivatives (***)		7,130	
	(****)	**-67,156**	**-27,504**
Warrant *fair value*		1,747	7,486
Adjusted net financial position		**-65,409**	**-20,017**

(***) ESMA guideline 32-382-1138 does not provide for the inclusion of derivatives receivable in the Net Financial Position, contrary to what happens for derivatives payable
(****) The difference at 31 December 2021 compared with what is shown in the reclassified Statement of Financial Position is due to the price adjustment relating to the acquisition of Pen-Tec and Tecnel. This adjustment was paid in April 2022

The net financial position is negative for Euro 74,286 thousand compared with a negative balance of Euro 27,503 thousand at 31 December 2021. The Adjusted Net Financial Position, i.e. including derivatives receivable but without the effect of measuring the warrants at market value (which will never correspond to an actual cash outflow), is negative for Euro 65,409 thousand (negative for Euro 20,017 thousand at 31 December 2021).

The change in the adjusted net financial position compared with the same period last year is mainly influenced by:

- a positive EBITDA of Euro 40,610 thousand;
- a negative change in net working capital of Euro 42.1 million, for the reasons mentioned above;
- acquisitions of the following companies:
    - ACSIS Inc. ("**ACSIS**") which took place on 18 February 2022 through rfxcel Corp. ("**rfxcel**")[2] for an Enterprise Value of US$ 12 million (Euro 10.6 million at the exchange rate on the date of acquisition, including a shareholder loan for US$ 8.8 million (Euro 7.7 million) acquired from rfxcel), in addition to net cash of US$ 3 million (Euro 2.6 million). The acquisition took place using available financial resources which, for the completion of the transaction, were channelled into rfxcel through an increase in capital of US$ 15 million dollars from the Parent Company to Antares Vision Inc. ("**AVUS**") and subsequently from AVUS to rfxcel. Following the price adjustment formalised in April 2022, the carrying amount of the investment is equal to US$ 6.3 million (Euro 6.0 million at the exchange rate ruling on 30 June 2022). During the first half of 2022, the Purchase Price Allocation was carried out, the results of which are described in detail in the Business Combinations section of the notes;
    - Packital and Ingg. Vescovini (by FT System) for a total Enterprise Value of Euro 3.5 million. Available financial resources were used to complete the transaction;
    - Wavision (again by FT System which acquired 60% of the share capital), a company created by the Turin Polytechnic which is active in the design and marketing of inspection sensors using microwave technology. The deal was completed in cash, with a total outlay of Euro 214 thousand;
- investments in minority shareholdings:
    - the increase in share of Optwo S.r.l. subscribed for Euro 1 million (including the share premium, for a 24.9% stake) by the Parent Company in July 2022;

[2] *Amount net of debt-like items related to the acquisition for US$ 0.5 million.*

    - the exercise of the option to purchase a further interest in Siempharma S.r.l., a stake which therefore rose from 30% to 45% with a cash outlay of Euro 1,500 thousand;
    - investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- investments in tangible fixed assets relating for Euro 0.7 million to advances for investments in machinery, for Euro 0.4 million to advances paid by the Parent Company for the purchase of land in the municipality of Sorbolo Mezzani and for Euro 3.8 million upon completion of the extraordinary maintenance and expansion works on the building where the parent company's registered office is located (bought under finance leases);
- investments in intangible fixed assets, mainly for development costs (Euro 12.3 million due to higher capitalisations, of which Euro 3.2 million classified under intangible fixed assets in progress because they are linked to projects not yet completed), and for digital transformation (Euro 1.7 million), first of all the introduction of the new ERP and the new PLM, still in progress and therefore not yet subject to amortisation;
- capitalisation of the new lease and rental contracts according to IFRS 16 for Euro 3.4 million, recorded under right-of-use assets.
- the fair value measurement of available-for-sale financial assets (negative overall for Euro 475 thousand, of which pertaining to the Parent Company for Euro 216 thousand and pertaining to FT System for Euro 259 thousand);
- the payment of mortgage interest for an equivalent post-hedging amount of Euro 2.7 million (Euro 2.3 million, net of the derivatives).

Among the events that took place during the year which had a neutral effect on the net financial position, the following are worth noting:

- payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank. This transaction formed part of a broader debt refinancing strategy initiated during the second half of 2021 that involved taking out new bank loans with an average duration of 6.4 years, a fixed average post-hedging cost of around 2.0% and without significant principal repayments for the next four years. Antares Vision Group is required to comply with financial covenants in line with market practice and there is full compliance at the date of preparation of this document;

- payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third SAL of the Smart Ward Platform R&D project ("**SWP**"). On the occasion of the previous SALs, the Parent Company had already received Euro 3.3 million as a subsidised loan and Euro 0.4 million in the form of a bank loan;
- payment of the price adjustments linked to the acquisition of Pen-tec which took place in April 2022 for Euro 460 thousand and recorded under other payables of a financial nature at 31 December 2021;

Main income statement figures of the Parent Company

The Parent Company's income statement at 31 December 2022 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 31 December 2021 (in thousands of Euro).

ANTARES VISION S.P.A. Income Statement ('000,€)	FY2022	FY 2021	Difference %
Revenue (*)	78,125	81,870	-4.6%
Capitalisation of development costs	4,781	5,602	-14.7%
Operating grants	820	1,930	-57.5%
Tax credit	793	515	53.9%
Value of production	**84,519**	**89,917**	**-6.0%**
Changes in inventories of raw materials and finished goods	-4,219	6,338	-166.6%
Purchases of materials	25,995	17,152	51.6%
Changes in inventories of work in progress	-549	-2,174	-74.7%
Cost of sales	**21,227**	**21,316**	**-0.4%**
% of sales	*27.2%*	*26.0%*	
Commissions	2,248	2,659	-15.5%
Installation costs	1,354	968	39.9%
Gross Operating Margin	**59,691**	**64,974**	**-8.1%**
% of sales	*76.4%*	*79.4%*	
Leases and rentals	469	549	-14.5%
Operating costs	153	119	28.7%
Service costs	27,017	23,032	17.3%
Value added	**32,051**	**41,274**	**-22.3%**
% of sales	*41.0%*	*50.4%*	
Labour	33,416	28,284	18.1%
Employees	29,070	24,459	18.8%
Collaborators	4,347	3,825	13.6%
Adjusted Gross Operating Margin (EBITDA)	**-1,365**	**12,991**	**-110.5%**
% of sales	*-1.7%*	*15.9%*	
Write-down of receivables	812	347	134.2%
Amortisation and depreciation	4,934	3,994	23.5%
Intangible assets	4,025	3,368	19.5%
Tangible fixed assets	909	626	45.3%
Adjusted Operating Result (EBIT)	**-7,111**	**8,650**	**-182.2%**
% of sales	*-9.1%*	*10.6%*	
Financial income and charges	-3,231	4,867	-166.4%
Net interest, fees and commissions	3,339	2,095	59.4%
Unrealised foreign exchange gains and losses	-48	-120	-59.7%
Write-ups	-782	-383	103.9%
Warrants at market value	-5,739	3,275	-275.2%
Extraordinary income and expenses	772	5,636	-86.3%
Profit before taxes (EBT)	**-4,652**	**-1,853**	**151.1%**
% of sales	*-6.0%*	*-2.3%*	
Income taxes	-856	-1,572	-45.5%
Profit/(loss) for the year	**-3,796**	**-280**	**1253.5%**
% of sales	*-4.9%*	*-0.3%*	

Profit before taxes (EBT)	**-4,652**	**-1,853**
Extraordinary income and expenses	772	5,636
Unrealised foreign exchange gains and losses	-48	-120
Mediobanca loan fees		951
Warrants at market value	-5,739	3,275
Adjusted profit before taxes (EBT_ADJ)	**-9,668**	**7,890**
Adjusted income taxes (**)	-2,030	986
Adjusted profit/(loss) for the year	**-7,638**	**6,904**

(*) The Revenue shown here differs from the amount shown in the accounting schedules in the notes because of a different classification of certain accounts.
(**) The comparative figure has been restated to take into account the different tax treatment of the warrants following the Revenue Agency's tax ruling no. 90/2023.

Income statement results

2022 closed with a value of production of Euro 84.5 million, down by 6% compared with the previous year (Euro 89.9 million), following the trend in revenue, which saw a partial transfer of the business to subsidiaries of the Parent Company, and lower amounts of capitalisations and grants/tax credits for development activities.

The gross operating margin and value added, of 59.7 million euro and 32.1 million euro respectively, have been penalised as a result and are down by 8.1% and 22.3%, with a incidence on turnover of 76.4% and 41.0% respectively, compared with 79.4% and 50.4% in 2021.

The adjusted gross operating margin (EBITDA) has taken on a negative value of Euro 1.4 million, penalised by an 18.1% increase in labour costs.

The adjusted operating result (EBIT) was negative for Euro 7.1 million due to the higher amortisation and depreciation linked to the capitalisation of development costs and rights of use (IFRS 16), which compares with a positive figure of Euro 8.7 million last year.

The figures are shown without some extraordinary items that have been reclassified below EBIT.

The balance of financial income and charges is positive and comes to Euro 3.2 million. This item has been influenced for Euro 5.7 million by the fair value measurement of the warrants issued in 2019 and accounted for in accordance with IAS 32, the positive effects of unrealised exchange differences for Euro 48 thousand and of derivatives for Euro 782 thousand.

So to provide a clearer view of the Net Result, steps have been taken to normalise it (net of the theoretical tax effects): 1) extraordinary items for Euro 772 thousand, 2) the positive effect of the warrants for Euro 5,739 thousand, and 3) unrealised exchange gains for Euro 48 thousand. Excluding these extraordinary items, the adjusted net result was negative for Euro 7,638 thousand, compared with a positive result of Euro 6,904 thousand in 2021.

As regards Income taxes, in 2022 the Company benefited from a positive tax effect of Euro 856 thousand deriving from the deferred tax assets recognized on the tax loss.

The pre-tax result and the net result amounted to Euro -4,652 thousand and Euro -3,796 thousand, respectively. It is important to note that the performance of Antares Vision has been impacted by the evolution of the Group, which is increasingly based on investee companies that generate their own turnover and profitability, indeed the results are very positive at a consolidated level.

Main financial figures of the Parent Company

The statement of financial position is set out below, reclassified by sources and applications as at 31 December 2022 and 31 December 2021 (in thousands of Euro).

ANTARES VISION S.P.A. Statement of financial position (Euro/000)	31 December 2022	31 December 2021	Difference %
Property	18,568	13,086	41.9%
Financial assets	254,057	237,331	7.0%
Tangible fixed assets, net	489	527	-7.1%
Intangible fixed assets, net	15,345	11,977	28.1%
Total fixed assets	**288,460**	**262,921**	**9.7%**
% of net invested capital	*86.9%*	*89.1%*	
Raw materials	19,598	18,201	7.7%
Work in progress	2,862	2,552	12.1%
Finished products	3,275	522	527.9%
Total inventories	**25,735**	**21,275**	**21.0%**
Trade receivables	58,733	39,909	47.2%
Trade payables	-24,588	-18,290	34.4%
Advances from customers	-7,853	-5,909	32.9%
Net trade working capital	**52,027**	**36,986**	**40.7%**
% of net invested capital	*15.7%*	*12.5%*	
Other current assets	12,078	14,374	-22.3%
Other current liabilities	-14,515	-12,405	9.6%
Net working capital	**49,590**	**38,956**	**27.3%**
% of net invested capital	*14.9%*	*13.2%*	
TFR	-4,928	-5,889	-16.3%
Provisions	-509	-373	36.6%
Write-downs	-656	-475	38.1%
Net invested capital	**331,958**	**295,140**	**12.5%**
% of net invested capital	*100.0%*	*100.0%*	
Net capital	253,541	249,891	1.5%
Net capital	**253,541**	**249,891**	**1.5%**
% of total sources of funds	*76.4%*	*84.7%*	
% of total sources of funds	*76.4%*	*84.7%*	
Net long-term financial payables	123,256	121,228	1.7%
Bank loans	130,804	125,578	4.2%
Lease liabilities (current portion)	10,749	6,856	56.8%
Loans to parent/subsidiary companies	-20,044	-18,693	7.2%
Other loans (non-current)	1,747	7,486	-76.7%
Cash and cash equivalents	-44,839	-75,979	-41.0%
Net financial debt	**78,416**	**45,249**	**73.3%**
% of total sources of funds	*23.6%*	*15.3%*	
Total sources of funding	**331,957**	**295,140**	**12.5%**
% of total sources of funds	*100.0%*	*100.0%*	

Total fixed assets show a significant increase (+9.7%) as the result of:

- the increase in capital of $15 million that the Parent Company carried out in Antares Vision Inc. (“**AVUS**”), to provide rfxcel with the financial resources needed to complete the acquisition of ACSIS Inc. (“**ACSIS**”), following a subsequent increase in capital of the same amount by the US holding company;
- the exercise of the option to purchase a further stake in Siempharma S.r.l., raising the interest from 30% to 45% with a cash outlay of Euro 1,500 thousand;
- the increase in capital of Optwo S.r.l. subscribed for Euro 1 million (for a share of 24.9%).
- the investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- investments in intangible fixed assets, mainly for development costs (Euro 5.3 million as higher capitalisations, of which Euro 2.6 million already subject to amortisation and Euro 2.7 million linked to projects not yet completed and therefore classified as fixed assets in process of formation) and for digital transformation projects (Euro 1.7 million), first of all the introduction of the new ERP and the new PLM, still in progress and therefore not yet subject to amortisation);
- recognition of the new long-term rental contracts according to IFRS 16 for Euro 1 million under right-of-use assets.
- increases in tangible fixed assets relating to Euro 0.7 million for advances for investments in machinery, for Euro 0.4 million to advances paid by the Parent Company for the purchase of land in the municipality of Sorbolo Mezzani and for Euro 3.8 million upon completion of the extraordinary maintenance and expansion works on the building where the parent company's registered office is located (bought under finance leases);

partially offset by the increases in accumulated depreciation and amortisation.

Note that with reference to the year end ("Reference Date"), IAS 36, applicable to investments in subsidiaries, associates and joint ventures (IAS 27 “Consolidated and Separate Financial Statements”, IAS 28 ”Investments in Associates” and IAS 31 “Investments in Joint Venture”) recognised in the financial statements of Antares Vision, requires that impairment tests be conducted on assets or groups of assets (in this case, the investments held by the Company). The Company therefore has to estimate the recoverable amount of the assets or group of assets. The analysis is based on an estimate of the fair value determined by applying the market multiplier method which can be inferred from the market capitalisation of the Antares Vision stock. The multipliers used (EV/EBITDA and P/E) were calculated on the basis of the 2023 budget figures and the average capitalisation over the 120 trading days prior to 2 February 2023. The analyses show that the recoverable amount of the equity investments is considerably higher than their carrying amount, so no write-down is necessary.

Net working capital recorded an increase of 27.3%, mainly linked to the higher value of inventories and trade receivables, continuing the same dynamics at Group level described above.

Provisions have increased due to the usual accruals for the period (+12.5%).

Shareholders' equity amounts to Euro 253,541 thousand, an increase of 1.5% compared with 31 December 2021, reflecting the result for the period (not adjusted for extraordinary items) which was negative for Euro 3.8 million. Other reserves have been affected by the application of IAS 19 - Employee Benefits (Euro 2 million due to the significant increase in the discount rate linked to the economic assumptions of the current macroeconomic scenario) and the accounting treatment of hedging derivatives (Euro 5.2 million). Accounting for the Stock Option Plans resulted in an increase in shareholders' equity of Euro 791 thousand. Please refer to the statement of changes in shareholders' equity, included in the notes, for a more detailed discussion of the changes that have affected shareholders' equity

Main financial figures of the Parent Company

The following is the net financial position of the Parent Company at 31 December 2022 compared with 31 December 2021 (in thousands of euro). The statement reflects the provisions of the ESMA32-382-1138 guideline on disclosure obligations, aimed at greater uniformity of disclosure obligations at European level.

ANTARES VISION S.P.A. **Net financial position ('000,€)**		**31/12/2022**	**31/12/2021**
Cash at banks		*11,001*	*42,421*
Cash on hand		*44*	*73*
Cash and banks	A	11,045	42,494
Cash equivalents	B	-	-
Other current financial assets	C	26,827	34,043
Cash and cash equivalents	**D=A+B+C**	**37,872**	**76,537**
Current lease liabilities		*-1,495*	*-574*
Current financial debt *(including debt instruments, but excluding the current portion of non-current financial debt)*	E	-1,495	-574
Current portion of non-current financial debt	F	-6,661	-5,138
Current financial debt	**G=E+F**	**-8,156**	**-5,712**
Net current financial debt	**H=G-D**	**29,716**	**70,825**
Current loans and borrowings		*-125,890*	*-127,927*
Non-current lease liabilities		*-9,254*	*-6,282*
Non-current financial payables	I	-135,144	-134,209
Derivatives payable		*-162*	*-565*
Debt instruments	J	-162	-565
Other non-current payables	K	-	-
Non-current financial debt	**L=I+J+K**	***-135,306***	***-134,774***
Net financial position (*)	**M=H+L**	***-105,590***	***-63,949***

(*) The difference with respect to the Net financial position shown in the section on Capital management of the notes is due to a different classification of company credit cards and derivatives receivable.

It is also considered appropriate to show the financial position including non-current financial receivables and derivatives receivable, not permitted by ESMA guidelines 32-382-1138, but without the fair value of the warrants as this is a non-monetary item which will not correspond to an actual cash outflow ("Adjusted Net Financial Position").

ANTARES VISION S.P.A. **Adjusted net financial position ('000,€)**		**31/12/2022**	**31/12/2021 (**)**
Net financial position		**-105,590**	**-63,949**
Loans (non-current)	N	20,044	18,690
Derivatives receivable	O	7,130	10
	P=M+N+O	**-78,416**	**-45,249**
Warrant fair value	**Q**	1,747	7,486
Adjusted net financial position	**R=P+Q**	**-76,669**	**-37,762**

(**) Comparative figure restated to give a better classification of derivatives
In fact, the ESMA guideline 32-382-1138 does not provide for the inclusion of derivatives receivable in the Net Financial Position, contrary to what happens for derivatives payable

The net financial position is negative for Euro 105,590 thousand compared with a negative balance of Euro 63,949 thousand at 31 December 2021. The Adjusted Net Financial Position is negative for Euro 76,669 thousand (negative for Euro 37,762 thousand at 31 December 2021).

The change in the adjusted net financial position compared with the same period last year is mainly influenced by:

- Euro 1.4 million of negative EBITDA;
- a negative change in net working capital of Euro 10.6 million, due to the same Group dynamics described above;
- investments in tangible fixed assets, mainly for the purchase of machinery and for the expansion of the registered office for Euro 3.8 million, bought under finance leases;
- investments in intangible fixed assets, mainly for development costs (Euro 5.3 million as higher capitalisations, of which Euro 2.6 million already subject to amortisation and Euro 2.7 million linked to projects not yet completed and therefore classified as fixed assets in process of formation) and for digital transformation projects (Euro 1.7 million), first of all the introduction of the new ERP and the new PLM;
- the increase in capital of US$15 million to Antares Vision Inc. ("**AVUS**") and subsequently from AVUS to rfxcel, to finance the purchase of ACSIS;
- investments in minority shareholdings
  - the increase in capital of Optwo S.r.l. subscribed for Euro 1 million (for a share of 24.9%) in July 2022;
  - the exercise of the option to purchase a further interest in Siempharma S.r.l., a stake which therefore rose from 30% to 45% with a cash outlay of Euro 1,500 thousand;
  - investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- the fair value measurement of financial assets available for sale, negative for Euro 216 thousand;
- the payment of mortgage interest for an equivalent post-hedging amount of Euro 2.7 million (Euro 2.3 million, net of the derivatives).

Among the events that took place during the year which had a neutral effect on the net financial position, the following are worth noting:

- payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank. This transaction formed part of a broader debt refinancing strategy initiated during the second half of 2021 that involved taking out new bank loans with an average duration of 6.4 years, a fixed average post-hedging cost of around 2.0% and without significant principal repayments for the next four years. Antares Vision Group is required to comply with financial covenants in line with market practice and there is full compliance at the date of preparation of this document;
- payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third SAL of the Smart Ward Platform R&D project ("**SWP**"). On the occasion of the previous SALs, the Parent Company had already received Euro 3.3 million as a subsidised loan and Euro 0.4 million in the form of a bank loan.

Significant events

Acquisition of ACSIS Inc.

On 18 February 2022, through rfxcel, Antares Vision Group finalised the acquisition of ACSIS Inc. (“ACSIS”) for an enterprise value of USD 12 million. Founded in 1996, ACSIS offers innovative software solutions and services to companies with complex warehouse, distribution and packaging management. The company offers multinationals software to manage track and trace data, optimise inventory management through their supply chains, and seamlessly manage the integration of information to their ERP systems. For over 20 years, ACSIS has provided solutions and services to several Fortune 1000 manufacturing companies, with complex, regulated procurement chains. The main customers of ACSIS include DuPont, Cintas, BIMBO, Hershey and Coca-Cola. This acquisition will enable Antares Vision to further strengthen its range of end-to-end software solutions for the digitisation of the supply chain, expand its presence in new industries and grow its customer portfolio, which is mainly comprised of multinationals in the Fortune 1000. The acquisition took place using available financial resources which, for the completion of the transaction, were channelled into rfxcel through an increase in capital of US$ 15 million dollars from the Parent Company to AVUS and subsequently from AVUS to rfxcel. The Purchase Price Allocation ("PPA") was carried out during the half-year under review and is explained in greater detail in the notes in the section on Business Combinations.

Approval of the Merger Plan for the absorption of Convel S.r.l. by Antares Vision S.p.A.

On 1 January 2023, the merger of the subsidiary Convel S.r.l., a company specialised in automated inspection in the pharmaceutical industry ("Convel" or "Company being merged"), which was absorbed by Antares Vision S.p.A. (the "Merger"). The merger plan was approved by the two Boards of Directors on 20 June 2022 pursuant to art. 2505, second paragraph, of the Italian Civil Code.

The Merger arose from the need to concentrate in the Parent Company the activities carried out independently by Convel (which already fall within the corporate purpose of Antares Vision S.p.A. and carried on by it), also to rationalise the Group. The objectives that the Group intends to achieve through the merger plan and the corporate reorganisation are: (a) to consolidate production and commercial activities in the field of inspection machines for the pharmaceutical sector; (b) to optimise the management of resources and intra-group economic-financial flows deriving from the activities currently carried on by the individual companies; (c) to allow greater flexibility of internal processes; (d) to hold down operating costs by achieving economies of scale and maximising synergies in the various activities to avoid duplicating or overlapping certain corporate and administrative functions. The Company being merged was directly and wholly owned by Antares Vision S.p.A., so applying the simplified merger procedure pursuant to art. 2505 of the Civil Code, it was not necessary to prepare the explanatory report of the administrative bodies of the company taking part in the Merger (art. 2501-quinques Civil Code) nor the experts' report on the adequacy of the exchange ratio (art. 2501-sexies Civil Code). Furthermore, as no Antares Vision S.p.A. shares are due to the shareholders of Convel, it was not necessary to determine an exchange ratio or the procedures for assigning the shares, nor the date from which these shares will participate in the profits. The merger ends with the cancellation of the share capital of the Company being merged.

Starting from the effective date of the merger, i.e. from 1 January 2023, Antares Vision took over all of the legal relationships - debit and credit - in the name of Convel. There are no particular advantages in favour of the directors of the companies participating in the merger[3].

[3] *It should be noted that Antares Vision and Convel are related parties, the latter being wholly owned by the former. However, pursuant to art. 3.1.g) of the Procedure for Related-Party Transactions applied by Antares Vision and of art.14, paragraph 2, of the Regulations for Related-Party Transactions approved by Consob resolution no. 17221 of 12.3.2010 as subsequently amended, the rules on related-party transactions do not apply, as Convel does not have significant interests in other related parties of the Company. Moreover, Antares Vision has exercised the right to derogate from the disclosure requirements referred to in arts. 70, paragraph 6, and 71, paragraph 1, of the Regulation adopted by Consob with resolution 11971 of 1999 in its current version, so it does not envisage publication of an information document on the merger.*

Establishment of Antares Vision (Thailand) Co., Ltd

Antares Vision (Thailand) Co., Ltd ("**AV Thailand**") was founded in June 2022 with Antares Vision Asia Pacific holding 49% of the share capital. Shareholders' agreements were signed with the two majority partners from which emerges a situation of joint control, so the company has been included in the scope of line-by-line consolidation from 30 June 2022, even if it is still dormant. The purpose of setting up AV Thailand is to strengthen the Group's presence in the local market and ensure greater coverage in terms of technical and commercial support.

Other partnerships

In June 2022, the Parent Company signed important partnership agreements with two foundations, one in the agrifood sector, the other in the biomedical sector, the purposes of which fully reflect Antares Vision's vocation for innovation, research and development and sustainability, contributing to the ever greater economic, technological and scientific competitiveness of our country in the world.

The National Research Centre for Agricultural Technologies - Agritech is a non-profit foundation under private law, created with the aim of giving greater impetus to cutting-edge research in the technological field with particular reference to technologies for agriculture and nutrition in line with the priorities of the European research agenda and with the contents of the National Research Plan.

The Foundation will act as a hub for the Research Programme established by the Ministry of University and Research concerning the presentation of proposals for the strengthening of research structures and creation of "national champions" for R&D on certain Key Enabling Technologies to be funded under the National Recovery and Resilience Plan promoted by the European Union - NextGenerationEU.

The project is based on the use of enabling technologies for the sustainable development of agri-food production, with the aim of favouring adaptation to climate change, reducing the environmental impact in agrifood, the development of marginal areas, safety, traceability and the typical nature of supply chains.

The Antares Vision's participation forms part of an *équipe* of Italian excellence made up of 28 universities, 5 research centres and 17 other companies united by the ambition to combine the best scientific skills to make the Italian agri-food industry more competitive and sustainable.

The National Centre for the Development of Gene Therapy and Drugs using RNA-based Technology carries out research in areas of strategic importance for the country for the production of therapies and the design of procedures for human health, integrating the development of therapies with their targeted administration (known as "precision delivery"). It aims at the creation and renewal of research infrastructures and laboratories, the creation and development of research programmes and activities to favour the birth and growth of entrepreneurial initiatives with a higher technological content (innovative start-ups and spin-offs from research), aimed at enhancing the research results in the specified areas. The Centre focuses its activities in areas of high innovative value such as gene therapy applied to the treatment of cancer or hereditary diseases and RNA-based technologies, integrating skills in the field of advanced biocomputing and smart nanomaterials. The Centre has the ambition and the ability to become an excellence and a point of reference for Europe in order to make our country competitive in the development of state-of-the-art drugs. In addition to Antares Vision , it sees the participation of several universities, hospitals and research institutes, as well as leading companies that are leaders in the life sciences and biomedical sectors.

Lastly, in the Digital Healthcare sector an agreement was signed with the University of Brescia and Dompè Farmaceutici for the development of an integrated system of health infrastructures that will expand the Multisectoral Technological Service Centre of the North University Campus by approximately 2,000 square metres, with the goal of developing the health technologies of the future. The project is the result of a public-private partnership called LIGHT (Lifescience Innovation Good Healthcare Technology), which has raised Euro 19.5 million in funding.

Increase in capital of Optwo

On 28 July 2022 the Parent Company subscribed an increase in capital of 1 million euro (including a share premium) for a 24.9% stake in Optwo S.r.l., an innovative start-up for the development of a system which, through the use of a combination of third-party and proprietary software (currently being developed), makes it possible: (*i*) to collect, process and analyse data based on consumers' browsing habits, interests and purchasing preferences; (*ii*) for corporate customers to use the latest set of data, rendered suitably anonymous; and (*iii*) to plan, send and subsequently analyse the effectiveness of reports, notifications and advertising messages sent by corporate customers to end-consumers, based on the analyses previously carried out and in full compliance with the regulations on the protection of personal data. This investment is part of the so-called customer engagement.

Acquisition of Packital and Ingg. Vescovini

On 2 August 2022 Antares Vision Group acquired, through FT System, 100% of Packital S.r.l. and Ingg. Vescovini S.r.l., for an overall Enterprise Value of Euro 3.5 million and 0.9x EV/R in terms of the Enterprise Value to Revenue multiple based on the 2021 results. With these two acquisitions, Antares Vision Group has further strengthened its presence in Food & Beverage, expanding the portfolio with inspection and quality control solutions that are complementary to the existing ones. At the same time, these acquisitions allow the Group to expand its customer base, to enhance its structure with qualified personnel specialising in inspection technologies and increase the technical and production capacity, acquiring specific know-how.

On 1 January 2023, Ingg. Vescovini S.r.l. was absorbed by Tecnel S.r.l., which at the same time changed its name to AV Electronics S.r.l.

Membership of Lifestyle – Tech Competence Centre and the establishment of Antares Vision Sagl

On 22 August 2022, the Parent Company paid 100% of the share capital of Antares Vision Sagl, a Swiss company whose incorporation will be formalised in September 2022. It forms part of the broader initiative that in May 2022 saw Antares Vision Group join the Lifestyle-Tech Competence Centre ("LTCC" - an innovation hub based in Lugano that combines the skills of industrial companies and the academic world with the aim of transforming innovative projects into market opportunities).

The Canton of Ticino is a territory that has highly innovative industrial companies as well as a university and research centres. Through a local presence and collaboration with the partners of excellence of the LTCC Hub, the Group will be able to further strengthen its role as an enabler of innovation and digitalization, promoting advanced solutions where technology is a tool to improve people's lives.

Investment in Wavision

In September 2022 Antares Vision Group, through its subsidiary FT System, acquired 60% of Wavision S.r.l., a company created by the Turin Polytechnic which is active in the design and marketing of inspection sensors using microwave technology. Antares Vision Group will use a technology developed by Wavision to design a series of innovative inspection machines that find their use in the Food & Beverage sectors. This innovation is a revolution in the field of food safety, overcoming the limitations offered by current inspection technologies in the detection of foreign bodies, and confirms Antares Vision Group's commitment to guaranteeing companies and consumers on the quality and safety of products and supply chains.

Increase in the investment in Siempharma

Siempharma S.r.l. is a company that operates in the design and marketing of packaging machines, in which the Parent Company has a shareholding classified as jointly controlled investment because of shareholder agreements to that effect. After the initial investments in the share capital of 10% on 28 January 2019 and subsequently of an additional 20% on 27 September 2021, in November 2022 the Parent Company acquired a further 15% of the share capital with a total outlay of Euro 1.5 million, reaching an interest of 45%.

Other significant events

The 2022 saw the exercise of 35,006 warrants, corresponding to 2,574 ordinary shares with a consequent increase in capital of Euro 6 and in the share premium reserve of Euro 251. As a result, at 31 December 2022 there were still 2,460,400 warrants outstanding.

Information relating to Sustainability and People

Antares Vision Group is a natural enabler of a sustainable transition and a circular economy and, in line with its mission, contributes through technology to guaranteeing end-to-end transparency of information, promoting the safety of people and of every product consumed, the traceability and typicality of the supply chains, the reduction of environmental impact and the development of marginal areas.

As a further commitment to achieve, maintain and share concrete and transparent sustainability objectives, Antares Vision Group prepares a Consolidated Non-Financial Report on an annual basis, subject to review by an independent auditing firm, pursuant to Legislative Decree 254/2016.

Sustainability and actions aimed at mitigating climate changes

The issues of climate change and its impacts are a priority in all economic, political and social areas, as well as a necessary driver in business and investment decisions.

Consequently, the market needs new metrics, new performance indicators and transparent information with respect to the economic-financial repercussions of the risks involved in climate change. In this sense, climatic impact becomes an integral element of annual reports oriented towards comprehensive corporate reporting, i.e. a convergence between financial and non-financial information.

The European Securities and Markets Authority (ESMA) has observed that it is essential that all issuers consider climate-related topics in their communications to the market, ensuring consistency of information disclosed in the directors' report, the non-financial report, financial statements and, where applicable, a prospectus. In particular, ESMA highlights that, if material, climate change risk must be considered when preparing financial statements and during the audit, assuming a longer time horizon than is usually considered for financial risk. ESMA also mentions that, in addition to the information required by the individual IFRS, according to paragraph

112 (c) of IAS 1, information on climate risk, if material, has to be provided in the notes to the financial statements.

In this context, Antares Vision Group is not particularly exposed to the risks associated with climate change, given the nature of its business, nor does it operate in sectors that are particularly vulnerable to climate and environmental risks [4].

In April 2021, the European Commission published a proposal for a Corporate Sustainability Reporting Directive (CSRD) which would amend existing reporting requirements, supplementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board and allowing greater disclosure and alignment of information at a European level.

The TCFD guidelines suggest the classification of climatic and environmental risks into two macro categories:

- physical risk indicates the financial impact of climate change, including more frequent extreme weather events and gradual climate changes, as well as environmental degradation, i.e. air, water and soil pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore classified as "acute" if caused by extreme events such as droughts, floods and storms, and "chronic" if caused by progressive changes such as increased temperatures, rising sea levels, water stress, loss of biodiversity, change in land use, habitat destruction and scarcity of resources. For example, this kind of risk can lead directly to physical damage or a drop in productivity, or indirectly to subsequent events such as an interruption of production chains.
- transition risk relates to the process of transition towards a low-emission and more environmentally sustainable economy. This type of risk could translate into:
    - legal risks, i.e. risks deriving from legislative or policy impositions aimed at triggering the change (such as carbon tax and plastic tax);
    - technology risks, i.e. risks related to necessary technological innovations leading to technical obsolescence and a need for more capital to invest in R&D and in renovating and converting the structure into technologies that are compatible with the transition;
    - market risks, i.e. risks related to changes in the propensity for green consumption with a consequent decrease in demand for products that are not compatible with the transition;

[4] *Economic activities considered to be characterised by acute physical risks are those exposed to earthquake or flood zones because their production plants or strategic suppliers are located there. Economic activities exposed to transition risks are, for example, those operating in the single-use food plastic sector, companies operating in the energy sector with low investments in renewables or in support of the energy transition, automotive companies entirely focused on vehicles with internal combustion engines.*

- reputation risks, i.e. risks involving the relationship of trust between consumer and business, which becomes an element of differentiation in the consumer's decision-making.

These risk factors inevitably have an impact on economic activities, potentially undermining their business model in the medium to long term.

Antares Vision Group'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 Group's industrial production could cause damage to third parties, accidents and/or environmental damage, in addition to a slowdown in activities, exposing the Group to obligations involving compensation and/or reclamation, as well as to liability, possibly even of a criminal nature. Antares Vision Group strives to prevent this type of risk by adopting measures deemed adequate by its management and in line with industry practices.

Antares Vision Group is actively engaged in pursuing a sustainable business model both as a technological enabler, in guaranteeing the quality and safety, efficiency and sustainability of products and supply chains, and in pursuing the objectives of the United Nations 2030 Agenda and of the Sustainable Development Goals (SDGs). When drafting its first Sustainability Report (Non-Financial Report), Antares Vision Group carried out a consistency analysis of its business model, strategic objectives and projects implemented and planned, which led to the identification of those SDGs that are considered priorities as a reflection of Antares Vision Group's contribution and commitment, together with the underlying targets and actions.

The strategic guidelines of Antares Vision Group are consistent with the objective of providing a contribution to sustainable development by making the production systems of essential goods such as those of the food chain and pharmaceuticals more efficient. This is also consistent with the macro-trends and scenarios of the sector, which are subject to regulatory changes aimed at improving people's lives and reducing the impact of consuming natural resources.

The positive environmental impacts of the business model and solutions developed by Antares Vision Group , in particular Digital Factory and Supply Chain Transparency, concern the efficient use of natural resources, the adoption of the principles of a circular economy in the use of materials and the monitoring of supply chains and the total life cycle of the products.

The same solutions offered in the food and pharmaceutical sectors are available and applicable to any consumer product in order to guarantee quality, safety, originality and hence sustainability, thanks to the indissoluble link between healthy people, healthy societies and a healthy planet.

Lastly, in the context of growth and reinforcement of its competitive positioning, investments in R&D are inherent to its business and the various acquisitions, already carried out or potential, at national and international level, allow Antares Vision Group not only to expand its portfolio of technologies and solutions, but also to access human resources and specific skills, so as to strengthen its profile, also with a view to mitigating technology risk.

Commitment to the environment

Antares Vision Group has decided to join the worldwide #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and with the "Join the Antares Vision Green Side" initiative launched in November 2019, it has considerably anticipated the banning of all disposable plastic products such as cutlery, plates, straws, sticks and containers. The first step involved 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.

As part of the #paperless campaign, as early as January 2020 Antares Vision Group replaced the packaging of the documentation supplied with the machinery with an eco-sustainable version. In addition, the format of the new machine manuals is specifically designed for digital consultation in order to reduce the use of the paper version over time. To reduce paper waste and raise awareness of all employees to reduce printed paper, the Group introduced the Follow Me tool, which allows further verification to avoid needless printing. For every 10,000 sheets of paper saved, a tree will be planted in the area immediately outside the headquarters.

Separate waste collection has been strengthened with the creation of a new equipped area. A mapping of the type of waste, its quantity and disposal method was carried out last year; these are mainly packaging materials consisting of paper, cardboard, plastic and wood, which in 2021 were destined 72% for recovery. At the same time, achievable margins for improvement have been identified; the adoption of adequate measures will make it possible to achieve 95% of separate waste collection.

Lastly, it should be noted that the Parent Company has ISO 14001:2015 Certification, which attests compliance with the requirements for environmental management systems by all its divisions and production activities. This certification is voluntary and represents an internationally valid recognition of the application and maintenance of high technical and quality standards.

Personnel

Antares Vision Group recognises the centrality of human resources as a key success factor within a framework of mutual loyalty and trust between employer and employee.

At 31 December 2022, Antares Vision Group had 1,186 employees, which compares with 1,118 persons at 30 June 2021 (+6.1%, +3.0% on a like-for-like basis) and 1,004 at 31 December 2021 (+18.1%, +12.1% on a like-for-like basis).

This trend is shown in the following table which shows the number of employees per individual company, with a separate indication of the entities that joined the Group during the period in question and excluding entities without employees.

Company	Apprentices	Production workers	Office workers	Middle managers	Executives	Total as at 31/12/2022	Total at 30/06/2022	Total as at 31/12/2021
Antares Vision S.p.A.	24		409	32	7	472	446	416
Imago Technologies			25			25	26	25
Antares Vision do Brasil			61			61	58	55
T2 Software			10			10	11	10
Antares Vision North America			44			44	45	45
Antares Vision France			26			26	24	24
Antares Vision Ireland			2			2	2	2
Antares Vision Russia			55			55	56	42
FT System	3	26	109	3	3	144	143	136
FT Hexagone			7			7	9	9
FT North America			20			20	17	16
Antares Vision Asia Pacific			6			6	10	6
Antares Vision Gmbh			8			8	9	9
Tradeticity			4			4	4	4
Tradeticity Services			28			28	28	23
Convel		2	17			19	20	16
Applied Vision			72			72	70	67
rfXcel Corporation			52			52	53	45
rfXcel LTD			5			5	5	5
rfXcel LLC			5			5	6	5
Pen-tec	1	3	6	1		11	12	10
Tecnel		2	3			5	6	5
Antares Vision India			33			33	23	22
Markirovka As a Service			11			11	7	7
TOTAL ON A LIKE-FOR-LIKE BASIS	**28**	**33**	**1,018**	**36**	**10**	**1,125**	**1,090**	**1,004**
Acsis			26			26	28	
TOTAL ON A LIKE-FOR-LIKE BASIS HALF-YEAR	**28**	**33**	**1,044**	**36**	**10**	**1,151**	**1,118**	
Ingg. Vescovini		3	3			6		
Packital		12	11			23		
Wavision			1			1		
Antares Vision (Thailand)			5			5		
TOTAL	**28**	**48**	**1,064**	**36**	**10**	**1,186**		

Being well aware that human capital increasingly represents a competitive advantage, the Shareholders' Meeting of the Parent Company has approved two stock option plans[5] (the "First Stock Option Plan" and the "**Second Stock Option Plan**", together the "Plans") to be implemented through the free assignment of a maximum number of options (the "**Options**") for the subscription and/or paid assignment of Ordinary Shares to executive directors, top management and key employees whose performances, given their roles and functions, are more likely to influence the company's results in accordance with the guidelines already approved by the Shareholders' Meeting of 20 May 2020.

[5] *The First Stock Option Plan was approved by the Shareholders' Meeting of Antares Vision S.p.A. held on 20 May 2020. The Second Stock Option Plan was approved by the Shareholders' Meeting of Antares Vision S.p.A. held on 24 March 2021.*

The Plans aim to establish a level of remuneration that are in line with national and international best practices, increasing the already strong retention of resources considered key by Antares Vision, by programming medium-long term objectives aimed at improving performance with a view to a progressive and ever greater creation of value, which can translate into a direct benefit for the shareholders.

With reference to the First Stock Option Plan:

- during the 2020 financial year, the first tranche corresponding to 108,000 options was assigned to executive directors and 225,000 options to top management and key employees. Of the latter, a total of 79,078 options were cancelled due to the lack of some of the vesting conditions envisaged in the plan.
- during the first half of 2021, the second tranche was assigned in favour of top management and key employees, corresponding to 333,000 options, of which 51,753 were cancelled during the first half of 2022 due to the lack of some of the vesting conditions envisaged in the plan. It should be remembered that at the time of assignment, the executive directors waived the options assigned to them as part of the second vesting cycle for a total of 108,000 options in favour of the employees of the Group.
- the third tranche was assigned to top management and key employees during the second half of 2022. It should be remembered that, at the time of the assignment, the executive directors waived the options assigned to them associated with the third vesting cycle.

With reference to the Second Stock Option Plan:

- the first tranche was assigned during the first half of 2021 with 425,000 options going to employees and directors who have been delegated powers, consultants and similar persons of the Parent Company and the Group. Of these, 98,143 options have been cancelled due to the lack of some of the vesting conditions envisaged in the plan.
- the second tranche was assigned during the second half of 2022 with 466,000 options going to employees and directors who have been delegated powers, consultants and similar persons of the Parent Company and the Group. Of these, 24,000 options have been cancelled due to the lack of some of the vesting conditions envisaged in the plan.

During 2022, the Plans generated an effect on the consolidated income statement of Euro 791 thousand and on the Parent Company's income statement of Euro 343 thousand.

Antares Vision Group also pays considerable attention to the observance of laws and regulations on the protection of safety in the workplace and advance assessment of all possible sources of risk for workers' health.

In order to ensure the greatest possible transparency and fairness in its actions, it has decided to summarise the lines of conduct and shared values in the Model 231, which is available for consultation by employees.

The Parent Company has ISO 45001:2018 Certification, which attests compliance with the requirements for safety and health at work management systems by all its divisions and production activities. Furthermore, 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.

The Parent Company also entered into an agreement with its employees which provides for remote working for a maximum of 2 days per week (8 days per month) in accordance with art. 18 *et seq.* of Law 81/2017, putting the emphasis on organisational flexibility and helping employees to maintain a balance between life and work, while at the same time favouring an increase in productivity.

The corporate welfare project is continuing, with a dedicated platform, which includes initiatives to promote the well-being and quality of life of employees and their families.

Research and development

During the 2022, Antares Vision Group continued its research and development activity and the related costs incurred were mostly charged to the income statement. Capitalised development costs at 31 December 2022 amount to Euro 8.6 million, of which Euro 4.8 thousand pertaining to the Parent Company.

Below there is a description of the most important projects, divided by company. 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 Group.

Antares Vision S.p.A.

The Parent Company concentrated on the following projects:

- The TFP project for the Agrifood market seeks to build a platform that is capable of guaranteeing the full traceability of food products, by building on Antares Vision Group'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 disposal of the packaging and, if possible, its recycling. With this project, Antares Vision Group seeks to evolve and extend its inspection, traceability 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 sustainability. 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.

- Adapting serialisation solutions for the beverage market: the technological crossing project continues through the application of tracking solutions in the beverage sector. Specifically, a project has begun which sees the installation on beer production lines, adapting the solutions to the high speeds typical of the Life Sciences market.

  Digital Factory, which continues the effort to help companies improve production efficiency and quality, monitor planning and facilitate decision-making. Taking advantage of numerous features that make the software very effective in managing and extracting data, Digital Factory is a project which, also through the use of Artificial Intelligence, aims to make Antares Vision Group's Smart Data solutions able to be fully scaled up at various levels, from the single machine up to the entire company plant; it can also be integrated with other management software. Digital Factory will actively contribute to optimizing the business model through a continuous flow of data which makes communication within the organisation faster and more effective, guaranteeing savings in terms of time and costs and greater efficiency in the allocation of resources, as well as an improvement in quality, speeding up the diagnosis of problems and suggesting solutions to resolve them.

FT System (FOOD & BEVERAGE)

The Parent Company has combined its projects with those of FT System, the most recent of which are the first results of the synergies created following FT System's inclusion in the Group. The following is a brief description of the most representative projects.

- RoboQCS: the aim of the ROBO-QCS (Quality Control System) project is to create a container quality verification system (weight-volume, measurement of the capping torque, Co_2 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.

- FOOD: 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-thanperfect planarity of surfaces in contact in the sealing area and the presence of foreign matter might cause leaks, including microscopic ones, that cannot be immediately identified, as they do not cause evident spills of liquids or other substances.

- AV GROUP DATA: this project comes from the integration of FT System with Antares Vision Group 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 acquired. 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.

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

- AV GROUP T&T: this 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 the comparison and integration with Antares Vision Group's systems, which began with the acquisition of FT System in 2019, it will be possible to apply product tracking also in the beverage field.

- Neural OCR: this project will make it possible to create a prototype of a Neural OCR system based on artificial intelligence with important steps forward in the field of verification of the codes required by law (expiry date, lot code, etc.).

- Empties: the aim is to create an empty container inspection system that allows for better performance in terms of defect identification precision, ease of use and higher production speeds. One of the main steps is the transition from the smart-camera system to a system that uses a PC for processing, capable of offering more power and the possibility of combining multiple inspections, as well as the that of increasing the quantity of defects detected and, in the near future, hosting AI technology, thereby improving the system's performance.

- HMI and Control System: with the aim of creating common inter-company electronic control and user interface systems with an architecture designed for Industry 4.0, i.e. aimed at sending information for the purpose of collecting and analysing data. This development will allow data to be obtained from all of the machine's sensors/cameras in order to process them.

  The orientation towards industry 4.0 that we want to provide with this project will not only permit an improvement in the production process of the client company, but will also allow FT System to develop internally; in fact, the company sets itself the goal of being able to improve future processes through the collection and processing of data provided by this system, evaluating which are the most frequent defects or the types of logic most used by the customer. Furthermore, through the development of an interface that allows easy interpretation of the data collected, the company can operate directly on a remote basis, offering a remote assistance service to solve any problems that are encountered.

- JUG Inspection with the aim of identifying and implementing a solution to verify the reusability of large containers of drinking water called jugs. The reusability of a jug depends on whether it is watertight and has no internal contamination. The development involves the aspects of Leakage and Sniffing. In the case of leakage, thanks to tests and studies, we have gained a great deal of knowledge about fluid dynamics and the elastic behaviour of the containers.

  For sniffing, a fundamental aspect of this activity is the development of sensors that can detect the presence of chemical agents or contaminants in general inside the sample; this operation is performed by analysing the air extracted from the container by means of special sensors.

Applied Vision (RIGID CONTAINERS)

Applied Vision concentrated on the following projects:

- Volcano Check (Polaris), a new system used for the detection of small cracks (controls) in glass bottles and jars without rotation of the goods and minimal handling of the container. Rotating and/or handling of merchandise has many disadvantages to the overall throughput of the production line, causing high rates of container deterioration and slower speed of goods through the line. On the contrary, Volcano Check will be able to significantly reduce time and costs, ensuring greater efficiency on the production line.
- THU Pro which represents the evolution of GIO, supporting its existing applications and increasing its functionality.

- UI Updates which, through a user-friendly interface, allows you to easily carry out and interpret statistical analyses on the performance of the production line, quantifying, for example, machine downtime or product waste percentages.

rfxcel (SUPPLY CHAIN TRANSPARENCY)

rfxcel's end-to-end traceability-focused development projects provide comprehensive visibility into every cornerstone of the supply chain, from the initial manufacturer, importers, wholesalers and distributors to pharmacies, clinics and hospitals, down to individual patients. These are:

- rTS - rfxcel Traceability System, a system initially developed for pharmaceutical applications, now being adapted for new sectors, such as food & beverage and the consumer goods market, which are very much interested in guaranteeing complete visibility of their products' supply chain. The advantages are innumerable: tracing the origin and authenticity of the products, guaranteeing their safety and allowing efficient management of stocks or recalls.

- rTH - rfxcel Traceability Hub, aimed at government or public sector business partners. The project aims to create a single information hub for the end-to-end monitoring of imported products for origin, their digital identification or authentication, tracking them along the entire supply chain, acquisition of import records for import/tax/duty purposes. The regulations on serialisation and traceability are in continuous and rapid evolution and we are confident that the efforts made in developing this project will be amply rewarded by considerable opportunities in the future.

Treasury shares and shares in Parent Companies

On 22 April 2022, the Shareholders' Meeting of the Parent Company renewed the authorisation for the purchase and disposal of treasury shares for a period of 18 months from the date of the resolution, subject to revocation of the authorisation approved by the Shareholders' Meeting of 24 March 2021.

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

- as an efficient way to invest any excess liquidity generated by the core business;
- 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 Antares Vision Group 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.

The main features of the plan are the following:

- purchases can 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, taking into account the shares held from time to time by the Parent Company and its subsidiaries, is not more than 2% of the Parent Company's share capital and, in any case, in compliance with the legal limits[6], at a unit price not lower than a minimum of 10% and no higher than a maximum of 10% with respect to the reference price that the security posted on the trading day prior to each individual transaction;
- purchases can be made on regulated markets according to operating methods established in the organisation and management regulations of the markets and agreed with Borsa Italiana S.p.A., which in any case allow respect for equal treatment of shareholders, as well as in compliance with any other applicable legislation, or in different ways, where permitted by art. 132, paragraph 3, of the aforementioned Legislative Decree 58 of 24 February 1998, or by other legal or regulatory provisions applicable from time to time at the time of the transaction, in any of the following ways: (i) public purchase or exchange offer, pursuant to art. 144-bis, paragraph 1a), of Consob Regulation 11971/1999 *ibidem*, following a resolution of the Board of Directors in compliance with current legislation; (ii) purchases made in a way that does not allow a direct matching of purchase orders with specific sales orders, in compliance with the provisions of article 132 of TUF and art. 144-bis, paragraph 1b), of the Issuers' Regulations, or (iii) any other way provided for by the law, as assessed from time to time in relation to the best implementation of the shareholders' mandate in this sense;
- 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 Parent Company 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;
- only fully paid-up shares may be purchased;

[6] *As well as being, in any case, in compliance with the conditions governed by the pro tempore regulations in force that lay down the conditions for trading in treasury shares, in terms of purchase prices and daily volumes, and in compliance with Regulation (EU) 596/2014, the related EU and national legislation for implementation and the market practices in force at the time as established by the competent Supervisory Authorities in compliance with art. 13 of Regulation (EU) 596/2014.*

- the administrative body, pursuant to art. 2357-ter of the Italian Civil Code, may dispose at any time, in whole or in part, on one or more occasions, even before having exhausted the purchases, of the treasury shares purchased on the basis of this resolution or in any case in the portfolio of the Parent Company, through their alienation on the market, in blocks or otherwise outside the market, accelerated book building, or the transfer of any real and/or personal rights relating to them (including, but not limited to, securities lending), with the power to establish, in compliance with the provisions of law and regulations[7] the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of Antares Vision Group. It is understood that such transactions may take place at the price or value or, in any case, according to criteria and conditions, which will result congruous and in line with the transaction, also taking into account the trend of the market and share prices and/or the development prospects of the issuer or the economic convenience of completing the transaction in relation to the market scenario or the transaction (including integration) to be carried out having regard to the actual implementation methods used.

Lastly, the Shareholders' Meeting explicitly clarified that, in application of the so-called "whitewash" referred to in art. 44-bis, paragraph 2, Consob Regulation 11971/1999, the treasury shares purchased in execution of the authorisation resolution will not be excluded from the ordinary share capital (i.e. they will be included in it) if, as a result of the purchase of treasury shares, it is determined that a shareholder exceeds the thresholds for the purposes of art. 106 of the Consolidated Law on Finance.

It should be noted that at the date of preparation of this document, Antares Vision Group held 33,916 treasury shares equal to 0.05% of the share capital for a total of Euro 342 thousand.

[7] *In any case, according to the operating methods envisaged in Regulation (EU) no. 596/2014, of the related EU and national legislation for implementation and of the market practices in force at the time as established by the competent Supervisory Authorities in compliance with art. 13 of Regulation (EU) no. 596/2014.*

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

The Parent Company has stipulated derivative contracts for the management and hedging of the main financial risks to which it is exposed. The following table shows the main characteristics of these derivatives, leaving it to the explanatory notes to provide details on the risks being hedged, the technical characteristics of the derivatives and their accounting treatment.

Financial instrument	Main transaction	Risk covered	Accounting policy
Interest Rate Swap	Bank borrowing	Interest rate risk	Speculative **
Interest Rate Swap	Leasing	Interest rate risk	Speculative **
Interest Rate Swap	Leasing	Interest rate risk	Speculative **
Interest Rate Swap	Bank borrowing	Interest rate risk	Hedging
Interest Rate Swap	Bank borrowing	Interest rate risk	Hedging
Flexible forward	Intercompany loan	Exchange rate risk	Hedging

*** Although the purpose is hedging, not all of the requirements for hedge accounting envisaged by IFRS 9 are met, so the usual accounting treatment of derivative instruments for speculative purposes was applied.*

Business Outlook

On 27 February 2023, the Board of Directors of Antares Vision Group approved the strategic guidelines and objectives of the 2023-2025 Business Plan.

Over the next three years, we will continue our commitment to the strategy of growth and reinforcement of Antares Vision Group, through the organic development of the Group's activities and the launch of important projects, also thanks to the new skills deriving from the acquisitions finalised in recent years. The aim will be to further consolidate the leadership of Antares Vision Group in strategic markets and in new adjacent sectors, which will lay the foundations for the development of recurring revenues and higher margins. Antares Vision Group will continue to make decisions with a view to sustainable growth, both by promoting integration, the search for synergies and efficiencies within the Group, and by enhancing human capital and their innovation skills.

The creation of an integrated and scalable ecosystem of solutions offers the Group a unique competitive advantage; together with the new organisational model and the hiring of specialised personnel, it will allow for new synergies, additional cross-selling opportunities and penetration into new markets. Antares Vision Group will therefore continue to invest in technological innovation and Research & Development, trusting in the future evolution of the sectors in which it operates.

Over the next three years, the Group will continue to pursue its growth strategy, aimed at consolidating its leadership in the markets of reference. The guidelines can be summarised as follows.

Growth drivers:

- fully exploit the potential of Antares Vision Group's technological infrastructure and up/cross selling opportunities, leveraging the integrated ecosystem of solutions as an enabling factor;
- further increase the Group's presence in the markets of reference with its range of products and services (Inspection, Track & Trace, Smart Data and SaaS), also expanding into new geographical areas;
- entry into new adjacent sectors (such as Cosmetics, Fashion and Luxury) with innovative solutions to expand its current offer, taking advantage of cutting-edge technology;
- optimisation of the business model towards recurring revenues;
- new M&A activities that could lead to the acquisition of new technologies and accelerate the penetration of adjacent markets and new geographical areas.

Enabling factors:

- creation of an integrated and scalable ecosystem of solutions (T&T + Inspection + Smart Data, from L1 to L5), which favours all growth drivers;
- new organisational model, which allows for new synergies between divisions, additional cross-selling possibilities and entry into new markets;
- development and training of internal resources to leverage the full potential of the organisation, led by international leaders experienced in key sectors;
- review of the internal organisation, implementation of best practices to further increase efficiency and profitability and update internal management systems.

It should be noted that in order to formulate its expectations, management has carried out assessments following the general principle of prudence, particularly as regards estimating business trends on the Russian market.

Going concern

Based on the economic results and cash generation achieved in recent years, as well as the financial resources available at 31 December 2022, management believe that, as things stand, there are no significant uncertainties, such as to raise doubts about the Group's capacity to continue in business as a going concern.

Travagliato, 22 March 2023

The Board of Directors

Emidio Zorzella	Massimo Bonardi	Alioscia Berto
Alberto Grignolo	Martina Monico	Fabio Forestelli
Cristina Spagna	Fiammetta Roccia	Fabiola Mascardi

The signed document has been filed at the registered office of the Parent Company

Declaration pursuant to art. 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and additions.

The undersigned Emidio Zorzella, as Chairman of the Board of Directors and Chief Executive Officer and Alioscia Berto, as the Manager responsible for preparing the accounting and corporate documents of Antares Vision S.p.A., taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58, confirm:

- the adequacy in relation to the characteristics of the company e
- effective application of the administrative and accounting procedures for the preparation of Consolidated and Separate Financial Statements during 2022

No significant aspects emerged in this regard.

They also confirm that:

- The financial statements:

  a) have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

  b) agree with the balances shown in the books of account and accounting entries;

  c) are suitable for providing a true and fair view of the assets and liabilities, results and financial position of the issuer.

- the consolidated financial statements:

  a) have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

  b) agree with the balances shown in the books of account and accounting entries;

  c) are suitable for providing a true and fair view of the assets and liabilities, results and financial position of the issuer and of the group of companies included in the consolidation.

- the report on operations includes a reliable analysis of the management trend and result, as well as of the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Travagliato (Brescia), 22 March 2022

Chairman of the Board of Directors

Emidio Zorzella

Manager in charge of preparing the accounting and corporate documents

Alioscia Berto

The signed document has been filed at the registered office of the Parent Company

CONSOLIDATED FINANCIAL SCHEDULES

Statement of financial position	Notes	31/12/2022	31/12/2021
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	1	34,752,661	26,538,178
Goodwill	2	160,198,596	145,859,266
Other intangible assets	3	93,972,268	83,489,469
Investments in associates, joint ventures and other companies	4	9,707,358	7,341,702
Non-current financial assets	5	7,398,767	235,277
Deferred tax assets	6	16,522,675	14,964,705
Total non-current assets		**322,552,325**	**278,428,597**
Current assets			
Inventories	7	49,959,689	38,182,503
Trade receivables	8	110,733,795	61,785,590
of which with related parties		*4,252,745*	*1,384,823*
Other receivables	9	10,821,835	10,730,526
Other current financial assets	10	26,826,890	40,145,623
Cash and banks	11	61,096,981	78,332,432
Total current assets		**259,439,190**	**229,176,675**
Total assets		**581,991,515**	**507,605,272**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	169,457	169,451
Other reserves	12	278,475,662	260,533,370
FTA reserve	12	-15,250,613	-15,250,613
Retained earnings	12	27,156,007	14,479,590
Profit/(loss) for the period	12	18,201,370	12,395,990
Total equity of the Group	**12**	**308,751,883**	**272,327,788**
Capital and reserves attributable to minority interests	12	170,691	119,960
Profit/(loss) attributable to minority interests	12	-71,698	-48,730
Total shareholders' equity attributable to minority interests	**12**	**98,993**	**71,230**
Total shareholders' equity	**12**	**308,850,876**	**272,399,018**
Non-current liabilities			
Non-current loans and borrowings	13	125,917,064	128,150,631
Non-current lease liabilities	14	13,175,064	9,376,093
Other non-current financial liabilities	15	162,383	566,764
Retirement benefit obligations	16	7,799,034	8,633,983
Deferred tax liabilities	17	21,142,434	17,583,213
Other non-current liabilities	18	82,382	329,207
Total non-current liabilities		**168,278,361**	**164,639,891**
Current liabilities			
Current loans and borrowings	19	8,702,122	5,989,703
Current lease liabilities	20	3,508,203	1,683,212
Other current financial liabilities	21	11,086,926	459,780
Current provisions for risks and charges	22	1,230,814	964,618
Contract liabilities	23	2,767,210	2,721,242
Trade payables	24	23,140,137	18,674,613
of which with related parties		*1,914,938*	*669,420*
Other payables	25	54,426,866	40,073,195
Total current liabilities		**104,862,278**	**70,566,363**
Total shareholders' equity and liabilities		**581,991,515**	**507,605,272**

Income statement	Note	2022	2021
Revenue	26	224,064,519	178,957,767
of which with related parties		*2,058,827*	*1,438,090*
Other income	27	1,204,556	2,628,602
Changes in finished and semi-finished	28	1,137,390	-2,061,101
Raw materials and consumables	29	-55,975,586	-40,426,341
of which with related parties		*-2,273,455*	*-563,258*
Personnel costs	30	-84,178,097	-62,658,058
Amortisation and depreciation	31	-19,969,977	-15,504,450
Capitalised development costs	32	8,600,421	8,307,482
Sales and marketing costs	33	-8,408,451	-6,700,712
of which with related parties		*0*	*-106,601*
Service costs	34	-46,485,167	-42,040,393
of which with related parties		*-536,402*	*-403,140*
Other operating expenses	35	-2,978,904	-2,783,222
Operating profit/(loss)		**17,010,704**	**17,719,574**
Financial charges	36	-4,316,937	-7,037,985
Financial income	37	7,121,315	1,347,624
Foreign exchange gains and losses	38	824,358	1,511,365
Income (charges) on investments	39	-101,747	-84,900
Profit from continuing operations before tax		**20,537,693**	**13,455,678**
Income taxes	40	-2,408,021	-1,108,418
Net profit/(loss) from continuing		**18,129,672**	**12,347,260**
Profit/(loss) attributable to minority interests		-71,698	-48,730
Total comprehensive profit/(loss) after tax		**18,201,370**	**12,395,990**

Earnings per share			
- Basic, profit attributable to the ordinary shareholders of the Parent Company	41	0.26	0.19
- Diluted, profit attributable to the ordinary shareholders of the Parent Company	41	0.18	0.19

Statement of other comprehensive income	2022	2021
Profit/(loss) for the year	**18,129,672**	**12,347,260**
Other components of comprehensive income that will subsequently be reclassified to profit/(loss):		
Differences on translation of foreign financial statements	10,160,732	7,688,312
Profit/(Loss) from cash flow hedging	6,881,449	175,206
Tax effect	-1,651,549	-42,049
Total other components of comprehensive income that will subsequently be reclassified to profit/(loss) after tax	**15,390,632**	**7,821,470**
Other components of comprehensive income that will not subsequently be reclassified to profit/loss):		
Profit/(loss) from revaluation of defined-benefit plans	2,685,614	-146,944
Tax effect	-644,547	35,266
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) after tax	**2,041,067**	**-111,679**
Total other comprehensive income after tax	**17,431,699**	**7,709,791**
Total comprehensive profit/(loss) after tax	**35,561,370**	**20,057,051**
Attributable to:		
Owners of the parent	35,549,972	20,135,897
Minority interests	11,398	-78,846

Cash flow statement (indirect method)	31/12/2022	31/12/2021
Profit/(loss) for the period	**18,129,672**	**12,347,260**
Income tax	2,408,021	1,303,702
Financial income	-7,121,315	-1,347,624
Financial charges	4,316,937	7,037,985
Depreciation and impairment loss on property, plant and equipment	3,935,767	2,913,663
Amortisation and impairment loss on intangible assets	14,852,902	9,952,001
TFR payments and transfers	-401,788	-546,076
Other non-monetary movements	-1,203,105	5,973,538
Income tax paid	-3,159,816	-677,229
(Increase)/decrease in inventories	-10,838,842	-4,729,256
(Increase)/decrease in trade receivables	-47,429,896	-1,138,239
(Increase)/decrease in other non-financial assets	429,522	-281,334
Increase/decrease in trade payables	2,495,823	2,519,300
Increase/decrease in other non-financial liabilities	13,115,391	-3,504,008
NET CASH FLOWS FROM OPERATING ACTIVITIES	**-10,470,726**	**29,823,683**
Investing activities:		
Purchases of property, plant and equipment, net of disposals	-3,555,359	-3,074,273
Purchases of intangible assets, net of disposals	-14,045,121	-13,429,422
Purchases of investments in associates, joint ventures and other companies	-2,750,000	-2,330,122
Purchases of current financial assets	13,102,667	-5,653,771
Business combinations, net of cash and banks acquired	-14,891,095	-112,273,281
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-22,138,908**	**-136,760,869**
Financing activities:		
New loans and borrowings	13,318,351	218,729,493
Repayments of loans and borrowings and interest paid (**)	-7,351,769	-246,496,471
Increase/(decrease) in other financial liabilities (*)	8,419,896	-2,016,230
Other increases in capital (including share premium)	257	118,148,599
CASH FLOWS FROM FINANCING ACTIVITIES	**14,386,735**	**88,365,391**
NET CHANGE IN CASH AND BANKS (*)	**-18,222,899**	**-18,571,795**
EXCHANGE DIFFERENCE ON CASH AND BANKS	**987,449**	**859,794**
Cash and banks at beginning of period	78,332,432	96,044,433
Cash and banks at end of period (*)	61,096,981	78,332,432

(*) Cash and banks and Other financial liabilities are affected by the sums (equal to € 11,087 thousand) not yet redeemed by the previous shareholders of rfxcel following the sale of the company to Antares Vision Group. Please refer to the Explanatory Notes for further details

(**) Comparative figure restated by combining the two repayment items (financial payables and interest expense)

Statement of changes in consolidated equity

Shareholders' equity	31/12/2021	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Price net of ancillary charges	Other increases in capital	Share buyback	Stock options	Other comprehensive income	Other changes	Profit/(loss)	31/12/2022
Share capital	169,451		6								169,457
Other reserves	260,533,370	-280,427	251				790,770	17,431,699			278,475,662
Share premium reserve	*209,466,890*		*251*								*209,467,141*
Legal reserve	*98,798*										*98,798*
Extraordinary reserve	*49,961,986*	*-280,427*									*49,681,559*
Reserve for translation of current year's equity	*6,428,341*							*10,160,732*			*16,589,073*
OCI reserve	*-1,024,125*							*7,270,967*			*6,246,842*
Stock option plan reserve	*605,767*						*790,770*				*1,396,537*
Other reserves	*-5,004,288*										*-5,004,288*
FTA reserve	-15,250,613										-15,250,613
Retained earnings	14,479,590	12,676,417									27,156,007
Profit/(loss) for the year	12,395,990	-12,395,990								18,201,370	18,201,370
Total shareholders' equity	**272,327,788**	**-**	**257**	**-**	**-**	**-**	**790,770**	**17,431,699**	**-**	**18,201,370**	**308,751,883**
Capital and reserves attributable to minority interests	119,960	-48,730							99,461		170,691
Profit/(loss) attributable to minority interests	-48,730	48,730								-71,698	-71,698
Total minority interests	**71,230**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**99,461**	**-71,698**	**98,993**
Total shareholders' equity	**272,399,018**	**-**	**257**	**-**	**-**	**-**	**790,770**	**17,431,699**	**99,461**	**18,129,672**	**308,850,876**

Shareholders' equity	12/31/2020	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Price net of ancillary charges	Other increases in capital	Share buyback	Stock options	Other comprehensive income	Other changes	Profit/(loss)	12/31/2021
Share capital	143,074		293	24,480	1,604						169,451
Other reserves	129,829,967	6,071,370	11,915	111,645,247	6,807,334	-342,272	505,357	7,709,791	-1,705,339		260,533,370
Share premium reserve	*91,002,394*		*11,915*	*111,645,247*	*6,807,334*						*209,466,890*
Legal reserve	*98,798*										*98,798*
Extraordinary reserve	*43,890,616*	*6,071,370*									*49,961,986*
Reserve for translation of current year's equity	*-1,259,971*							*7,688,312*			*6,428,341*
OCI reserve	*-1,045,603*							*21,479*			*(1,024,125)*
Stock option plan reserve	*100,410*						*505,357*				*605,767*
Other reserves	*-2,956,677*					*-342,272*			*-1,705,339*		*(5,004,288)*
FTA reserve	-15,250,613										(15,250,613)
Retained earnings	2,391,647	12,087,943									14,479,590
Profit/(loss) for the year	18,159,313	-18,159,313								12,395,990	12,395,990
Total shareholders' equity	**135,273,388**	**-**	**12,208**	**111,669,727**	**6,808,938**	**-342,272**	**505,357**	**7,709,791**	**-1,705,339**	**12,395,990**	**272,327,788**
Capital and reserves attributable to minority interests	375,077	-43,762							-211,355		119,960
Profit/(loss) attributable to minority interests	-43,762	43,762								-48,730	-48,730
Total minority interests	**331,315**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-211,355**	**-48,730**	**71,230**
Total shareholders' equity	**135,604,703**	**-**	**12,208**	**111,669,727**	**6,808,938**	**-342,272**	**505,357**	**7,709,791**	**-1,916,694**	**12,347,260**	**272,399,018**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

The core business of Antares Vision and its subsidiaries (referred to jointly as "**Antares Vision Group**" or the "**Group**") 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 goods.

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

On 14 May 2021, trading in the Parent Company's ordinary shares and warrants began on the STAR segment of the Euronext Milan (called Mercato Telematico Azionario or MTA when the Company was admitted to trading), organised and managed by Borsa Italiana S.p.A., by translisting from the Euronext Growth (previously known as the Alternative Investment Market or AIM) where it had been listed since 18 April 2019.

Lastly, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. on 22 February 2021 (with effect from the start date of trading on the Mercato Telematico Azionario, now called Euronext Milan) appointed EY S.p.A., with registered office in Via Meravigli 12, Milan, registered in the Ordinary Section of the Companies Register at the Milan Monza Brianza Lodi Chamber of Commerce, tax code and registration number 00434000584, VAT number 00891231003 and at no. 70945 of the Register of Legal Auditors at the Ministry of Economy and Finance pursuant to art. 6 et seq. of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, as the /2016, as the company appointed to audit the accounts for the financial years from 2021 to 2029.

DECLARATION OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS AND TRANSITION TO IFRS

The consolidated financial statements 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).

These consolidated financial statements were prepared in compliance with European Single Electronic Format (ESEF), as established in Directive 2013/50/EU, amending Directive 2004/109/EC ("Transparency Directive"). The Directive establishes that, starting from 1 January 2021[8], all Consolidated Annual Financial Reports of listed companies shall be drawn up in a single electronic reporting format[9] to facilitate the accessibility, analysis and comparability of consolidated financial statements drawn up in accordance with IFRS. The European Securities and Markets Authority (ESMA) has been assigned to prepare the technical regulations for specifying that format.

The consolidated 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.

It includes the figures of Antares Vision S.p.A. and of its subsidiaries.

The consolidated financial statements have been drawn up on a going-concern basis and 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. The reporting currency is the Euro. Unless indicated otherwise, all amounts are expressed in Euro units.

Financial statements

Antares Vision Group 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 profit or loss for the period 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;

[8] The regulation was originally to take effect on 1 January 2020. Considering the difficulties deriving from the pandemic, the European Parliament and Council amended Directive no. 2004/109/EC, postponing the entry into force of the regulation by one year. This extension was also endorsed in Italian law by way of the law converting Law Decree no. 183/2020 (known as the Milleproroghe Decree).

[9] The new format is a combination of xHTML (eXtensible HyperText Markup Language) for presenting financial reports in a legible format and XBRL (eXtensible Business Reporting Language).

- it is held mainly for trading purposes;
- it is assumed that it will be realised within twelve months from the period 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 period 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 period end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months from the period 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 Group.
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.

Consolidation principles

The consolidated financial statements include the financial statements of Antares Vision S.p.A. and its subsidiaries at 31 December 2022.

Control occurs when Antares Vision Group 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 Group controls a subsidiary if, and only if, Antares Vision Group 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 Group holds less than a majority of the voting (or equivalent) rights, Antares Vision Group 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 Group.

Antares Vision Group 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 Group gains control and ceases when Antares Vision Group 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 Group obtains control until the date on which Antares Vision Group no longer exercises control over the company.

The profit (loss) for the period 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 Group's accounting policies. All assets and liabilities, shareholders' equity, revenue, costs and intra-group cash flows relating to transactions between Antares Vision Group entities are completely eliminated on consolidation.

Scope of consolidation

In addition to the Parent Company Antares Vision S.p.A., the entities included in the scope of consolidation at 31 December 2022 are as follows:

SCOPE OF CONSOLIDATION						
Name	Headquarters	Currency	Direct parent company	Direct investment	Shareholders' equity (in euro)	Profit/(loss) (in euro)
Antares Vision Inc.	New York, USA	USD	Antares Vision S.p.A.	100.00%	206,105,238	25,772,178
Antares Vision North America LLC	New Jersey, USA	USD	Antares Vision Inc. America	100.00%	5,141,467	3,046,345
Imago Technologies Gmbh	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%	7,280,957	214,893
Antares Vision do Brasil ltda	Sao Paulo, Brazil	BRL	Antares Vision S.p.A.	99.99%	(338,486)	1,075,082
Legg System ltda	Sao Paulo, Brazil	BRL	Antares Vision do Brasil ltda	99.99%	17,163	2,566
T2 Software	Sao Paulo, Brazil	BRL	Antares Vision do Brasil ltda	51.00%	363,471	(17,608)
Pharmatrack Sistemas LTDA	Sao Paulo, Brazil	BRL	T2 SOFTWARE	73.00%	72,561	(1,544)
Antares Vision France Sas	Rillieux-la-Pape, France	EUR	Antares Vision S.p.A.	100.00%	830,934	(14,476)
Antares Vision Ireland Ltd	Galway, Ireland	EUR	Antares Vision S.p.A.	100.00%	28,960	20,897
Antares Vision Rus OOO	Moscow, Russia	RUB	Antares Vision S.p.A.	100.00%	(947,291)	(1,063,853)
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100.00%	(286,484)	268,348
Antares Vision (Shenzhen) International Trading Co., LTD	Shenzhen, China	CNY	Antares Vision Asia Pacific Ltd	100.00%	535,753	(806)
FT System S.r.l.	Piacenza, Italy	EUR	Antares Vision S.p.A.	100.00%	22,092,230	1,193,722
FT System North America LLC	Massachusetts, USA	USD	FT System S.r.l.	100.00%	886,659	15,575
FT Hexagon	Challes les Eaux, France	EUR	FT System S.r.l.	100.00%	359,130	120,692
Pen-tec S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	1,633,366	289,949
Tecnel S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	1,318,572	77,045
Tradeticity d.o.o	Zagreb, Croatia	HRK	Antares Vision S.p.A.	82.80%	197,704	52,096
Tradeticity Service d.o.o	Belgrade, Serbia	RSD	Tradeticity d.o.o	100.00%	(190,359)	4,699
Convel S.r.l.	Vicenza, Italy	EUR	Antares Vision S.p.A.	100.00%	4,645,547	293,188
Antares Vision Germany	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%	212,743	32,497
Innovative Marking Digital Solutions	London, UK	GBP	Antares Vision S.p.A.	70.00%	(16,807)	(9,104)
Applied Vision Corporation	Ohio, USA	USD	Antares Vision Inc. America	100.00%	53,744,998	3,755,677
rfXcel Corporation	Delaware, USA	USD	Antares Vision Inc. America	100.00%	56,348,525	17,811,911
rfXcel Limited	UK	GBP	rfXcel Corporation	100.00%		
rfXcel LLC	Russia	RUB	rfXcel Corporation	100.00%		
Antares Vision India Private Limited	Mumbai, India	INR	Antares Vision S.p.A.	99.998%	311,347	(142,616)
			FT System S.r.l.	0.002%		
Markirovka As a Service	Russia	RUB	Innovative Marketing Digital Solutions (IMDS) Uk Ltd	100.00%	(250,200)	(209,167)
* ACSIS, Inc.	USA	USD	Rfxcel Corporation	100.00%	(922,668)	2,038,815
** Antares Vision (Thailand) Co., LTD	Thailand	THB	Antares Vision Asia Pacific Ltd	49.00%	124,672	16,062
* Ingg. Vescovini S.r.l.	Italy	EUR	FT System S.r.l.	100.00%	2,222,344	21,890
* Packital S.r.l.	Italy	EUR	FT System S.r.l.	100.00%	748,762	93,102
** Antares Vision Sagl	Switzerland	CHF	Antares Vision S.p.A.	100.00%	9,470	(10,909)
* Wavision S.r.l.	Italy	EUR	FT System S.r.l.	60.00%	36,338	(23,662)

** Company acquired in 2022*
*** Company founded in 2022*

The scope of consolidation at 31 December 2022 has changed compared with the previous year due to the operations illustrated below.

On 18 February 2022, Antares Vision Group completed the acquisition of ACSIS Inc. (“ACSIS”), through rfxcel Corporation (“rfxcel"), for an enterprise value of US$12 million (Euro 10.6 million at the exchange rate on the date of acquisition). Founded in 1996, ACSIS offers innovative software solutions and services to companies with complex warehouse, distribution and packaging management. The companies offers multinationals software to manage track and trace data, optimise inventory management through their supply chains, and seamlessly manage the integration of information to their ERP systems. For over 20 years, ACSIS has provided solutions and services to several Fortune 1000 manufacturing companies, with complex, regulated procurement chains. The main customers of ACSIS include DuPont, Cintas, BIMBO, Hershey and Coca-Cola. This acquisition will enable Antares Vision Group to further strengthen its range of end-to-end software solutions for the digitisation of the supply chain, expand its presence in new industries and grow its customer portfolio, which is mainly comprised of multinationals in the Fortune 1000. The financial resources for this transaction were made available through an increase in capital of US$ 15 million (Euro 13.5 million) from the Parent Company to AVUS and subsequently from AVUS to rfxcel. The Purchase Price Allocation ("PPA") was carried out during the half-year under review and is explained in greater detail in the notes in the section on Business Combinations.

Antares Vision (Thailand) Co., Ltd ("**AV Thailand**") was founded in June 2022 with Antares Vision Asia Pacific holding 49% of the share capital. Shareholders' agreements were signed with the two majority partners from which emerges a situation of joint control, so the company has been included in the scope of line-by-line consolidation from 30 June 2022, even if it is still dormant. The purpose of setting up AV Thailand is to strengthen the Group's presence in the local market and ensure greater coverage in terms of technical and commercial support.

On 2 August 2022 Antares Vision Group acquired, through FT System ("**FT System**"), 100% of Packital S.r.l. ("**Packital**") and Ingg. Vescovini S.r.l. ("**Ingg. Vescovini**"). Since 1989 Packital, based in Fidenza (PR), has been developing, designing, manufacturing and distributing inspection and quality control systems such as weight controls, metal detectors, x-ray inspection and checkweighers, with a specialisation in humid and difficult environments, also involving corrosive products. Packital is also certified as an "Inspection Body" for the verification of weighing instruments. Ingg. Vescovini S.r.l., founded in 1984 with headquarters in Parma, was involved in a merger that took effect on 1 January 2023 when it was absorbed by Tecnel S.r.l., formerly a subsidiary of FT System, which at the same time changed its name to AV Electronics S.r.l. Ingg. Vescovini developed, designed and manufactured analogue and digital electronic boards, essential components for checkweighers, weight dispensers, inspection systems in the beverage sector, electromedical machines, control systems in the agricultural and industrial sectors.

With these two acquisitions, Antares Vision Group has further strengthened its presence in Food & Beverage, expanding the portfolio with inspection and quality control solutions that are complementary to the current ones. The creation of AV Electronics stems from the need to concentrate activities and simplify the Group, creating a pole of excellence in specialised electronics capable of enhancing the path of technological innovation of packing and packaging plant manufacturers and, considering the current shortage, to ensure greater continuity in the supply of electronic components.

On 22 August 2022, the Parent Company paid 100% of the share capital of Antares Vision Sagl, a Swiss company whose incorporation will be formalised in September 2022. It forms part of the broader initiative that in May 2022 saw Antares Vision Group join the Lifestyle-Tech Competence Centre ("LTCC" - an innovation hub based in Lugano that combines the skills of industrial companies and the academic world with the aim of transforming innovative projects into market opportunities).

The Canton of Ticino is a territory that has highly innovative industrial companies as well as a university and research centres. Through a local presence and collaboration with the partners of excellence of the LTCC Hub, the Group will be able to further strengthen its role as an enabler of innovation and digitalization, promoting advanced solutions where technology is a tool to improve people's lives.

In September 2022 Antares Vision Group, through its subsidiary FT System, acquired 60% of Wavision S.r.l., a company created by the Turin Polytechnic which is active in the design and marketing of inspection sensors using microwave technology. Antares Vision Group will use a technology developed by Wavision to design a series of innovative inspection machines that find their use in the Food & Beverage sectors This innovation is a revolution in the field of food safety, overcoming the limitations offered by current inspection technologies in the detection of foreign bodies, and confirms Antares Vision Group's commitment to guaranteeing companies and consumers on the quality and safety of products and supply chains.

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

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES				
Name	**Operating headquarters**	**Equity investment %**	**Classification**	**Book value**
OROBIX SRL	BERGAMO, ITALY	37.5%	Associate	2,875,504
RURALL S.P.A.	MILAN, ITALY	25.0%	Associate	1,420,473
OPTWO (*)	TRAVAGLIATO (BS), ITALY	24.9%	Associate	1,000,000
SIEMPHARMA SRL (**)	APRILIA (LT), ITALY	45.0%	*Joint Venture*	3,661,493
SHENZHEN ANTARUIXIN LLC	SHENZHEN, CHINA	40.0%	*Joint Venture*	255,617
NEURALA	BOSTON (USA	0.4%	Other companies	244,255
FONDAZIONI (***)	n.a.	n.a.	Other companies	250,000
ALTRE PARTECIPAZIONI	n.a.	n.a.	Other companies	17
Total				**9,707,358**

(*) Investment acquired by the Parent Company in July 2022 through a share capital increase.
(**) In November 2022, the Parent Company exercised the option to purchase a further 15%.
(***) These are the investments in the National Research Centre for Agricultural Technologies - Agritech (Euro 50,000) and the National Centre for the Development of Gene Therapy and Drugs using RNA-based Technology (Euro 200,000), both of them acquired in June 2022.

Please refer to Note 4 for a more detailed discussion of these investments, also with reference to the innovative investments in the National Research Centre for Agricultural Technologies - Agritech and in the National Centre for the Development of Gene Therapy and Drugs based on RNA Technology.

Subsidiaries with significant minority interests

There are no subsidiaries with significant minority interests for which disclosure must be provided based on IFRS 12.

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:

EXCHANGE RATES				
Currency	**Actual exchange rate at 31/12/2022**	**Average exchange rate at 31/12/2022**	**Actual exchange rate at 31/12/2021**	**Average exchange rate at 31/12/2021**
Euro	1	1	1	1
US Dollar	1.0666	1.053	1.1326	1.1827
Brazilian Real	5.6386	5.4399	6.3101	6.3779
Hong Kong Dollar	8.3163	8.2451	8.8333	9.1932
Russian Rouble	78.9716	73.566	85.3004	87.1527
Croatian kuna	7.5345	7.5349	7.5156	7.5284
Serbian dinar	117.3246	117.4186	117.6165	117.5497
Chinese yuan	7.3582	7.0788	7.1947	7.6282
Indian rupee	88.171	82.6864	84.2292	87.4392
GBP	0.8869	0.8528	0.8403	0.8596
Thai Baht	36.835	36.8746	n.a.	n.a.
Swiss franc	0.9847	0.9785	n.a.	n.a.

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 Group 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 Group. If the fair value of the net assets acquired exceeds the total amount paid, Antares Vision Group 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 Group 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 Group.

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 Group 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 warrants issued by the Parent Company at the time of the Parent Company's listing on the Euronext Growth and subsequently admitted to trading on the Euronext Milan are recorded under non-current loans and borrowings fall under the Level 1 hierarchy as their fair value is directly observable from official market prices;
- the derivative instruments held by the Parent Company to hedge interest rates and the EUR/USD exchange rate 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 insurance policies and securities held by the Parent Company fall under the Level 2 hierarchy as they are determined using valuation techniques that make reference to variables that are observable on active markets;
- all of the other financial assets and liabilities recognised at the fair value in these consolidated financial report fall under the Level 3 hierarchy as their fair value is determined with reference to variables that are not observable on the market.

Property, plant and equipment and right-of-use assets

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. Property, plant and equipment 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, which are the same as last 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 period 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 Group ascertains that there are no indicators of impairment of property, plant and equipment. If such indicators exist, Antares Vision Group estimates the recoverable amount 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 period.

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 Group has not applied IFRS 3 to acquisitions made prior to the date of first-time application 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 Group 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 Group 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.

As explained better in the Business Combinations section of this document, the PPAs of the companies acquired in 2022 were carried out during the year.

As regards ACSIS, the difference between the price paid, already including the price adjustment, and the shareholders' equity of the acquired company was US$ 13 million (Euro 11.4 million at the exchange rate on the date of acquisition); the PPA involved allocating this difference to Technologies for US$ 4.1 million (Euro 3.6 million) and to the Customer List for US$ 3.1 million (Euro 2.7 million), offset by the related provision for deferred taxes of US$ 2 million (Euro 1.7 million, at the local tax rate of 27%), leaving a residual value of Goodwill of US$ 7.7 million (Euro 6.8 million)[10].

With regard to Packital, the difference between the price paid and the shareholders' equity of the acquired company was Euro 2.6 million; the PPA resulted in the allocation of this difference for Euro 353 thousand to Technologies, for Euro 401 thousand to the Customer List, offset by the related provision for deferred taxes of Euro 210 thousand, leaving a residual value of Goodwill of Euro 2 million.

The acquisition of Ingg. Vescovini, which took place through FT System at the same time as the acquisition of Packital, generated a difference between the price paid and the net equity of the company acquired which amounted to Euro 9,555 and was entirely allocated to goodwill.

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.

[10] *At the exchange rate ruling on 31 December 2022, Technologies are worth Euro 3.9 million, the Customer List Euro 2.9 million, the provision for deferred taxes Euro 1.8 million and the residual value allocated to goodwill Euro 7.2 million.*

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 Group 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 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 last 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.

Antares Vision Group periodically ascertains that there are no indicators of impairment of intangible fixed assets. If such indicators exist, Antares Vision Group estimates the recoverable amount 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. Goodwill is never written up.

Investments in associates, joint ventures and other companies

An associate is a company over which Antares Vision Group 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.

These include:

- 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;
- the investment in RurAll, an entrepreneurial project launched by the Parent Company together with three partners in July 2021 with the aim of carrying out projects aimed at making the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeit products. The 25% shareholding is recorded in the Parent Company's financial statements at Euro 1,500,000, paid in for Euro 375,000.
- the investment in Optwo S.r.l., acquired by the Parent Company in July 2022 through a capital increase of 1 Million Euro (including premium).

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.

These circumstances include:

- the investment in Shenzhen Antaruixin Limited Liability Company, 40%-owned by AV (Shenzhen) International Trading Co., Ltd ("**AV Shenzhen**"), which is in turn 100%-owned by Antares Vision Asia Pacific;
- the investment in Siempharma that the Parent Company has held since January 2019, initially for 10% and increased a first time to 30% during the course of 2021 and then to 45% in 2022.

The considerations made to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries. Antares Vision Group'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 Group. Where necessary, the financial statements are adjusted to bring them in line with the accounting standards of Antares Vision Group.

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 period reflects the Group's share of the associate or joint venture's result for the period. 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 period 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 Group assesses whether it is necessary to recognise an impairment of its investment in associates or joint ventures. At each reporting date, both interim and annual, Antares Vision Group assesses whether there is objective evidence that the investments in associates or joint ventures have suffered an impairment. In this case, Antares Vision Group 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 Euro 2,875,504 following the recognition of the portion of the result of the year pertaining to Antares Vision Group, negative for Euro 158,307;
- the investment in the associate Rurall is recorded for an amount of Euro 1,420,473 following the recognition of the portion of the result of the period pertaining to Antares Vision Group, negative for Euro 79,527;

- the investment in the Siempharma joint venture is recognised for an amount of Euro 3,661,493 as a result of exercising the purchase option on a further 15%, which in November 2022 involved a cash outlay of Euro 1.5 million and a positive adjustment of the investment's value according to the Equity Method for Euro 146,516 to reflect the share of the result for the year attributable to Antares Vision Group;
- participation in the joint venture Shenzhen Antaruixin Limited Liability Company is recognised in the financial statements of AV (Shenzhen) at an amount of CNY 1,880,869, following the recognition of the portion of the profit for the year attributable to Antares Vision Group, which was negative for CNY 987,238. In the consolidated financial statements, this adjustment translates into an equity investment recognised at a value of Euro 255,617 due to the recognition of the portion of the profit for the year pertaining to Antares Vision Group, which was negative for Euro 139,464, as well as a negative exchange rate effect of Euro 3,561.

Concerning the participation in Optwo, the related value that was entered into the balance sheet at 31 December 2022 did not change in comparison with the initial value, since the minority interest of the Group on the operating income of the related company following the increase of the share capital is a negligible sum.

Investments in other companies include:

- the investment in Neurala for Euro 244,255;
- the investment in the National Research Centre for Agricultural Technologies - Agritech for Euro 50,000;
- the investment in the National Centre for the development of gene therapy and drugs using RNA-based technology for Euro 200,000;

In December 2022, Antares Vision Group sold its 10% stake (at nominal value) in Humans Garden, an agricultural company based in Adro, recorded in last year's consolidated financial statements at an amount of Euro 150,000. The sale was liquidated in January 2023.

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 Group operates in the periods 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, as well as write-downs for obsolete and slow-moving goods.

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 Group uses for their management. With the exception of trade receivables that do not contain a significant financing component or for which Antares Vision Group has applied the practical expedient, Antares Vision Group 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 Group 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 Group 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 Group 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 Group 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 Group records a write-down for expected credit losses (ECLs) 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 Group 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 Group applies a simplified approach to the calculation of expected losses. In other words, Antares Vision Group 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,

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 Group 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 Group 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 Group 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 the Antares Vision Group 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 the section on Share-based Payments.

This cost, together with the corresponding increase in equity, is recognised under personnel costs for the options assigned to employees (Note 30) and under service costs for the options assigned to the directors (Note 34) 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 period 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 period represents the change in the cumulative cost recognised at the beginning and end of the half-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

The Antares Vision Group is involved in providing inspection systems for quality control, tracking solutions for anti-counterfeiting, supply chain control and smart data management. Gradual diversification of the business in recent years has led to a rising proportion of the service component, also through the Software as a Service (SaaS) model. Revenue from contracts with customers follow IFRS 15 - Revenue Recognition, which requires analysing the contracts according to a 5-step model which involves:

- identifying the contract with the customer;
- identifying the performance obligations included in the contract;
- establishing the price of the transaction;
- allocating the price to the performance obligations;
- recognising the revenue when the company satisfies the performance obligation.

Revenue from contracts with customers is recognised for an amount that reflects the consideration that Antares Vision Group expects to receive on fulfilment of the performance obligation.

Supply of goods

In the event that two performance obligations are recognised in the contract, the revenue relating to the supply of the asset is recognised with the transfer of the asset when the ownership or possession of the asset is transferred to the buyer, so generally on shipment, and the revenue relating to the installation service is recognised on completion of the installation. If it is not possible to identify two performance obligations in the contract, one for the supply of the goods and the other for the installation, the revenue is recognised once the installation is completed.

SaaS

The SaaS contracts involve a commitment by Antares Vision Group to make proprietary software available to the customer, as well as to provide implementation services, a subscription service for support and maintenance, and other professional services. With regard to the implementation and professional services, the revenue is recognised "at a point in time" once the service has been fully rendered. As regards the subscription service, which includes a significant part of the revenue deriving from long-term subscription contracts (3-7 years), as well as the revenue for use of the licence for the period defined in the contract, the revenue is recognised "over time" for the duration of the contract.

Other types of services (other than SaaS)

In the case of services, such as after-sales technical assistance, the revenue is recognised at a point in time when the service has been completed.

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 Group 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 Group 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 report 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. The diluted earning per share cannot exceed the basic earning per share as provided for by IAS33.

Accounting standards issued and entered into force in 2022

Antares Vision has considered the impact of the standards or amendments that have been in effect since 1 January 2022.

Amendments to IFRS 3 - "Business Combinations"

The amendments aim to replace references to the Framework for the Preparation and Presentation of Financial Statements, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the standard.

The amendment added an exception to the measurement principles of IFRS 3 to avoid the risk of potential "day after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether an actual obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the acquisition date.

In accordance with the transition rules, Antares Vision applies the amendment prospectively, i.e. to business combinations that occur after the beginning of the financial year in which the amendment is applied for the first time (date of first-time application). These amendments have had no impact on the financial statements of Antares Vision as potential assets, liabilities and contingent liabilities have not been recognised as part of these amendments.

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

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any revenue deriving from the sale of products sold in the period in which the asset is brought to the place or the conditions necessary for it to operate in the way it was designed by management. An entity has to record any revenue from the sale of such products in the income statement, along with the cost of producing them.

In accordance with the transition rules, Antares Vision applies the change retrospectively only for the elements of property, plant and equipment that came into operation after or at the beginning of the comparative year for the year in which this change is applied for the first time (date of first-time application).

These amendments had no impact on the financial statements of Antares Vision as no sales were made relating to such elements of property, plant and equipment, before they came into operation before or after the start of the previous comparative period.

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 are effective for financial years starting on or after 1 January 2022.

This change did not have any impacts for Antares Vision.

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 is effective for financial years that began on or after 1 January 2022. This change did not have any impacts for Antares Vision.

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 is effective for financial years that began on or after 1 January 2022. There are no material impacts for Antares Vision with respect to this amendment.

Accounting standards issued but not yet entered into force

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 Group is currently evaluating the impact that the amendments will have on the current situation should existing loan agreements have to be renegotiated.

Definition of accounting estimate - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting principles and correction of errors. In addition, they clarify how entities are to use measurement and input techniques to develop accounting estimates.

The amendments are effective for financial years starting on or after 1 January 2023 and apply to changes in accounting principles and changes in accounting estimates that occur from the beginning of that period or subsequently. Early application is permitted providing this fact is disclosed.

These amendments are not expected to have a significant impact on Antares Vision.

Disclosure on accounting standards - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidelines and examples to help entities apply materiality judgements to disclosure on accounting standards. The amendments aim to help entities provide information on the more useful accounting policies by replacing the obligation for entities to provide their own "significant" accounting policies with the obligation to disclose their "relevant" accounting policies; in addition, guidelines are added on how entities apply the concept of relevance in making decisions regarding disclosure on accounting principles.

The amendments to IAS 1 are applicable starting from financial years starting on or after 1 January 2023, early application is permitted. Since the amendments to PS 2 provide non-mandatory guidance on applying the definition of material to the disclosure of accounting policies, an effective date is not required for such amendments.

Antares Vision is currently evaluating the impact of the changes to determine the impact they will have on the disclosure of the Company's accounting policies.

Deferred taxes relating to assets and liabilities arising from a single transaction – Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, restricting the scope of application of the initial recognition exception included in IAS 12, which will no longer have to be applied to those transactions that give rise to taxable and deductible temporary differences in equal measure.

The amendments will have to be applied to transactions that take place after or at the beginning of the comparative period presented. Furthermore, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognised for all deductible and taxable temporary differences associated with leasing and restoration provisions.

Antares Vision is currently assessing the impacts of these amendments.

Use of estimates

Preparing the consolidated financial statements of Antares Vision Group 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 Group, 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 Group 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 Group has the possibility, for some of its leases, to extend the lease or terminate it early. Antares Vision Group applies its own judgement in assessing whether there is reasonable certainty of exercising the renewal options. Having said this, Antares Vision Group 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 Group 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 Group 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 Group 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 Group 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 Group 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.

Fair value of financial instruments

When the fair value of a financial asset or liability recognised in the statement of financial position 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 Group 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 amount 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.

Share-based payments include the Stock Option Plans reserved for executive directors, top management and key employees whose performance is more likely to influence the company's results, considering the positions that they hold and the functions that they perform (see the dedicated section for details).

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

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 Group 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.

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.

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.

Revenue from contracts with customers

Antares Vision Group is involved in providing inspection systems for quality control, tracking solutions for anticounterfeiting, supply chain control and smart data management. Gradual diversification of the business in recent years has led to a rising proportion of the service component, also through the Software as a Service (SaaS) model. Revenue from contracts with customers follow IFRS 15 - Revenue Recognition, which requires analysing the contracts according to a 5-step model which involves:

- identifying the contract with the customer;
- identifying the performance obligations included in the contract;
- establishing the price of the transaction;
- allocating the price to the performance obligations;
- recognising the revenue when the company satisfies the performance obligation.

Revenue from contracts with customers is recognised for an amount that reflects the consideration that Antares Vision Group expects to receive on fulfilment of the performance obligation.

<u>Supply of goods</u>

In the event that two performance obligations are recognised in the contract, the revenue relating to the supply of the asset is recognized with the transfer of the asset when the ownership or possession of the asset is transferred to the buyer, so generally on shipment, and the revenue relating to the installation service is recognised on completion of the installation. If it is not possible to identify two performance obligations in the contract, one for the supply of the goods and the other for the installation, the revenue is recognized once the installation is completed.

<u>SaaS</u>

The SaaS contracts involve a commitment by Antares Vision Group to make proprietary software available to the customer, as well as to provide implementation services, a subscription service for support and maintenance, and other professional services") With regard to the implementation and professional services, the revenue is recognised "at a point in time" when the service has been completed. As regards the subscription service, which includes a significant part of the revenue deriving from long-term subscription contracts (3-7 years), as well as the revenue for use of the licence for the period defined in the contract, the revenue is recognised "over time" for the duration of the contract.

Other types of services (other than SaaS)

In the case of services, such as after-sales technical assistance, the revenue is recognised at a point in time when the service has been completed.

Recognition of costs

Costs are recognized when they relate to goods and services purchased or consumed during the fiscal year or by systematic allocation.

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 Group 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.

Disclosure on business combinations

On 18 February 2022, Antares Vision Group completed the acquisition of ACSIS Inc. ("ACSIS"), through rfxcel, on 31 July 2022, through FT System, a wholly owned subsidiary of Antares Vision S.p.A., it completed the acquisition of 100% of Packital and 100% of Ingg. Vescovini and on 29 September 2022, through FT System, it completed the acquisition of 60% of Wavision.

For these acquisitions, during the year, the Purchase Price Allocation process was finalized ("**PPA**"), better described in the following paragraphs, allocating only the residual part of the difference between the net equity of the entities acquired and the price paid to goodwill.

Acquisition of ACSIS

The PPA relating to the acquisition of ACSIS, completed on 18 February 2022 through rfxcel for an Enterprise Value of US$ 12 million (Euro 10.6 million at the exchange rate on the date of acquisition), was carried out during the first half of 2022.

The difference between the price paid, already including the price adjustment, and the shareholders' equity of the acquired company was US$ 13 million (Euro 11.4 million at the exchange rate on the date of acquisition); the PPA involved allocating this difference to Technologies (with a useful life of 10 years) for US$ 4.1 million (Euro 3.6 million) and to the Customer List (wit a useful life of 10 years) for US$ 3.1 million (Euro 2.7 million), offset by the related provision for deferred taxes of US$ 2 million (Euro 1.7 million, at the local tax rate of 27%), leaving a residual value of Goodwill of US$ 7.7 million (Euro 6.8 million)[11].

ACSIS	USD	EUR
Consideration paid	6,283,680	5,534,332
Goodwill already recorded	3,570,854	3,145,019
Shareholders' equity	- 3,130,990	- 2,757,610
Difference	**12,985,525**	**11,436,960**
Customer list	3,101,700	2,731,813
Deferred tax provision for the customer list (at 27%)	837,459	737,589
Know-how	4,143,300	3,649,199
Deferred tax provision for the technologies (at 27%)	1,118,691	985,284
Residual goodwill	**7,696,675**	**6,778,822**

The value of the business combination in question is shown below, net of the net financial position acquired, which was negative for US$ 6.1 million (Euro 5.4 million). Financial liabilities include US$ 823 thousand (Euro 725 thousand) of lease liabilities and US$ 8.8 million (Euro 7.7 million) for a loan to the company by the previous shareholders of ACSIS, which was repaid at the time of the acquisition through an intercompany loan from rfxcel.

ACSIS	USD	EUR
Consideration paid	6,283,680	5,534,332
Financial debts	9,579,578	8,437,183
Cash and cash equivalents acquired	- 3,464,659	- 3,051,488
Business combinations, without the net financial position acquired	**12,398,599**	**10,920,027**

[11] *At the exchange rate ruling on 31 December 2022, Technologies are worth Euro 3.9 million, the Customer List Euro 2.9 million, the provision for deferred taxes Euro 1.8 million and the residual value allocated to goodwill Euro 7.2 million.*

Acquisition of Packital and Ingg. Vescovini

The acquisition of Packital was finalised on 31 July 2022 through FT System and the PPA was carried out during the second half of 2022.

The difference between the price paid and the net equity of the company acquired was 2.6 million euro; the PPA involved allocating this difference to Technologies for Euro 353 thousand and to the Customer List for Euro 401 thousand, offset by the provision for deferred taxes of Euro 210 thousand, leaving a residual value of Goodwill of Euro 2 million.

PACKITAL	EUR
Consideration paid	3,227,330
Shareholders' equity	- 644,759
Difference	**2,582,571**
Customer list	352,600
Deferred tax provision for the customer list (at 24.9%)	98,375
Know-how	401,100
Deferred tax provision for the technologies (at 24.9%)	111,907
Residual goodwill	**2,039,153**

The value of the business combination under comment, net of cash acquired, is shown below:

PACKITAL	EUR
Consideration paid	3,227,330
Cash and cash equivalents acquired	- 553,748
Business combinations, net of cash and banks acquired	**2,673,582**

At the same time as the acquisition of Packital, FT System completed the acquisition of Ingg. Vescovini, which generated a difference between the price paid and the net equity of the company acquired of Euro 9.6 thousand, which after the PPA was allocated entirely to Goodwill.

INGG. VESCOVINI	EUR
Consideration paid	2,026,313
Shareholders' equity	- 2,016,758
Difference	**9,555**
Residual goodwill	**9,555**

The value of the business combination under comment, net of cash acquired, is shown below:

INGG. VESCOVINI	EUR
Consideration paid	2,026,313
Cash and cash equivalents acquired	- 728,827
Business combinations, net of cash and banks acquired	**1,297,486**

Acquisition of Wavision

On September 29, 2022, Antares Vision Group, through FT System, finalized the acquisition of a 60% stake in Wavision through a capital increase that involved a cash outlay of €214 thousand (including ancillary charges). The PPA carried out following the acquisition did not result in any differentials to be allocated.

Segment reporting

IFRS 8 requires that information be provided by segment, using the same bases on which internal management reports are prepared. Antares Vision Group 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 Group, 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.

CAPITAL MANAGEMENT		
Description	**31/12/2022**	**31/12/2021**
Interest-bearing loans and other loans (**)	151,302,453	145,198,584
Other non-current financial liabilities	162,383	566,764
Other current financial liabilities	11,086,926	459,780
Cash and cash equivalents (**)	-61,096,981	-78,332,432
Current securities available for sale	-26,826,890	-40,145,623
Other financial assets	-7,130,074	-
Net medium and long-term financial position (*)	**67,497,817**	**27,747,073**
Trade and other payables	77,567,006	58,747,807
Net debt	**145,064,823**	**86,494,880**
Shareholders' equity	308,751,882	272,327,788
Total capital	**308,751,882**	**272,327,788**
Capital and net debt	**453,816,705**	**358,822,668**
Gearing ratio	*32.0%*	*24.1%*

(*) The difference with respect to the adjusted net financial position shown in the report on operations is due to a different classification of company credit cards

(**) The amounts not yet redeemed by the previous shareholders of rfxcel following the company's sale to Antares Vision Group are shown for Euro 11,087 thousand under Cash and cash equivalents, with a corresponding financial payable as the contra-entry.

The main objective of capital management is to maximise shareholder value. Antares Vision Group monitors equity using a gearing ratio, consisting of the ratio of net debt to total capital plus net debt. Antares Vision Group includes in net debt interest-bearing loans, borrowings, trade and other payables, less cash and cash equivalents, short-term deposits and current financial assets.

The gearing ratio is 32%, compared with 24.1% in the comparative period. This result derives from the combined effect of several factors, the most significant of which are:

- the acquisitions of ACSIS, Packital and Ingg. Vescovini, as explained in detail in the section on Business Combinations;
- the acquisition by FT System of 60% of Wavision, a company created by the Turin Polytechnic which is active in the design and marketing of inspection sensors using microwave technology. The transaction was completed in cash, with a total outlay of Euro 214 thousand;
- the increase in capital of Optwo S.r.l. subscribed for Euro 1,000 thousand (for a share of 24.9%) by the Parent Company in July 2022;
- the exercise of the option to purchase a further stake in Siempharma S.r.l., raising the interest from 30% to 45% with a cash outlay of Euro 1,500 thousand;
- the investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- the investment in working capital for Euro 42.0 thousand deriving from sales exceptionally concentrated in the latter part of the year;
- investments in tangible fixed assets relating for Euro 0.7 million to advances for investments in machinery, for Euro 0.4 million to advances paid by the Parent Company for the purchase of land in the municipality of Sorbolo Mezzani and for Euro 3.8 million upon completion of the extraordinary maintenance and expansion works on the building where the parent company's registered office is located (bought under finance leases);
- investments in intangible fixed assets, mainly for development costs (Euro 12.3 million as higher capitalisations, of which Euro 3.2 million classified under intangible fixed assets in progress because they are linked to projects not yet completed, and for digital transformation projects (Euro 1.7 million), above all the introduction of the new ERP and the new PLM, still in progress and therefore not yet subject to amortisation;

- by accounting for the new lease and rental contracts according to IFRS 16 for Euro 3.4 million, recorded under right-of-use assets;
- the fair value measurement of available-for-sale financial assets (negative overall for Euro 475 thousand, of which pertaining to the Parent Company for Euro 216 thousand and pertaining to FT System for Euro 259 thousand);
- the payment of mortgage interest for an equivalent post-hedging amount of Euro 2.7 million (Euro 2.3 million, net of the effect of derivatives);
- the extinction of a derivative financial instrument, initially stipulated to offset changes in the interest rate on a bank loan and held in the portfolio as a speculative instrument, which resulted in collecting income of Euro 328 thousand.

which more than offset the positive effects on equity.

Antares Vision Group is required to comply with financial covenants in line with market practice. At the date of preparation of this document, the covenants have all been amply met.

STATEMENT OF FINANCIAL POSITION

Non-current assets

1. Property, plant and equipment and right-of-use assets

During 2022, Antares Vision Group's investments in property, plant, machinery and right-of-use assets reached a total of Euro 34,752,661 which compares with Euro 26,538,178 at 31 December 2021. The changes in the scope of consolidation led to an increase in net carrying amount of Euro 911,974.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS						
Description	**Land and buildings (including right-of-use assets)**	**Plant and machinery**	**Industrial and commercial equipment**	**Other fixed assets (including right-of-use assets)**	**Fixed assets under construction and advances**	**Total**
Historical cost 31/12/2021	26,070,911	595,140	2,757,351	4,392,769	122,852	33,939,022
Accumulated depreciation 31/12/2021	- 3,774,235	- 425,837	- 974,650	- 2,226,123		- 7,400,844
Carrying amount 31/12/2021	**22,296,676**	**169,303**	**1,782,701**	**2,166,646**	**122,852**	**26,538,178**
Increases	8,435,458	150,096	391,432	681,792	1,240,518	10,899,297
Increases in historical cost due to expansion of the scope of consolidation	1,698,324	275,628	210,176			2,184,129
Increases in accumulated depreciation due to expansion of the scope of consolidation	- 962,832	- 99,390	- 209,933			- 1,272,155
Reclassifications		98,899			- 98,899	-
Exchange rate effect (historical cost)	281,511	11,035	120,315	342,898		755,760
Exchange rate effect (accumulated depr./amort.)	- 11,789	- 2,729	-297,472	- 104,792		- 416,782
Elimination of historical cost		- 81,919		- 344,197		- 426,116
Elimination of accumulated depr./amort.		81,919		344,197		426,116
Depreciation for the period	- 2,858,053	- 113,099	- 63,100	- 901,515		- 3,935,767
Total changes	**6,582,621**	**320,440**	**151,419**	**18,383**	**1,141,619**	**8,214,482**
Historical cost 31/12/2022	36,486,205	1,048,879	3,479,275	5,073,262	1,264,471	47,352,093
Accumulated depreciation 31/12/2022	- 7,606,909	- 559,136	- 1,545,155	- 2,888,232		- 12,599,432
Carrying amount 31/12/2022	**28,879,296**	**489,743**	**1,934,120**	**2,185,030**	**1,264,471**	**34,752,661**

Land and buildings, for an amount of Euro 28,879,296 (euro 22,296,676 at 31 December 2021), 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. The increase in this item pertains to the Parent Company for Euro 4,792,912 and relates to the expansion and renovation works at the Travagliato and Sorbolo locations, of which Euro 3,848,900 was financed by leases.

Plant and machinery amounts to Euro 489,743 after increases of Euro 176,238 (net carrying amount) due to the expansion of the scope of consolidation and Euro 150,096 of new investments.

Industrial and commercial equipment amount to Euro 1,934,120 compared with Euro 1,782,701 in 2021.

Other fixed assets amount to Euro 2,185,030 at 31 December 2022, compared with Euro 2,166,646 at 31 December 2021. The increase of Euro 681,792 is linked to the value in use of the new contracts for the lease, rent and long-term leasing of motor vehicles and capital assets that fall within the scope of IFRS 16, as well as investments in electronic office equipment made during the year and, to a lesser extent, furniture and fittings intended for new wing of the building where the Company's registered office is located.

Fixed assets under construction and advances include advances paid for the purchase of machinery for Euro 727,500, advances paid for the purchase of land in the municipality of Sorbolo Mezzani for Euro 402,000 and building permit rights for Euro 81,200 which will go to increase the cost of the related building in application of IFRS 16.

2. Goodwill

Goodwill amounts to Euro 160,198,596 and is made up as follows:

GOODWILL														
Description	FT System	T2 Sofware	Tradeticity	Convel	Applied Vision	rfXcel	Pen-Tec	Tecnel	Antares Vision India	ACSIS	Packital	Vescovini	Others	Total
Amount at 31/12/2021	**45,297,868**	**72,983**	**1,073,329**	**12,322,155**	**13,881,138**	**67,689,959**	**4,034,310**	**1,129,256**	**253,549**	**-**	**-**	**-**	**104,719**	**145,859,266**
Change for new acquisitions	-	-	-	-	-	-	-	-	-	6,778,822	2,039,153	9,555	-	8,827,530
Exchange rate effect	-	8,692	-	-	858,949	4,188,578	-	-	-	437,261			18,320	5,511,800
Amount at 31/12/2022	**45,297,868**	**81,675**	**1,073,329**	**12,322,155**	**14,740,087**	**71,878,536**	**4,034,310**	**1,129,256**	**253,549**	**7,216,083**	**2,039,153**	**9,555**	**123,039**	**160,198,596**

Amounts of goodwill expressed in foreign currency are converted at the year-end exchange rate.

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 PPA and represents the excess of the acquisition cost over the present value of the assets and liabilities acquired.

The Business Combinations section explains the results of the PPAs carried out on ACSIS, which was acquired on 18 February 2022 through rfxcel, and on Packital and Ingg. Vescovini, which were acquired on 31 July 2022 through FT System.

Impairment test

IAS 36 “Impairment of Assets” requires the assessment of the existence of losses in value (impairment) of property, plant and equipment 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 made 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.

At the year end on 31 December 2022, the Board of Directors of Antares Vision Group carried out specific procedures to check the recoverable amount of intangible assets with an indefinite useful life (only goodwill) recognised in the consolidated statement of financial position at the same date.

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 Group 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 Group, 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 Group provides for the subsequent integration of the business acquired from a strategic and commercial point of view;
- the Business Plan is drawn up from a Group perspective.

The relevant grouping for control therefore includes all of the net operating assets in the consolidated financial statements.

Measurement approach

The recoverable amount 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 27 February 2023 consists of (i) the preliminary consolidated statement of financial position at 31 December 2022, from which the Net Invested Capital and Net Equity subject to testing have been taken and (ii) the Business Plan of Antares Vision Group approved by the Board of Directors on 20 February 2023, 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. 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 three-year explicit forecast period of the Business Plan 2023-2025;
- 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 11.6% 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 the specific case, the 6-month average of yields at 2 February 2023 was used, plus the country risk premium, where necessary;
- equity market risk premium (5.5%): the (long-term historical) yield differential between equities and bonds on mature financial markets (MRP);
- Beta coefficient: it is equal to 1.1 and was determined on the basis of the prices of some listed companies operating in the same sector as Antares Vision Group;

- size premium (1.2%): based on the market data depending on the stock market capitalisation of Antares Vision Group;
- additional premium for plan execution risk (2%) applied for countries where the average revenue growth rate for 2023-2025 is expected to exceed 15%;
- 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;
- the cost of long-term debt estimated on the basis of a six-month average (measured at 2 February 2023) of the 10-year interest rate swap and a spread in line with the terms of the Group's loans;
- the expected tax rate, equal to 24%.

<u>Long-term growth rate ("g rate")</u>

The g rate was estimated as being equal to the expected long-term inflation rate in the main countries in which the Group operates, with a weighting factor equal to the ratio between 2022 revenue in each country and 2022 consolidated revenue.

<u>Outcome</u>

The results of the impairment testing of goodwill are shown below, including an analysis of sensitivity to changes in the WACC and the g rate (+/- 0.25%).

The recoverable amount obtained by discounting the plan's cash flows according to the parameters described above was compared with the shareholders' equity less the value of net financial payables at 31 December 2022, identifying a "headroom" of 31% of the recoverable amount.

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 0.25 percentage points, the headroom would have been 29% of the recoverable amount;
- Assuming a decrease in the g rate of 0.25 percentage points, the headroom would have been 30% of the recoverable amount;
- Assuming a combined effect of an increase in the WACC of 0.25 percentage points and a decrease in the g rate of 0.25 percentage points, the headroom would have been 28% of the recoverable amount.

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 Group and from the multipliers expressed by the prices of other companies in the sector. The analyses that we carried out show that at 31 December 2022 the recoverable amount of the group of assets being analysed is significantly higher (in the same order of magnitude determined through the value in use) than its book value in the consolidated financial statements of Antares Vision Group.

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 in course of formation and advances	TOTAL
Historical cost 31/12/2021	17,076,406	375,137	2,795,126	50,750,637	23,745,890	408,578	3,515,609	98,667,384
Accumulated amortisation 31/12/2021	- 5,541,493	- 286,800	- 1,095,411	- 5,608,057	- 2,357,988	- 288,166	-	- 15,177,914
Carrying amount 31/12/2021	**11,534,914**	**88,337**	**1,699,715**	**45,142,581**	**21,387,902**	**120,412**	**3,515,609**	**83,489,469**
Increases	9,063,092	46,595	447,556				4,881,487	14,438,731
Reclassifications	3,009,593						- 3,009,593	-
Increases in historical cost due to expansion of the scope of consolidation			107,172			89,967		197,139
Increases in accumulated amortisation due to expansion of the scope of consolidation			- 100,840					- 100,840
Adjustments to *fair value* generated by PPAs				3,084,413	4,050,299			7,134,711
Exchange rate effect (historical cost)	117,604		24,739	2,481,673	1,320,699	36,880		3,981,596
Exchange rate effect (accumulated depr./amort.)	22,268		- 2,321	- 129,332	- 60,210	- 56,943		- 226,538
Elimination of historical cost						- 395,821		- 395,821
Elimination of accumulated amortisation						306,724		306,724
Amortisation for the period	- 5,875,608	- 74,617	- 545,415	- 5,642,720	- 2,686,685	- 27,857		- 14,852,903
Total changes	**6,336,950**	**- 28,022**	**- 69,108**	**- 205,966**	**2,624,102**	**- 47,051**	**1,871,894**	**10,482,799**
Historical cost 33/12/2022	29,266,696	421,732	3,374,593	56,316,723	29,116,888	139,604	5,387,503	124,023,739
Accumulated amortisation 31/12/2022	- 11,394,833	- 361,417	- 1,743,987	- 11,380,108	- 5,104,884	- 66,242	-	- 30,051,471
Carrying amount 31/12/2022	**17,871,863**	**60,314**	**1,630,607**	**44,936,615**	**24,012,004**	**-**	**5,387,503**	**93,972,268**

Other intangible assets only include assets with a finite life and amount to Euro 93,972,268 at 31 December 2022.

During the year, PPAs were carried out for:

- ACSIS which led to an increase in the customer list by Euro 2,731,813 and in technologies by Euro 3,649,199;
- Packital which led to the allocation of Euro 352,600 to the customer list and Euro 401,100 to technologies;
- Ingg. Vescovini which did not lead to any allocation to Other intangible assets.

As a result of the trend in the dollar, a positive exchange rate effect was generated, respectively of Euro 2,481,673 (Euro 2,352,341 net of the exchange effect on the related accumulated amortisation) and Euro 1,320,699 (Euro 1,260,489 at net of the exchange rate effect on the related accumulated amortisation) on the customer list and on the technologies identified during these and the previous PPAs of Applied Vision and rfxcel.

Development costs amount to Euro 17,871,864, net of accumulated amortisation. In addition to the investments of previous years, development costs were capitalised during the year for Euro 9,063,092 relating to:

- the Parent Company for Euro 2,585,961;
- FT System for Euro 987,319;

- to Applied Vision for Euro 646,047 plus a positive exchange rate effect of Euro 52,943;
- to rfxcel for Euro 4,843,766 plus a positive exchange rate effect of Euro 63,526.

Additional costs of Euro 3,009,593 capitalised during the previous year have also been transferred to this item under Fixed assets in process of formation, being are linked to projects that were still underway at the time and have now been completed. A detailed description of the projects that generated new capitalisations during the year is provided in the Report on Operations. The development costs in question were recognised under Intangible assets once it was verified that there was reasonable certainty that the expected future economic benefits would arise.

Additional investments for a total of Euro 3,205,949 have been recorded under Fixed assets in course of formation and advances as they relate to projects not yet completed at the end of the year, so amortisation has not yet commenced. These investments refer to:

- the Parent Company for Euro 2,697,354;
- FT System for Euro 2,307;
- Applied Vision for Euro 357,339 plus a negative exchange rate effect of Euro 4,556;
- rfxcel for Euro 148,949 plus a negative exchange rate effect of Euro 1,899.

Fixed assets in course of formation and advances also include the costs that the Parent Company is incurring for the start-up of digital transformation, above all implementation of the new ERP and the new PLM for Euro 1,969,272 (of which 1,662,188 incurred in 2022).

Industrial patent rights and intellectual property rights amount to Euro 60,314, net of accumulated amortisation.

Concessions, licences, trademarks and similar rights increased from Euro 1,699,715 at 31 December 2021 to Euro 1,630,607 at 31 December 2022. The change during the year is due for Euro 447,556 to new investments (including that relating to a new CRM for Euro 380,926 which forms part of the broader digital transformation project), for Euro 6,332 (net carrying amount) to the inclusion of ACSIS in the consolidation, for Euro 22,418 to the net effect on exchange rates and for Euro 545,415 to amortisation for the year.

4. <u>Investments in associates, joint venture and other companies</u>

The equity investments shown in the consolidated financial statements at 31 December 2022 amount to Euro 9,707,358.

Their composition and changes are as follows:

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES										
	ASSOCIATES		*JOINT VENTURE*		OTHER COMPANIES					
Description	**OROBIX**	**RURALL**	**SIEMPHARMA**	**SHENZHEN ANTARUIXIN**	**NEURALA**	**HUMANS GARDEN**	**FOUNDATIONS**	**OPTWO**	**OTHERS**	**TOTAL**
Amount at 31/12/2021	3,033,811	1,500,000	2,014,977	398,642	244,255	150,000	-	-	17	7,341,702
Acquisitions	-	-	1,500,000	-	-	-	250,000	1,000,000	-	2,750,000
Disposals	-	-	-	-	-	- 150,000	-	-	-	- 150,000
Fair value adjustment	- 158,307	- 79,527	146,516	- 139,464	-	-	-	-	-	- 230,783
Exchange rate effect	-	-	-	- 3,561	-	-	-	-	-	- 3,561
Amount at 31/12/2022	**2,875,504**	**1,420,473**	**3,661,493**	**255,617**	**244,255**	**-**	**250,000**	**1,000,000**	**17**	**9,707,358**

The table below shows the Shareholders' Equity and Net Income of each of these holdings as of 31 December 2022:

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES				
Name	**City if in Italy or Foreign Country**	**Shareholders' equity at 31/12/2022 (in euro)**	**Profit/(loss) at 31/12/2022 (in euro)**	**Interest held in %**
OROBIX	BERGAMO, ITALY	1,602,585	-422,153	37.5%
SIEMPHARMA	APRILIA (LT), ITALY	2,800,428	325,590	45.0%
NEURALA	BOSTON (USA)	(*)	(*)	0.4%
RURALL	MILAN, ITALY	5,650,409	-318,109	25.0%
SHENZHEN ANTARUIXIN	SHENZHEN, CHINA	48,051	-139,464	40.0%
FONDAZIONE AGRITECH	NAPLES ITALY	(**)	(**)	(***)
FONDAZIONE RNA	PADUA, ITALY	(**)	(**)	(***)
OPTWO	BRESCIA, ITALY	1,010,000	77,296	24.9%
OTHERS	n.a.	n.a.	n.a.	n.a.

(*) data not available
(**) these are newly incorporated companies that have not yet filed their first financial statements
(***) these are foundations to which membership fees are paid, so it is not possible to identify a percentage shareholding

Orobix S.r.l. is 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 Euro 2,875,504 following the recognition of the portion of the result for the period pertaining to Antares Vision Group, negative for Euro 158,307.

In July 2021 the Parent Company signed an agreement with three strategic partners (BF S.p.A., the most important Italian agro-industrial group, Bluarancio S.p.A., Information Technology leader in the construction and management of platforms for the Italian agricultural sector, and SDF S.p.A., one of the world's leading manufacturers of tractors, harvesting machines and diesel engines) for the start-up of RurAll S.p.A., a recently established company jointly owned by the partners in equal shares. The projects are geared to making the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeiting, given that the sector is fundamental for the entire national economy and, consequently, for all consumers. The shareholding, equal to 25%, is recorded in the Parent Company's financial statements at Euro 1,500,000, paid in for Euro 375,000. At 31 December 2022, the fair value adjustment of the investment was carried out in line with the equity method, following recognition of the portion of the result for the year attributable to Antares Vision Group, which was negative for Euro 79,527.

On 28 July 2022 the Parent Company subscribed an increase in capital of 1 million euro (including a share premium) for a 24.9% stake in Optwo S.r.l., an innovative start-up for the development of a system which, through the use of a combination of third-party and proprietary software (currently being developed), makes it possible: (i) to collect, process and analyse data based on consumers' browsing habits, interests and purchasing preferences; (ii) for corporate customers to use the latest set of data, rendered suitably anonymous; and (iii) to plan, send and subsequently analyse the effectiveness of reports, notifications and advertising messages sent by corporate customers to end-consumers, based on the analyses previously carried out and in full compliance with the regulations on the protection of personal data. This investment is part of the so-called "customer engagement". As of 31 December 2022, management did not deem it necessary to recognize any adjustments to the initial recognition value of the investment, in view of the fact that the company is still in the start-up phase. In any case, it should be noted that the Group's share of Optwo's profit for the year as a result of the capital increase is insignificant in amount.

Siempharma S.r.l. (an investment under joint control as there are shareholders' agreements to that effect) operates in the design and marketing of packaging machines. The Parent Company has acquired 45% of its share capital in various stages.[12] The effect of applying the equity method in the income statement for 2022 was positive for Euro 146,516, this being the portion of the result for the period attributable to Antares Vision Group.

The joint ventures also include Shenzhen Antaruixin Limited Liability Company, held 40% by AV Shenzhen, which is in turn wholly owned by Antares Vision Asia Pacific. This investment is measured according to the equity method and is recorded at a value of Euro 255,617 (CNY 1,880,869), following recognition of the portion of the result for the period attributable to Antares Vision Group, negative for Euro 139,464 (CNY 987,238), as well as a negative exchange rate effect of Euro 3,561.

Neurala is an innovative start-up based in Boston, operating in artificial intelligence applied to vision technology for inspection, whose investment is registered among investments in other companies. The investment allows Antares Vision Group to continue its progress in Artificial Intelligence, which began when it entered 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

[12] *The Parent Company acquired 10% of the share capital on 28 January 2019, a subsequent 20% on 27 September 2021 and a further 15% on 16 November 2022 with a cash outlay of 1.5 million euro.*

solutions applied to vision technologies in manufacturing. The investment is shown at the purchase cost of Euro 244,255.

The investments in other companies also include the National Research Centre for Agricultural Technologies - Agritech (Euro 50,000) and the National Centre for the Development of Gene Therapy and Drugs using RNA-based Technology (Euro 200,000), both of them acquired in June 2022.

The National Research Centre for Agricultural Technologies - Agritech was created with the aim of giving greater impetus to frontier research in the technological field, with particular reference to technologies for agriculture and nutrition in line with the priorities of the European research agenda and with the National Research Plan.

Agritech will act as a hub for the Research Programme established by the Ministry of University and Research concerning the presentation of proposals for the strengthening of research structures and creation of "national champions" for R&D on certain Key Enabling Technologies to be funded under the National Recovery and Resilience Plan promoted by the European Union - NextGenerationEU.

The project is based on the use of enabling technologies for the sustainable development of agri-food production, with the aim of favouring adaptation to climate change, reducing the environmental impact in agri-food, the development of marginal areas, safety, traceability and the typical nature of supply chains.

The Antares Vision Group's participation forms part of an *équipe* of Italian excellence made up of 28 universities, 5 research centres and 17 other companies united by the ambition to combine the best scientific skills to make the Italian agri-food industry more competitive and sustainable.

The National Centre for the Development of Gene Therapy and Drugs using RNA-based Technology carries out research in areas of strategic importance for the country for the production of therapies and the design of procedures for human health, integrating the development of therapies with their targeted administration (known as "precision delivery"). It aims at the creation and renewal of research infrastructures and laboratories, the creation and development of research programmes and activities to favour the birth and growth of entrepreneurial initiatives with a higher technological content (innovative start-ups and spin-offs from research), aimed at enhancing the research results in the specified areas. The Centre focuses its activities in areas of high innovative value such as gene therapy applied to the treatment of cancer or hereditary diseases and RNA-based technologies, integrating skills in the field of advanced biocomputing and smart nanomaterials. The Centre has the ambition and the ability to become an excellence and a point of reference for Europe in order to make our country competitive in the development of state-of-the-art drugs. In addition to Antares Vision Group, it sees the participation of several universities, hospitals and research institutes, as well as leading companies that are leaders in the life sciences and biomedical sectors.

In December 2022, Antares Vision Group sold its 10% stake in Humans Garden, an agricultural company based in Adro, recorded in last year's consolidated financial statements at an amount of Euro 150,000. The sale was liquidated in January 2023.

5. Non-current financial assets

Non-current financial assets amount to Euro 7,398,767 (Euro 235,277 at 31 December 2021) and relate to security deposits paid to guarantee contracts in force for Euro 268,692 and financial assets for Euro 7,130,074, the latter all belonging to the Parent Company. The effects of the change in the scope during the year are immaterial.

NON-CURRENT FINANCIAL ASSETS			
Description	**Security deposits**	**Derivatives receivable**	**Total**
Amount at 31/12/2021	**228,971**	**6,306**	**235,277**
Change during the period	18,430	7,123,768	7,142,198
Effect of the change in the scope of consolidation - ACSIS	21,292	-	21,292
Amount at 31/12/2022	**268,693**	**7,130,074**	**7,398,767**

The following table summarises the derivatives that the Parent Company has in place to manage and hedge the main financial risks to which it is exposed, explaining their technical characteristics, the risk being hedged, the accounting policy and the mark-to-market adjustment at the end of the year.

Financial instrument	Main transaction	Risk covered	Accounting policy	Effective date of the contract	Contract expiry date	Acquired interest rate	Currency	Notional in foreign currency	Mark to market * at 31/12/2022
Interest Rate Swap	Bank borrowing	Interest rate risk	Speculative **	31/3/2019	31/3/2023	0.020%	Euro	2,222,222	13,102
Interest Rate Swap	Leasing	Interest rate risk	Speculative **	1/8/2016	1/2/2026	0.450%	Euro	2,103,554	140,013
Interest Rate Swap	Leasing	Interest rate risk	Speculative **	1/12/2019	1/12/2026	0.800%	Euro	2,574,730	234,695
Interest Rate Swap	Bank borrowing	Interest rate risk	Hedging	30/9/2021	29/9/2028	0.200%	Euro	30,000,000	3,470,604
Interest Rate Swap	Bank borrowing	Interest rate risk	Hedging	30/9/2021	30/9/2029	0.095%	Euro	30,000,000	3,271,661
Total									**7,130,074**

** 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*

*** Although the purpose is hedging, not all of the requirements for hedge accounting envisaged by IFRS 9 are met, so the usual accounting treatment of derivative instruments for speculative purposes was applied.*

The main effects are represented by the derivatives that the Parent Company has taken out to hedge changes in the interest rate on two bank loans as part of the refinancing strategy being applied from September 2021.

Note that derivatives that have a negative mark-to-market adjustment at the end of the year are shown under Other non-current financial liabilities, as commented on in Note 15.

6. Deferred tax assets

Deferred tax assets amount to Euro 16,522,675 (Euro 14,964,705 at 31 December 2021).

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 from FTA IFRS	Other deferred tax assets	Total
Amount at 31/12/2021	**870,331**	**5,686,669**	**566,128**	**6,751,252**	**1,090,324**	**14,964,705**
Change during the period	360,240	472,052	(409,092)	(808,571)	1,943,342	1,557,970
Amount at 31/12/2022	**1,230,571**	**6,158,721**	**157,036**	**5,942,681**	**3,033,666**	**16,522,675**

The figure of Euro 1,230,571 represents the temporary differences between the balance sheet amounts recorded in the financial statements of the individual Antares Vision Group companies and the corresponding amounts recognised for tax purposes, at the tax rates that are expected to apply when these differences reverse.

With regard to the amount of deferred tax assets on tax losses (Euro 6,158,721), the tax loss resulting from the tax consolidation of which the Parent Company is the consolidating company led to the allocation of additional deferred tax assets of Euro 705,346 which, in addition to the amount already recognised last year, led to a balance of Euro 5,593,939. The assessment of whether to recognise new DTA on the tax loss was carried out following the general principle of prudence and is the result of a Business Plan that foresees full use of the DTA to offset future taxable income over the medium term.

Residual deferred tax assets on the carry-forward tax losses of Antares Vision do Brasil for Euro 527,612 and Antares Vision Asia Pacific for Euro 37,170. Also in this case, full recoverability is expected in the medium term. On the other hand, the entire amount of the deferred tax assets set aside in previous years on the tax losses of Antares Vision Russia for Euro 411,100 has been released for prudence sake.

Deferred tax assets on temporary differences generated by the elimination of unrealised intercompany margins amount to Euro 157,036.

The application of IFRS entailed the recognition of DTA, which at 31 December 2022 amounted to Euro 5,942,681. Compared with the previous year's figure of Euro 6,751,252, deferred tax assets of Euro 602,132 were released as a reversal pertaining to the year of the effect recognised on first-time application of IAS 19, Euro 124,940 as a reversal pertaining to the year of the effect recognised on first-time application of IAS 38 and Euro 1,116,925 as a reversal pertaining to the year of the effect recognised on first-time application of IFRS 15. The application of IFRS 16 resulted in higher deferred tax assets of Euro 749,017, while the application of IFRS 2 resulted in higher deferred tax assets of Euro 7,542.

Other deferred tax assets, amounting to Euro 3,033,666, include the provisions generated by the PPAs carried out in recent years for Euro 1,874,120, the net deferred tax assets generated by the different accounting and tax treatment of the goodwill generated in the separate financial statements of AVUS as a result of the acquisition of 30% of AVNA in 2021 and, to a lesser extent, the provisions for directors' fees not yet disbursed, provisions for slow-moving goods and the product warranty fund.

Current assets

7. Inventories

Inventories at 31 December 2022 came to Euro 49,959,689 (Euro 38,182,503 at 31 December 2021), measured at the lower of purchase or production cost and estimated realisable amount based on market trends.

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	Advances for stocks	Total inventories
Amount at 31/12/2021	**24,112,461**	**7,052,083**	**6,410,699**	**607,261**	**38,182,503**
Change during the period	9,172,965	-481,557	923,064	1,049,393	10,663,865
Effect of the change in the scope of consolidation - ACSIS	-	-	79,209	-	79,209
Effect of the change in the scope of consolidation - Packital	439,920	357,789	-	-	797,709
Effect of the change in the scope of consolidation - Ingg. Vescovini	88,800	14,414	133,188	-	236,402
Amount at 31/12/2022	**33,814,146**	**6,942,729**	**7,546,160**	**1,656,654**	**49,959,689**

The increase recorded in the item, influenced for Euro 1,113,320 by changes in the scope of consolidation, is a direct consequence of the increase in orders from customers, but is also partially affected by the inflationary dynamics.

Inventories are shown net of the provision for obsolete and slow-moving goods. There were the following changes in the provision during the year:

INVENTORY PROVISION			
Description	Raw materials, ancillary and consumables	Finished products and goods	Total inventory provision
Amount at 31/12/2021	**870,226**	**517,878**	**1,388,104**
Change during the period	-226,959	230,351	3,392
Provisions	144,937	315,351	460,288
Uses/releases	-371,896	-85,000	-456,896
Effect of the change in the scope of consolidation - Ingg. Vescovini	171,584	-	171,584
Amount at 31/12/2022	**814,851**	**748,229**	**1,563,080**

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
Amount at 31/12/2021	**63,933,347**	**2,147,757**	**61,785,590**
Change during the period	47,429,896	1,048,207	46,381,689
Effect of the change in the scope of consolidation - ACSIS	1,218,595	29,834	1,188,760
Effect of the change in the scope of consolidation - Packital	924,442	-	924,442
Effect of the change in the scope of consolidation - Ingg. Vescovini	467,138	13,824	453,314
Amount at 31/12/2022	**113,973,418**	**3,239,623**	**110,733,795**

At 31 December 2022, this item amounts to Euro 110,733,795 (net of a provision for doubtful accounts of Euro 3,239,623, and compares with a balance of Euro 61,785,590 the previous year (net of a provision of Euro 2,147,757).

The increase in this item during 2022 is linked to the extension of the scope of consolidation for Euro 2,566,516 and to the exceptional concentration of turnover in the second half of the year, when almost Euro 140 million of revenue was generated (of which around 90 million in the last quarter of the year) with growth of over 60% compared with H1 2022 and more than 34% compared with H2 2021.

Antares Vision Group carefully evaluates the solvency of its customers, constantly monitoring credit exposure and activating immediate debt collection procedures with counterparties for past due accounts. It is rarely necessary to take legal action.

RECEIVABLES AGEING ANALYSIS		
	2022	% Incidence
Not yet past due	60,085,797	52.7%
Past due between 0-30 days	13,653,802	12.0%
Past due between 31-60 days	7,059,970	6.2%
Past due between 61-90 days	6,586,007	5.8%
Past due between 91-120 days	8,021,848	7.0%
Past due over 120 days	18,565,994	16.3%
of which beyond 1 year	*12,287,349*	*10.8%*
Total net of the provision for doubtful accounts	**113,973,418**	**100%**
Provision for doubtful accounts	- 3,239,623	
Total trade receivables	**110,733,795**	

Given the business model of Antares Vision Group, because of delays in the Site Acceptance Test (SAT), it is normal for past due amounts to exceed even a whole year, without this suggesting that the customer may be insolvent. It should also be noted that for certain counterparties who are also suppliers (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 Euro 10,821,834 and compare with Euro 10,730,526 at 31 December 2021. This item is made up as follows:

OTHER RECEIVABLES				
Description	**Tax receivables**	**Advances to suppliers**	**Other**	**Total other receivables**
Amount at 31/12/2021	5,013,855	1,414,143	4,302,528	10,730,526
Change during the period	- 807,074	220,265	168,288	- 418,521
Effect of the change in the scope of consolidation - ACSIS	-	-	198,945	198,945
Effect of the change in the scope of consolidation - Packital	61,950	4,060	46,042	112,052
Effect of the change in the scope of consolidation - Ingg. Vescovini	7,198	-	191,634	198,833
Amount at 31/12/2022	**4,275,929**	**1,638,468**	**4,907,437**	**10,821,834**

Tax receivables have gone from Euro 5,013,855 on 31 December 2021 to Euro 4,275,929 on 31 December 2022. This amount pertains to the Parent Company for Euro 2,492,445 (including Euro 504,805 represented by VAT credit, Euro 803,955 by tax credits mainly for R&D activities, Euro 270,010 to withholding taxes incurred in foreign states), to Antares Vision do Brasil for Euro 555,746, to AVUS for Euro 572,825 and to FT System for Euro 258,781.

Advances include receivables for advances paid to suppliers of services, attributable to the Parent Company for Euro 389,463, to FT System for Euro 194,055, to Antares Vision Russia for Euro 268,505 and to Antares Vision Asia Pacific for Euro 175,688.

Other receivables go from Euro 4,302,528 at 31 December 2021 to Euro 4,907,437 at 31 December 2022. It mainly includes accrued income and prepaid expenses, attributable to the Parent Company for Euro 2,427,359, to Antares Vision Russia for Euro 852,854 and to rfxcel for Euro 693,023. It has also been influenced by the extension of the scope of consolidation for Euro 436,621.

10. Other current financial assets

Other current financial assets amount to Euro 26,826,890 (Euro 40,145,623 at 31 December 2021) entirely attributable to the Parent Company and represented by certificates for euro 6,000,000 and insurance policies for euro 20,695,923.

The change during the year, negative for Euro 2,660,756, is due to:

- the fair value adjustment of securities and insurance policies held by the Parent Company, negative for Euro 216,066 (of which Euro 153,006 recognised under financial income and Euro 369,072 under financial charges);
- the divestment by the Parent Company of 7,000,000 euro of certificates of deposit;
- the divestment by FT System of Euro 5,152,747 of bond funds;
- the divestment by Ingg. Vescovini of Euro 949,920 of policies and securities subscribed before the acquisition date;

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 Euro 61,096,981, which compares with Euro 78,332,432 last year.

The change is linked to the joint effect of:

- the acquisition of ACSIS Inc. ("ACSIS") which took place on 18 February 2022 through rfxcel Corp. ("rfxcel") for an Enterprise Value of US$ 12 million (Euro 10.6 million at the exchange rate on the date of acquisition), including a negative net financial position of US$ 6.1 million (Euro 5.4 million). The financial resources for this transaction were made available through an increase in capital of US$ 15 million (Euro 13.5 million)from the Parent Company to Antares Vision Inc. ("**AVUS**") and subsequently from AVUS to rfxcel. Further details are provided in the Business Combinations section of this document;
- the acquisitions by FT System of Packital and Ingg. Vescovini for a total Enterprise Value of Euro 3.5 million. Available financial resources were used to complete the transaction;
- the acquisition by FT System of 60% of Wavision, a company created by the Turin Polytechnic which is active in the design and marketing of inspection sensors using microwave technology. The transaction was completed in cash, with a total outlay of Euro 214 thousand;

- the increase in capital of Optwo S.r.l. subscribed for Euro 1 million (for a share of 24.9%) by the Parent Company in July 2022;
- the exercise of the option to purchase a further stake in Siempharma S.r.l., raising the interest from 30% to 45% with a cash outlay of Euro 1,500 thousand;
- investments in tangible fixed assets relating for Euro 0.7 million to advances for investments in machinery, for Euro 0.4 million to advances paid by the Parent Company for the purchase of land in the municipality of Sorbolo Mezzani;
- investments in intangible fixed assets, mainly for development costs (Euro 12.3 million as higher capitalisations, of which Euro 3.2 million classified under intangible fixed assets in progress because they are linked to projects not yet completed, and for digital transformation projects (Euro 1.7 million), above all the introduction of the new ERP and the new PLM, still in progress and therefore not yet subject to amortisation;
- the investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- the payment of mortgage interest for an equivalent post-hedging amount of Euro 2.7 million (Euro 2.3 million, net of the effect of derivatives);
- the extinction of a derivative financial instrument, initially stipulated to offset changes in the interest rate on a bank loan and held in the portfolio as a speculative instrument, which resulted in collecting income of Euro 328 thousand.
- payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank. This transaction formed part of a broader debt refinancing strategy initiated during the second half of 2021 that involved taking out new bank loans with an average duration of 6.4 years, a fixed average post-hedging cost of around 2.0% and without significant principal repayments for the next four years. Antares Vision Group is required to comply with financial covenants in line with market practice and there is full compliance at the date of preparation of this document;
- payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third SAL of the Smart Ward Platform R&D project ("**SWP**"). On the occasion of the previous SALs, the Parent Company had already received Euro 3.3 million as a subsidised loan and Euro 0.4 million in the form of a bank loan;

- payment of the price adjustments linked to the acquisition of Pen-tec which took place in April 2022 for Euro 460 thousand and recorded under Other payables of a financial nature at 31 December 2021.

Shareholders' equity

12. Share capital and reserves

Shareholders' equity at 31 June 2022 amounts to Euro 308,850,876 (Euro 308.751.883 without minority interests) and compares with the amount of Euro 272.399.018 (Euro 272,327,788 without minority interests) of the previous year.

The share capital is equal to Euro 169,457, fully paid up (Euro 169,451 at 31 December 2021, paid up for Euro 168,144). The share premium reserve shown under Other reserves had a value at the end of the year of Euro 209,467,141 (Euro 209,466,890 at 31 December 2021). The slightest changes in the share capital and in the share premium reserve are entirely linked to the exercise of the warrants issued in April 2019 by the Parent Company on the occasion of the business combination with Alp.I S.p.A. in favour of the latter's shareholders with a view to listing Antares Vision S.p.A. on what was then the AIM (now Euronext Growth).

Please refer to Note 13 below for a more detailed discussion on the issue of warrants and how they are exercised and to the summary statement of changes in consolidated shareholders' equity included in the consolidated financial statements for more information on the other changes in shareholders' equity.

The reconciliation (net of tax effect) between Operating Income and Shareholders' Equity of the Parent Company and Consolidated Operating Income and Shareholders' Equity, is shown in the table below:

	31/12/2022		31/12/2021	
	Shareholders' equity	of which: result for the year	Shareholders' equity	of which: result for the year
Shareholdings' equity and profit for the year of the Parent Company (IFRS)	**253,541,102**	**-3,795,732**	**249,890,810**	**-280,428**
Surplus of shareholdings' equity in the financial statements, including the results for the year, compared with the book value of investments in consolidated companies	53,535,744	28,167,391	31,413,427	18,178,690
Foreign currency translation reserve	16,589,073	-	6,428,341	-
Elimination of the effects of transactions carried out between consolidated companies	-1,266,299	-2,965,951	-1,570,811	-202,003
Effect of the application of international accounting standards in the financial statement of consolidated companies	**-13,647,737**	**-3,204,338**	**-13,833,980**	**-5,300,269**
Effect of application of IFRS15	-12,309,560	-2,763,752	-14,463,657	-5,212,931
Effect of application of IFRS 16/IAS 17	-415,450	-66,030	1,599,423	420,372
Employee Severance Fund discounting effect	135,443	49,842	-530,368	-68,332
Effect of application of IFRS 2	-466,106	-271,710	-	-
Effect of application of IFRS 3	-592,065	-152,688	-439,378	-439,378
Shareholdings' equity and result for the year as reported in the Group's financial statements	**308,751,883**	**18,201,370**	**272,327,788**	**12,395,990**
Minority interest in shareholdings' equity and result	98,993	-71,698	71,230	-48,730
Consolidated shareholders' equity and result	**308,850,876**	**18,129,672**	**272,399,018**	**12,347,260**

Non-current liabilities

13. Non-current loans and borrowings

At 31 December 2022, non-current loans and borrowings amount to Euro 125,917,064 (Euro 128,150,631 at 31 December 2021), almost entirely attributable to the Parent Company (Euro 125,889,825).

Their composition and changes are shown below:

NON-CURRENT LOANS AND BORROWINGS			
Description	**Medium/long-term loans (share over 12 months)**	**Warrants**	**Total non-current loans and financing**
Amount at 31/12/2021	**120,664,413**	**7,486,218**	**128,150,631**
Change during the period	3,505,766	-5,739,334	-2,233,567
Amount at 31/12/2022	**124,170,179**	**1,746,884**	**125,917,064**
of which: over 5 years	*64,278,691*	*-*	*64,278,691*

As can be seen from the table, non-current loans and borrowings consist of payables to banks falling due beyond 12 months (the portion falling due within the next financial year is classified under current loans and borrowings as explained in Note 19) and the financial liability generated by the issue of warrants in conjunction with the listing of Antares Vision S.p.A..

The increase in medium/long-term loans is due to the payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank. This transaction formed part of a broader debt refinancing strategy initiated during the second half of 2021 that involved taking out new bank loans and the placement of Euro 40 million of unsecured and non-convertible bonds with Pricoa Capital Group (the so-called "US Private Placement"). This has made it possible to provide the Group with considerable liquidity to invest in its development plans.

With regard to the bond loan and certain of the bank loans, Antares Vision Group is required to comply with financial covenants on a consolidated basis, in line with market practice. At the reporting date, up to the date of preparation of this document, the financial covenants have all been amply met.

The first half of 2022 also saw payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third Structural Adjustment Loan (SAL) of the Smart Ward Platform ("**SWP**") R&D project. On the occasion of the previous SALs, the Parent Company had already received Euro 3.3 million as a subsidised loan and Euro 0.4 million in the form of a bank loan.

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 Euro 3,255.60 through the issue of up to 1,356,500 conversion shares. The regulation for the exercise and conversion of warrants was updated by the Board of Directors of the Parent Company on 28 April 2021 on the occasion of the translisting to Euronext STAR Milan.

Warrant holders can decide whether to exercise their warrants in total or in part by asking to subscribe shares at the subscription price (Euro 0.10 per share), provided that the average monthly price is higher than the strike price (Euro 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 (Euro 13 per share). The expiration date of the warrants is the first of the following dates to take place: (*i*) the first trading day after 5 years from 18 April 2019 (the date of the business combination with Alp.I and (ii) the first trading day after 30 calendar days have passed 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 Euro 5,739,334 has been recorded under financial income:

NON-CURRENT LOANS AND BORROWINGS			
Description	**no. Warrants**	**Price**	**Financial liabilities**
Amount at 31/12/2021	**2,495,406**	**3.0000**	**7,486,218**
Changes during the period	- 35,006		- 5,739,334
Amount at 31/12/2022	**2,460,400**	**0.7100**	**1,746,884**

14. <u>Non-current lease liabilities</u>

Non-current lease liabilities amount to Euro 13,175,064 (Euro 9,376,093 at 31 December 2021). The increase is attributable to the change in the scope of consolidation for Euro 756,501, of which Euro 725,228 relating to ACSIS and Euro 31,273 to Ingg. Vescovini. Moreover, during 2022, the Parent Company financed with a finance lease the costs (Euro 3,848,900)associated with completion of the extraordinary maintenance and expansion works on the building where the Company's registered office is located; the increase in financial liabilities for non-current leases represents the portion owed to the leasing company due beyond 12 months.

In accordance with IFRS 16, Antares Vision Group assesses when signing a contract 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 Group 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 Euro 5,000. The related fees are therefore recognised as costs over the duration of the contract.

15. Other non-current financial liabilities

At 31 December 2022 Other non-current financial liabilities amount to Euro 162,383 (Euro 566,764 at 31 December 2021), linked to a derivative payable that the Parent Company took out to hedge fluctuations in the interest rate of the loan granted to AVUS.

The accounting treatment of this derivative, which at the end of the year had a negative mark-to-market adjustment, follows the typical rules of instruments held for speculative purposes as the requirements for hedge accounting under IFRS 9 were not met.

Their composition and changes are shown below:

Financial instrument	Main transaction	Risk covered	Accounting policy	Effective date of the contract	Contract expiry date	Acquired interest rate	Currency	Notional in foreign currency	Mark to market * at 31/12/2022
Flexible forward	Intercompany loan	Exchange rate risk	Hedging	16/12/2022	29/12/2023	1.16050	US$	2,826,374	- 162,383
Total									**- 162,383**

** 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*

Note that derivatives that have a positive mark-to-market adjustment at the end of the year are shown under non-current financial assets, as commented on in Note 5.

16. Retirement benefit obligations

Retirement benefit obligations are shown in the consolidated financial statements at 31 December 2022 for Euro 7,799,034 which compares with the balance of Euro 8,633,983 at 31 December 2021. The inclusion in the scope of consolidation of Packital and Ingg. Vescovini had an effect of Euro 404,313 and Euro 259,578 respectively.

This item consists of the severance indemnity (TFR) recognised for the benefit of employees of the Group's Italian companies. The change during the year is represented by the provision for the year, net of disbursements made to employees and to supplementary pension funds, 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 Group 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	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement age	Attainment of AGO requirements

The technical bases used are listed below:

ECONOMIC ASSUMPTIONS		
Description	**31/12/2022**	**31/12/2021**
Annual discount rate	3.77%	0.98%
Annual inflation rate	2.30%	1.75%
Annual rate of increase in severance indemnity (T.F.R.)	3.23%	2.81%
Real annual salary increase rate	1.00%	1.00%

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

TURNOVER AND ADVANCES HYPOTHESIS		
Description	**31/12/2022**	**31/12/2021**
Frequency of advances	1.50%	1.50%
Frequency of turnover	2.50%	2.50%

The following is a reconciliation of the IAS 19 measurements between the balance at the beginning of the year (01/01/2022 for the Companies already included in the scope of consolidation at that date, or at the acquisition date for the Companies acquired during 2022) and the balance at 31 December 2022:

IAS 19 EVALUATIONS RECONCILIATION									
Description	**Antares Vision**	**FT System**	**Convel**	**Pen-tec**	**Tecnel**	**Ingg. Vescovini**	**Packital**	**Wavision**	**Total**
Defined Benefit Obligation (DBO) beginning of period	**5,888,876**	**2,270,960**	**114,472**	**151,197**	**181,636**	**243,601**	**380,262**	**-**	**9,231,002**
Service Cost	1,056,197	337,487	36,488	26,755	15,282	5,352	17,593	541	1,495,694
Interest Cost	103,660	40,164	1,939	2,713	3,562	3,011	4,690	-	159,740
Benefits paid	- 191,845	- 186,136	- 14,671	- 9,135	-	-	-	-	- 401,788
Transfers or other adjustments	- 54,122	54,122	-	-	-	-	-	-	-
Expected DBO end of period	**6,802,765**	**2,516,597**	**138,228**	**171,530**	**200,480**	**251,963**	**402,544**	**541**	**10,484,648**
A(G)/L from experience	72,312	94,249	2,289	5,443	5,121	3,968	6,781	-	190,164
A(G)/L from change of demographic assumptions	-	-	-	-	-	-	-	-	-
A(G)/L from discount rate exchange	- 1,947,438	- 771,542	- 37,726	- 42,841	- 28,342	- 9,915	- 37,973	-	- 2,875,778
Defined Benefit Obligation (DBO) end of period	**4,927,639**	**1,839,304**	**102,791**	**134,132**	**177,259**	**246,017**	**371,351**	**541**	**7,799,034**

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS								
Description	**Antares Vision**	**FT System**	**Convel**	**Pen-tec**	**Tecnel**	**Ingg. Vescovini**	**Packital**	**Wavision**
Turnover rate +1%	4,973,114	1,855,297	103,805	135,119	177,387	246,920	374,012	550
Turnover rate -1%	4,873,400	1,820,240	101,571	133,491	177,120	369,867	175,825	531
Inflation rate +0.25%	5,063,281	1,892,327	105,728	137,893	179,517	376,567	181,432	561
Inflation rate -0.25%	4,797,394	1,788,396	99,971	130,963	175,049	366,245	173,221	523
Discount rate +0.25%	4,766,248	1,776,764	99,338	130,258	174,415	364,579	172,262	521
Discount rate -0.25%	5,097,895	1,905,269	106,435	138,668	180,184	378,347	182,478	564

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

SERVICE COST AND DURATION								
Description	Antares Vision	FT System	Convel	Pen-tec	Tecnel	Ingg. Vescovini	Packital	Wavision
Service cost in the future	963,161	293,021	39,893	23,875	13,655	12,034	38,089	2,734
Duration	21.1	20.4	19.7	18.8	11.8	9.5	16.3	25.0

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

FUTURE DISBURSEMENTS								
Years	Antares Vision	FT System	Convel	Pen-tec	Tecnel	Ingg. Vescovini	Packital	Wavision
1	340,848	92,229	11,267	6,472	9,097	61,249	27,712	89
2	304,503	103,141	7,612	7,473	9,669	10,206	19,320	212
3	393,029	115,601	9,124	8,452	10,240	10,595	35,208	332
4	407,449	127,828	10,608	9,409	10,837	10,962	21,338	449
5	397,728	139,843	12,066	10,345	11,393	11,305	22,662	564

17. <u>Deferred tax liabilities</u>

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 2022, deferred tax liabilities recognised in the balance sheet amount to Euro 21,142,434, up from Euro 17,583,213 the previous year.

The amount refers for Euro 16,113,478 to the deferred tax liabilities generated on the occasion of the PPAs, for Euro 1,849,311 to the deferred tax liabilities on the development costs capitalised by Applied Vision and rfxcel, and for Euro 244,944 to the deferred tax liabilities generated by lease accounting using the financial method.

18. <u>Other non-current liabilities</u>

At 31 December 2022, other non-current liabilities amounted to Euro 82,382, compared with the balance of Euro 329,207 at 31 December 2021. It mainly refers to tax payables attributable to FT System for Euro 39,902, to FT Hexagone for Euro 15,723 and to Antares Vision India for Euro 16,595.

Current liabilities

19. Current loans and borrowings

Current loans and borrowings amount to Euro 8,702,122 compared with Euro 5,989,703 last year.

The movements and composition of this item are shown below:

CURRENT LOANS AND BORROWINGS			
Description	Medium/long-term loans (share over 12 months)	Credit cards	Total current loans and financing
Amount at 31/12/2021	**5,746,787**	**242,916**	**5,989,703**
Change during the period	2,569,350	143,070	2,712,419
Amount at 31/12/2022	**8,316,136**	**385,986**	**8,702,122**

This item includes the portion due within 12 months of the medium/long-term loans of the Parent Company for Euro 6,660,729 and of rfxcel for Euro 1,406,338.

As described in greater detail in Note 13, from September 2021, the Parent Company's bank debt was renegotiated through the disbursement of new bank loans, partially used to pay off the existing loans whose pre-amortisation period had ended or was nearing the end.

The change in this item derives from:

- payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank, making it possible to benefit from a new pre-amortisation period;
- payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third SAL of the Smart Ward Platform R&D project ("**SWP**").

The amount of Euro 385,986 refers to the balance due on corporate credit cards.

20. Current lease liabilities

Current lease liabilities amount to Euro 3,508,203 (Euro 1,683,212 at 31 December 2021), which is the portion due within 12 months of payables to lease companies following the application of IFRS 16.

During 2022, the Parent Company financed with a finance lease the costs (Euro 3.848.900) associated with completion of the extraordinary maintenance and expansion works on the building where the Company's registered office is located; the increase in financial liabilities for current leases represents the portion owed to the leasing company due within 12 months. Please refer to the explanation of non-current lease liabilities given in Note 14.

21. Other current financial liabilities

At 31 December 2022, Other current financial liabilities amount to Euro 11,086,926, compared with Euro 459,780 the previous year.

At 31 December 2021, this item consisted entirely of the financial liability recognised by FT System for the increase in the purchase price for 100% of Pen-tec and 100% of Tecnel, paid during 2022.

The balance at 31 December 2022 is entirely attributable to AVUS and includes the amounts not yet redeemed by the previous shareholders of rfxcel following the sale of the company to Antares Vision Group. They are shown in this item because according to American law, on the fifth anniversary of the closing, if these funds have not yet been requested by the rightful owners, Antares Vision Group will have to notify the state of the last known address of the rightful owner and the related funds will have to be transferred to this State, becoming de facto state property.

22. Current provisions for risks and charges

At 31 December 2022, current provisions for risks and charges amount to Euro 1,230,814 and compare with the balance of Euro 964.618 at 31 December 2021. Its composition and changes are shown below:

CURRENT PROVISIONS FOR RISKS AND CHARGES				
Description	Products warranty fund	Fund for ongoing disputes	Provision for agents' severance indemnity	Total
Amount at 31/12/2021	**863,859**	**56,860**	**43,899**	**964,618**
Uses of the period	- 412,904	-	-	- 412,904
Provisions for the period	523,582	17,913	123,393	664,888
Exchange rate effect	14,212	-	-	14,212
Amount at 31/12/2022	**988,749**	**74,773**	**167,292**	**1,230,814**

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 was made on the basis of historical trends and resulted in an adjustment of the provision for Euro 523,582 after uses during the period of Euro 412,904 and an exchange rate effect of Euro 14,212.

This item also includes the provision for agents' severance indemnity of Euro 167,292 and other contingent liabilities estimated at Euro 74,773.

When carrying out its analyses, management is advised by its consultants and experts in legal and tax matters. The Group makes provision for a liability in the event of disputes when it deems it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. The provisions set aside are reviewed at each reporting date and adjusted to show the best current estimate.

23. Contract liabilities

The first-time application of IFRS 15 resulted in a deferral of revenue with respect to Italian accounting principles, generating an FTA reserve at 1 January 2018 of Euro 15,250,613. 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**
Amount at 31/12/2021	**2,721,242**
Changes during the period	45,968
Amount at 31/12/2022	**2,767,210**

24. Trade payables

The balance of trade payables is equal to Euro 23,140,137 (Euro 18,674,613 at 31 December 2021), all with a duration of less than twelve months. The changes during the year are set out below with a separate indication of the effects of the changes in the scope of consolidation.

TRADE PAYABLES	
Description	**Trade payables**
Amount at 31/12/2021	**18,674,613**
Changes during the period	2,889,433
Effect of the change in the scope of consolidation - ACSIS	689,965
Effect of the change in the scope of consolidation - Packital	784,215
Effect of the change in the scope of consolidation - Ingg. Vescovini	101,911
Amount at 31/12/2022	**23,140,137**

An increase in inventory levels contributed to the rise in this item, which is higher than normal to deal, on one hand, to the greater concentration of sales in the latter part of the year, and on the other, with any future shortages of electronic components. The generalised increase in prices has had a limited impact.

25. Other payables

Other payables amount to Euro 54,426,866 compared with Euro 40,073,195 at 31 December 2021. The increase in this item is affected for Euro 2,124,109 by the inclusion of ACSIS in the scope of consolidation.

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**
Amount at 31/12/2021	**20,031,189**	**6,228,263**	**3,038,335**	**7,634,041**	**3,048,062**	**93,305**	**40,073,195**
Changes during the period	8,823,396	1,186,370	781,314	334,159	325,930	79,976	11,531,146
Effect of the change in the scope of consolidation - ACSIS	1,337,773	669,987	-	102,356	-	13,993	2,124,109
Effect of the change in the scope of consolidation - Packital	93,717	53,266	18,886	102,362	223,073	1,604	492,908
Effect of the change in the scope of consolidation - Ingg. Vescovini	-	35,732	45,995	105,912	17,869	-	205,508
Amount at 31/12/2022	**30,286,075**	**8,173,618**	**3,884,530**	**8,278,830**	**3,614,934**	**188,879**	**54,426,866**

Advances from customers relate to amounts collected from customers as an advance on sales still to be completed. They recorded a total increase of Euro 10,254,886, linked to the inclusion of ACSIS and Packital in the scope of consolidation, for Euro 1,337,773 and Euro 93,717 respectively, and for Euro 8,823,396 to higher advances collected from customers due to the significant increase in orders.

Payables to personnel include payables for wages and salaries due at the end of the year. At 31 December 2022 they were affected by changes in the scope of consolidation for Euro 758,985.

Payables to welfare and social security institutions amount to Euro 3,884,530 (Euro 3,038,335 at 31 December 2021) and include the payables of the Italian companies to INPS and INAIL and those of the foreign companies to local social security institutions.

Tax payables include direct taxes due, net of any advances paid, and the amounts withheld from employees' salaries. At 31 December 2022, this item amounted to Euro 8,278,830 and was affected by changes in the scope of consolidation for Euro 310,630.

Accrued expenses and deferred income mainly include the portions of revenues on assistance contracts which were already invoiced at the end of the pertain, but without pertaining to it. They are attributable to the Parent Company for Euro 3,053,384.

INCOME STATEMENT

26. Revenue

At 31 December 2022, Revenue amounts to Euro 224,064,519 compared with Euro 178,957,767 at 31 December 2021. Although the comparison with the previous year is not immediately comprehensible due to the changes in the scope of consolidation, the increase (+25.2% overall and +19.5% on a like-for-like basis) is in line with the market guidance and confirms the Group's growth trend and excellent delivery capacity.

REVENUES	
Description	**Revenue**
Amount at 31/12/2021	178,957,767
Amount at 31/12/2022	224,064,519
of which related to ACSIS	*8,141,554*
of which relating to Antares Thailandia	*216,061*
of which relating to Ingg. Vescovini	*487,830*
of which relating to Packital	*1,316,052*
Change	45,106,752
Change on a like-for-like basis	*34,945,255*

As regards the evolution of revenue on a geographical basis, the largest contribution, both in absolute terms (Euro 90,055 thousand compared with Euro 61,784 thousand) and in terms of growth (+45.8%) were produced by the Americas, driven by the United States (Euro 73,558 thousand, +62.7%), where the second phase of the rules on business combinations are expected to come into force in November 2023. This trend more than compensated for the slowdown in the implementation of track & trace solutions in Brazil (Euro 11,372 thousand, -11.2%), due to a regulatory change that provides for freedom of choice in the implementation of serialisation and aggregation. Europe (excluding Italy which turned in +4.9%), driven by the eastern part, shows a recovery (Euro 65,201 thousand compared with Euro 54,573 thousand in 2021), with an increase of 18.4%, after the decline recorded last year, due to a sharp reduction in sales in Eastern Europe.

Africa and the Middle East also recorded strong increases (+89.4%), in contrast to Asia (particularly China) which fell by -23.2% following the anti-Covid restrictions which lasted for most of 2022.

REVENUE BY GEOGRAPHICAL AREA				
Geographic area	**31/12/2022**	**%**	**31/12/2021**	**%**
Italy	33,578,649	15%	32,016,025	18%
Europe	65,201,527	29%	54,573,019	30%
North & South America	90,055,476	40%	61,784,286	35%
Asia and Oceania	15,472,241	7%	20,154,084	11%
Africa and The Middle East	19,756,626	9%	10,430,353	6%
Total	**224,064,519**	**100%**	**178,957,767**	**100%**

Integration continues of all the "**Technological solutions**" present in the Group to offer a complete and distinctive ecosystem, available to all business areas. The Technological Solutions of Antares Vision Group

REVENUES BY TECHNOLOGICAL SOLUTIONS

Life Science	31/12/2022	%	31/12/2021	%	Change %
Inspection	28,849,488	21%	28,239,170	25%	2.2%
Track and Trace	81,842,293	59%	70,919,978	64%	14.6%
Smart Data	27,869,366	20%	12,005,012	11%	132.1%
Total Life Sciences	**138,561,147.2**	**100%**	**111,164,161**	**100%**	**24.1%**

FMCG	31/12/2022	%	31/12/2021	%	Change %
Inspection	70,117,641	82%	62,598,208	92%	12.0%
Track and Trace	6,139,919	7%	4,042,079	6%	51.9%
Smart Data	9,245,812	11%	1,153,319	2%	701.7%
Total FMCG	**85,503,372**	**100%**	**67,793,607**	**100%**	**26.1%**

Antares Vision Group	31/12/2022	%	31/12/2021	%	Change %
Inspection	98,967,129	44%	90,837,378	51%	8.9%
Track and Trace	87,982,211	39%	74,962,057	42%	16.6%
Smart Data	37,115,178	17%	13,158,332	7%	182.1%
Total Antares Vision Group	**224,064,519**	**100%**	**178,957,767**	**100%**	**24.9%**

(Inspection, Track & Trace and Smart Data) have shown significant growth in 2022. In particular, worth highlighting is the strong growth achieved by Inspection: in the fourth quarter of 2022 it posted an increase of 28%, bringing growth for the year to 8.9% versus -1.3% in the first 9 months of 2022; at the same time, there continues to be very strong growth by Smart Data: in 2022 it increased by 182.1%, along with +16.6% by Track & Trace.

27. Other income

At 31 December 2022, other income amounts to Euro 1,204,556, compared with Euro 2,628,602 the previous year.

This item mainly relates to operating grants, almost exclusively pertaining to the Parent Company, represented by the portion of the tax credit pertaining to the year for R&D activities, appropriately deferred for the portion of costs capitalised in accordance with the cost-income matching principle.

The effect of changes in the scope is negligible.

28. Change in finished and semi-finished products

The change in finished and semi-finished products is positive for Euro 1,137,390. 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**
Amount at 31/12/2021	-5,344,778	3,283,676	-2,061,101
Amount at 31/12/2022	-527,479	1,664,869	**1,137,390**
of which relating to Ingg. Vescovini	*-27,082*	*10,523*	*-16,559*
of which relating to Packital	-	*-185,109*	*-185,109*
Change	4,817,299	-1,618,807	3,198,491
Change on a like-for-like basis	*4,844,381*	*-1,444,221*	*3,400,159*

The change in inventories of finished products is negative for Euro 527,479 due to the sales made close to the end of the year. On the other hand, the change in inventories of semi-finished products and work in progress is positive, justified by the increase in expected sales volumes.

29. Raw materials and consumables

Raw materials and consumables amount to Euro 55,975,586, compared with Euro 40,426,341 at 31 December 2021. The increase compared with the previous year (+38.5%) is partly influenced by changes in the scope of consolidation, which contribute Euro 1,876,991 to the total amount of Raw materials and consumables. Excluding this effect, the increase represents the joint effect of the higher revenue achieved during the year and the decision to acquire materials in view of the expected higher orders.

30. Personnel costs

Personnel costs amounted to Euro 84,178,097 compared with Euro 62,658,058 at 31 December 2021. Changes in this item are shown below:

PERSONNEL COSTS	
Description	**PERSONNEL COSTS**
Amount at 31/12/2021	62,658,058
Amount at 31/12/2022	**84,178,097**
of which relating to Acsis	*3,718,907*
of which relating to Antares Vision Thailandia	*130,557*
of which relating to Ingg. Vescovini	*177,238*
of which relating to Packital	*409,073*
of which relating to Wavision	*14,418*
Change	21,520,039
Change on a like-for-like basis	*17,069,846*

7.1% of the increase in Personnel costs (+34.3%) is attributable to changes in the scope of consolidation. Excluding this, the increase comes to 27.2% compared with the figure at 31 December 2021 and is consistent with the hiring policy implemented during the year to provide Antares Vision Group with the human capital needed to meet the expected growth. The increase in human resources (+182 people compared with 31 December 2021, +121 on a like-for-like basis) should therefore be considered as a conscious investment for the future, aimed at implementing the Antares Vision Group strategy.

31. Amortisation and depreciation

At 31 December 2022, the balance of amortisation and depreciation was Euro 19,969,977 compared with Euro 15,504,450 in the previous period.

Amortisation amounts to Euro 14,852,902, compared with Euro 9,952,001 at 31 December 2021. As already explained in considerable detail above, the PPAs carried out at the time of the various acquisitions resulted in the recognition of intangible assets represented by the customer list and by the technologies, which during the year generated amortisation for the customer list of Euro 5,642,720 (Euro 4,145,587 at 31 December 2021) and for the technologies of Euro 2,686,685 (Euro 1,795,693 at 31 December 2021). There is also higher amortisation as a result of the investments in development costs and proprietary software.

Depreciation amounts to Euro 3,935,767 and is mostly on buildings for Euro 2,858,053 (Euro 2,076,898 at 31 December 2021) and on furniture and fittings and electronic office machines for a total of Euro 877,298 (Euro 629,328 at 31 December 2021).

Write-downs include the write-down of trade receivables for Euro 1,181,307. The Group carefully assesses the solvency of its customers, constantly monitors credit exposure and immediately activates debt collection procedures for past due accounts.

32. Capitalised development costs

Capitalised development costs, all of which are personnel costs, amount to Euro 8,600,421, of which Euro 4,780,743 attributable to the Parent Company, Euro 824,838 to FT System, Euro 916,510 to Applied Vision and Euro 2,078,329 to rfxcel.
In the context of development and strengthening of its competitive positioning, investments in research (fully expensed to the income statement) and in development (capitalised) are inherent to Antares Vision Group's activity and allow the Group to constantly expand the portfolio of technologies and solutions used through the use of human resources and specific skills. Capitalised development costs shown in this item are internal costs

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

33. Sales and marketing costs

At 31 June 2022, sales and marketing costs amount to Euro 8,408,451, an increase compared with the figure of Euro 6,700,712 in the previous period.

SALES AND MARKETING COSTS	
Description	**Sales and marketing costs**
Amount at 31/12/2021	6,700,712
Amount at 31/12/2022	**8,408,451**
of which relating to Acsis	*225,396*
of which relating to Packital	*638*
Change	1,707,739
Change on a like-for-like basis	*1,481,705*

This item includes the cost of promotions, advertising and trade fairs, entertainment expenses and the commission paid to foreign agents, sales representatives and business promoters, which Antares Vision Group uses to gain contracts in particular markets and geographical areas. The increase mainly derives from the increase in sales during the year, which led to an increase in agents' commissions, from the international trade fairs and exhibitions that the Group attended after the suspensions caused by Covid-19, and only minimally from the changes in the scope of consolidation (Euro 226,034).

34. Service costs

Service costs amount to Euro 46,485,167, of which Euro 2,352,733 deriving from the change in the scope of consolidation. Changes in this item are shown in the following table:

SERVICE COSTS	
Description	**SERVICE COSTS**
Amount at 31/12/2021	42,040,393
Amount at 31/12/2022	**46,485,167**
of which relating to Acsis	*1,985,639*
of which relating to Antares Vision Thailandia	*67,760*
of which relating to Ingg. Vescovini	*134,892*
of which relating to Packital	*144,451*
of which relating to Antares Vision Sagl	*9,083*
of which relating to Wavision	*10,909*
Change	4,444,774
Change on a like-for-like basis	*2,092,041*

This item has increased by Euro 4,444,774 (+10.6%), or 2,092,041 (+5.0%) excluding the effect of the changes in the scope of consolidation, despite the exceptional nature of the comparison period which included in this item the costs associated with the acquisitions and the translisting on the Euronext STAR Milan. Similarly, the professional fees and ancillary costs incurred by rfxcel for the acquisition of ACSIS (Euro 444,322) were included in this item. The further increase in the item is in line with the higher revenue achieved during the year and is particularly affected by the different mix of products sold.

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**
Amount at 31/12/2021	1,155,299	4,748,723	7,205,044	5,808,267	3,070,543	12,400,674	3,905,929	2,487,562	1,258,353	**42,040,393**
Amount at 31/12/2022	1,354,003	6,556,742	10,456,202	8,311,098	4,001,387	4,883,978	6,028,660	2,429,983	2,463,114	**46,485,167**
Change	198,704	1,808,019	3,251,158	2,502,831	930,844	-7,516,696	2,122,731	-57,579	1,204,761	4,444,774

35. Other operating expenses

Other operational expenses amount to Euro 2,978,904 with the following changes during 2022:

OTHER OPERATING EXPENSES	
Description	**Other operating expenses**
Amount at 31/12/2021	2,783,222
Amount at 31/12/2022	**2,978,904**
of which relating to Acsis	*19,124*
of which relating to Antares Vision Thailandia	*275*
of which relating to Ingg. Vescovini	*7,086*
of which relating to Packital	*27,609*
of which relating to Wavision	*446*
Change	195,682
Change on a like-for-like basis	*141,142*

The breakdown is shown in the following table:

OTHER OPERATING EXPENSES					
Description	**Accruals to provisions**	**Taxes not on income for the year**	**Other operating expenses**	**Losses and capital losses**	**Total**
Amount at 31/12/2021	395,596	240,052	2,048,749	98,824	2,783,222
Amount at 31/12/2022	642,630	251,066	2,052,083	33,125	**2,978,904**
Change	247,034	11,014	3,334	- 65,699	195,682

The allocation for product warranties was recorded under provisions; the calculation was made on the basis of historical trends and led to an adjustment of the provision for Euro 523,582 after the uses of the year of Euro 412,904 and an exchange effect of Euro 14,212 mainly relating to the Parent Company.
Taxes other than income taxes amount to Euro 251,066, a decrease of Euro 11,014 compared with the previous period.
Sundry operating expenses increased by Euro 2,052,083 compared with the previous period; they are represented by subscriptions, membership fees and other expenses of an operational nature.

Sundry and capital losses have a residual value of Euro 33,125.

36. Financial charges

Financial charges amount to Euro 4,316,937, compared with Euro 7,037,985 the previous year.

FINANCIAL CHARGES	
Description	**Financial charges**
Amount at 31/12/2021	7,037,985
Amount at 31/12/2022	4,316,937
Changes during the period	-2,721,048

The effects of the change in scope are negligible.

The following are included in this item:

- interest on loans for Euro 2,429,529, relating almost exclusively to the Parent Company;
- the fair value adjustment of financial assets available for sale pertaining to the Parent Company for Euro 369,072 and to FT System for Euro 273,067;
- the interest cost component relating to the application of IAS 19 for Euro 159,740;
- the fair value adjustment of derivatives for Euro 156,631 as they have to be accounted for as speculative instruments, given that they do not satisfy all of the requirements for hedge accounting under IFRS 9.

At 31 December 2021, this item included Euro 3,274,961 for the fair value adjustment of the warrants issued by the Parent Company and still outstanding at the end of the year. In 2022, the adjustment was positive and was therefore recognised in financial income, as explained in Note 37.

37. Financial income

The changes in financial income, which at 31 December 2022 amounted to Euro 7,121,315, are shown in the table below:

FINANCIAL INCOME	
Description	**Financial income**
Amount at 31/12/2021	1,347,624
Amount at 31/12/2022	**7,121,315**
Changes during the period	5,773,691

The effect of the change in scope is negligible.

The following are included in this item:

- The fair value adjustment of the warrants issued by the Parent Company at the same time as the listing on the Euronext Growth market (called the AIM at the start of trading) and still in circulation at the end of the year. As already mentioned in Note 13 on non-current loans and borrowings, to which reference should be made, since these are financial instruments whose exercise gives the right to a variable number of shares, the difference of Euro 5,739,334 with respect to the value of the financial liability at 31 December 2021 has to be shown in the income statement;
- the positive effect deriving from the fair value adjustment of securities and insurance policies held by the Parent Company for Euro 153,006;
- the change in the fair value of the derivatives taken out by the Company to hedge fluctuations in interest rates amounts to Euro 781,964. Even though their purpose is to hedge interest rate fluctuations, they are treated as speculative for accounting purposes as not all of the hedge accounting requirements set out in IFRS 9 have been met. The technical characteristics, risks covered, accounting policy and mark-to-market adjustment at the end of the year are explained in Note 5 as regards positive derivatives and in Note 15 as regards negative derivatives;
- the change in the fair value of a derivative instrument on its repayment date amounts to Euro 348,722. It was initially stipulated to offset changes in the interest rate on a bank loan, which was repaid in advance and resulted in a corresponding cash inflow.

38. Foreign exchange gains and losses

Foreign exchange gains and losses show a positive net balance of Euro 824,358 (positive for Euro 1,511,365 at 31 December 2021) and include the exchange differences generated on the payment of foreign currency assets and liabilities (Euro 165.117) or by their translation at rates that are different from those at which they were translated at the time of initial recognition (Euro 659.241).

The most significant effects derive from the performance of the US dollar, the Brazilian real and the Russian rouble.

The effect of the change in the scope of consolidation on the inclusion of ACSIS is negligible.

39. Income (charges) on investments

At 31 December 2022, the item had a negative balance of Euro 101,747 compared with a negative amount of Euro 84,900 the previous year and includes:

- charges deriving from the adjustment of investments measured according to the Equity Method, i.e.:
  - the operating result attributable to the Group deriving from the 37.5% investment in Orobix, negative for Euro 158,307;
  - the operating result attributable to the Group deriving from the 25% stake in Rurall, negative for Euro 79,527;
  - the result for the year pertaining to the Group deriving from the 40% investment that AV Shenzhen holds in Shenzhen Antaruixin Limited Liability Company, negative for CNY 987,237.72, corresponding to Euro 139,464 at the average exchange rate at 31 December 2022.
- the income deriving from the adjustment of investments measured according to the equity method, or:
  - the operating result attributable to the Group deriving from the 45% investment in Siempharma, positive for Euro 146,516.
- the income deriving from the price adjustment in favour of AVUS relating to the acquisition of Applied Vision for Euro 129,036.

40. Income taxes

Income taxes at 31 December 2022 amount to Euro 2,408,021 (Euro 1,108,418 at 31 December 2021).

At 31 December 2022, there are no temporary differences or carry-forward tax losses on which deferred tax assets or liabilities have not been recognised. As explained previously in Note 6, to which reference is made, deferred tax assets have been accrued on these losses, as these results are considered to be temporary given the unprecedented nature of the years that generated those losses.

A reconciliation between the theoretical and actual tax burden is shown below:

		31/12/2022	%
Profit before taxes		20,537,692	
Theoretical taxes		5,730,016	27.90%
Different IRAP taxable effect	-	794,469	-3.9%
Income elements that do not go towards forming the tax base	-	479,468	-2.3%
Deduction of own invested capital (ACE)	-	720,018	-3.5%
Non-deductible costs		720,630	3.5%
Tax neutrality effect of fair value measurement of equity instruments	-	785,991	-3.8%
Tax neutrality effect of the application of the equity method to investments		-	0.0%
Reversal of deferred tax assets	-	1,217,664	-5.9%
Effect of other foreign legislation	-	45,015	-0.2%
Total		**2,408,021**	

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.

Share-based payments

Stock Option Plans

On 20 May 2020, the Shareholders' Meeting of Antares Vision S.p.A. approved the guidelines of a share-based incentive plan called the "2020-2022 Stock Option Plan" (the "**First Stock Option Plan**") reserved for executive directors and employees of the Parent Company and of the companies controlled by it. The Shareholders' Meeting of Antares Vision S.p.A. on 24 March 2021 approved a second share-based incentive plan (the "**Second Stock Option Plan**" and, together with the First Stock Option Plan, the "**Stock Option Plans**"), reserved for the executive directors of the Parent Company and key employees of the Parent Company and of the companies controlled by it. Stock Option Plans consist of assigning to specific beneficiaries identified by name a certain number of options that vest and gave the right to acquire/or subscribe shares of the Parent Company on the achievement of specific and predetermined objectives (the "Objectives") and the purchase/subscription of shares at a pre-established price, taking into account the average of the closing prices recorded in the last month prior to the date of assignment of the options.

EARNINGS PER SHARE		
Description	**31/12/2022**	**31/12/2021**
Profit attributable to the ordinary shareholders of the Parent Company	18,201,370	12,395,990
Dilution	- 5,739,334	3,274,961
Total post-dilution profit	12,462,036	15,670,951
Weighted average number of ordinary shares	69,088,999	65,020,574
Weighted average potential ordinary shares	-	502,119
Weighted average potential ordinary shares	69,088,999	65,522,693
Earnings per share (EPS)	**0.26**	**0.19**
Theoretical diluted earnings per share (*)	*0.18*	*0.24*
Diluted earnings per share (diluted EPS) (*)	**0.18**	**0.19**

(*) as required by IAS 33, diluted earnings per share cannot be greater than earnings per share

The Objectives to which vesting of the options is subject are:

- consolidated turnover and EBITDA;
- quantitative and qualitative objectives assigned individually to each beneficiary according to the position that they hold.

For each of the objectives illustrated above, weighting and target result levels are established. On reaching the minimum level (equal to 70%) for each of the turnover, EBITDA and individual quantitative objectives, the number of options vest will be the sum of the percentages of achievement of each quantitative and qualitative objective, weighted by the assigned weight. Below this minimum threshold of 70%, no option will vest. The vesting of the options presupposes a constant relationship with the Parent Company or subsidiaries during the vesting period. Termination of the relationship during the vesting period entails the loss of options, except for some specific cases. For employees, the vesting period is 36 months starting from the assignment of each of the 3 annual tranches. For executive directors, the vesting period is 48 months starting from the assignment of each cycle of each of the 3 annual tranches. However, it should be remembered that the executive directors of the Parent Company have waived their options so that they can be assigned to Group employees. This decision was made by the directors involved having regard not only to the functions of the Plan and the structure of their respective remuneration, but also to their capacity as shareholders of Antares Vision S.p.A. (albeit indirectly, as they personally hold shares in Regolo S.p.A., the parent company of Antares Vision S.p.A.), which is such as to ensure and in any case to incentivise adequate alignment with the interests of the Group and the shareholders in general.

The Black & Scholes valuation model was used. This 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 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 "lognormal distribution").

At 31 December 2022 the cost of share-based payment transactions amounts to Euro 790 thousand. The amount in shareholders' equity under other reserves is Euro 1,397 thousand.

Changes during the year

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

	31/12/2022		31/12/2021	
Stock Option Plans	**Number**	**PMPE**	**Number**	**PMPE**
outstanding at the beginning of the period	1,063,000	2.31	333,000	2.24
I tranche of SOP I	*312,000*	*2.24*	*333,000*	*2.24*
II tranche of SOP I	*333,000*	*2.48*	-	-
I tranche of SOP II	*418,000*	*2.22*	-	-
granted during the period	835,000	2.96	758,000	2.33
II tranche of SOP I	-	-	*333,000*	*2.48*
III tranche of SOP I	*369,000*	*2.96*		
I tranche of SOP II	-	-	*425,000*	*2.22*
II tranche of SOP II	*466,000*	*2.96*		
cancelled during the period	224,974	2.05	28,000	2.23
I tranche of SOP I	*58,078*	*2.24*	*21,000*	*2.24*
II tranche of SOP I	*51,753*	*2.48*	-	-
I tranche of SOP II	*91,143*	*2.22*	*7,000*	*2.22*
II tranche of SOP II	*24,000*	*2.96*		
exercised during the period	-	-	-	-
expired during the period	-	-	-	-
outstanding at the end of the period	1,673,026	2.63	1,063,000	2.31
I tranche of SOP I	*253,922*	*2.24*	*312,000*	*2.24*
II tranche of SOP I	*281,247*	*2.48*	*333,000*	*2.48*
III tranche of SOP I	*369,000*	*2.96*	-	-
I tranche of SOP II	*326,857*	*2.22*	*418,000*	*2.22*
II tranche of SOP II	*442,000*	*2.96*	-	-
exercisable at the end of the period	-	-	-	-

The tables below list the information fed into the models used to develop the plans and the corresponding tranches.

	FIRST STOCK OPTION PLAN				SECOND STOCK OPTION PLAN	
	I *TRANCHE*		II *TRANCHE*	III *TRANCHE*	I *TRANCHE*	II *TRANCHE*
	Directors	**Employees**	**Employees**	**Employees**	**Employees**	**Employees**
Weighted fair value at the measurement date (€)	2.2416	2.2361	2.4818	2.9631	2.2164	2.9631
Exercise price of the option (€)	11.4480	11.4140	12.0341	9.5538	12.0700	9.5538
Dividends expected (€)	0.2850	-	0.3086	-	-	-
Expected volatility	0.2801	0.3047	0.2922	0.3090	0.2944	0.3090
Risk-free interest rate	- 0.0040	- 0.0040	- 0.0040	0.0140	- 0.0040	0.0140
Expected useful life of options (in years)	4.4466	2.7753	3.6192	3.4082	2.8548	3.4082
Weighted average price per share (€)	10.8705	11.4140	11.8914	10.5000	11.5986	10.5000
Model adopted	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes

OTHER INFORMATION

Guarantees given, commitments and other contingent liabilities

At 31 December 2022, the Group had provided guarantees to its customers consisting of Euro 338,888 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 2,824,025 in advance bonds on advances already received from customers.

Russia-Ukraine conflict

As regards the current scenario in Eastern Europe, the conflict between Russia and Ukraine has resulted in a severe blow to the recovery and brought the global economy onto a path of slower growth expectations and rising inflation. For some time now, the Russian market has been an area of great interest for the implementation of the Group's tracking solutions, especially in the beverage sector. In this context, it is undeniable that the conflict between Russia and Ukraine represents an element of concern above all because the outcomes and consequences of the crisis that this conflict is causing both on the fate of the world economy and on the Antares Vision Group's business are still unclear. For this reason, forecasts regarding business performance in the Russian market have been made by management conservatively and with a view to the greatest possible prudence.

From the point of view of the sanctions regime, management, under the constant supervision of the Board of Directors and the control bodies, has worked to ensure full compliance with the restrictions, adopting a procedure that formalises and strengthens the operational best practices that have already been in place for some time.

Information on risk

Market risk

The competitive context in which Antares Vision Group operates takes on different forms depending on the market sector and geographical area of reference. In fact, depending on the situation, the Group 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 Group. There is therefore a risk that Antares Vision Group'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 Group 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.

It is worth mentioning that the conflict between Russia and Ukraine is certainly an element of concern, as the outcome and consequences of this event are not yet clear, both on the fate of the world economy and on the business of Antares Vision Group. The Group's exposure is currently limited in terms of both receivable balances and turnover.

Credit risk

Antares Vision Group is exposed to potential losses caused by counterparties not fulfilling their obligations. 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 Group.

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 Group'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 Group. In the case of counterparties operating in countries with a high country risk, Antares Vision Group makes use of international payment instruments, such as letters of credit, aimed at guaranteeing correct and timely collection.

The current conflict between Russia and Ukraine could lead to a risk of insolvency, which however is to be considered limited in view of the fact that receivables are close to zero as a percentage of total receivables. From a sanctions point of view, management, under the constant supervision of the Board of Directors and the control bodies, has worked to ensure full compliance with the restrictions, adopting a procedure that formalises and strengthens the operational best practices that have already been in place for some time.

Liquidity risk

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

To pursue its strategy through the many acquisitions aimed at diversifying the business, from September 2021, Antares Vision Group has completely refinanced its debt with an average duration of approximately 6.4 years, with an average fixed cost (post-hedging) of approximately 2.0% and without significant repayments of principal for the subsequent four years.

For some loans, Antares Vision Group is required to comply with financial covenants on a consolidated basis, in line with market practice, which were fully met at the date of preparation of this document.

As for the other Group companies, their bank debt is zero or minimal, thanks to their ability to generate liquidity from operations and any need for liquidity, generally limited to the start-up phase or needed for extraordinary transactions, is supported by intragroup loans granted by the Parent Company at normal market conditions. The Antares Vision Asia Pacific can use a bank credit line with a primary credit institution for Euro 500 thousand. The line, which is guaranteed by the Parent Company, has to date been used solely for issuing advance bonds to customers.

Interest-rate risk

Antares Vision Group 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 Group has adopted hedging policies using derivatives (interest rate swaps or IRS) to hedge this type of risk.

Foreign exchange risk

Antares Vision Group 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 Group's revenue originates are the Euro, the US dollar, the Brazilian real, the Russian rouble and the Hong Kong dollar. Foreign subsidiaries have been showing a tendency 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 tendency helped to reduce the impact of exchange rate differences incurred by the Group.

Against revenue expressed prevalently in Euro, Antares Vision Group also bears a significant part of its costs in Euro, mainly for production and management of the corporate structure. The management of Antares Vision Group is therefore of the opinion that the currency balance is in equilibrium.

The main exchange ratios affecting Antares Vision Group 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.

Environmental risk

Antares Vision Group’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 Group’s industrial production could cause damage to third parties, accidents and/or environmental damage, in addition to a slowdown in activities, exposing the Group to obligations involving compensation and/or reclamation, as well as to liability, possibly even of a criminal nature. Antares Vision Group strives to prevent this type of risk by adopting measures deemed adequate by its management and in line with industry practices.

Alongside the various internal environmental projects, as a further commitment by the Group to achieve, maintain and share concrete and transparent sustainability objectives, starting from 31 December 2021 Antares Vision Group prepares its Consolidated Non-Financial Report, subject to review by an independent auditing firm, pursuant to Legislative Decree 254/2016.

With reference to the risks and consequences of climate change, a summary of the disclosure provided in the Consolidated Non-financial Statement is provided below, to which reference is made for further details. The European Commission's Communication "Guidelines on the Disclosure of Non-Financial Information: Supplement concerning the Disclosure of Climate-Related Information" (2019/C 209/01) is a supplement to the guidelines issued by the Commission itself in 2017 for non-financial reporting under EU Directive 95/2014. This Communication contains (non-binding) guidelines for climate-related disclosures by companies, complementing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures - TCFD).

Antares Vision Group's role is that of a sustainability enabling market player. The need for climate change mitigation and adaptation reinforces and offers Antares Vision Group first and foremost opportunities, which stem from its role in the efficient use of natural resources and energy: adoption of circular economy principles in the use of materials (reduction of waste and consequent reduction of energy required for production processes), monitoring of supply chains and product life cycle.

In terms of risks, we highlight possible transition risks related to changes in production models and supply chains that could, in the medium term, affect the availability of certain materials, also taking into account energy costs. Antares Vision Group's positioning and capacity for innovation (research and development of new materials) is believed to significantly mitigate these risks. From the analysis conducted, no physical risks were identified.

However, Antares Vision Group has not yet developed specific medium- to long-term scenarios that quantify the resilience and economic-financial effects of a temperature increase of less than or equal to 2 °C and a scenario above 2 °C (20). [TCFD Recommendation, strategy (c)].

Financial implications of climate change

Antares Vision Group has not currently developed an analysis model that includes determining the financial impact related to climate change. As recalled in connection with TCFD disclosure, climate change-related impacts predominantly represent an opportunity for Antares Vision Group, due to the role and purpose of the solutions offered, as well as Antares Vision Group's contributions to responsible resource use. Therefore, in the short and medium term, all other things being equal, taking into account the commitment made by companies, particularly to mitigate the effects of climate change, and the general awareness of the relevance of the issue, it is expected that the financial impacts for Antares Vision Group can be positive (in terms of business strengthening and market penetration).

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 Group operates in conditions of corporate and entrepreneurial autonomy with respect to its parent company Dorado S.r.l. For example, the Parent Company 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.

Information on the companies that prepare the consolidated financial statements of the largest group of companies

Pursuant to article 2427, paragraph 1, numbers 22-quinquies) and 22-sexies) it should be noted that the company that draws up the consolidated financial statements of the largest group of companies of which Antares Vision Group is part as a subsidiary is Regolo S.p.A., with registered office in Via del Ferro 16, Travagliato (Brescia), where the consolidated financial statements are filed.

Related-party transactions

As regards dealings between Group companies and related parties, in accordance with IAS 24, we provide the following information on 2022:

TRANSACTIONS WITH RELATED PARTIES					
Related parties	Trade payables at 31/12/2022	Trade receivables at 31/12/2022	Costs 2022		Revenue 2022
			Raw materials and consumables	*Service costs*	
Orobix	89,085	10,090	-	354,210	41,053
Siempharma	985,784	2,293,476	1,723,431	181,993	1,346,297
Rurall	-	-	-	-	-
Shenzhen Antaruixin	838,258	1,762,062	548,539		669,477
Vigilate	1,812	187,118	1,485	200	2,000
Total	**1,914,938**	**4,252,745**	**2,273,455**	**536,402**	**2,058,827**

The table below shows transactions with related parties in the comparison period:

TRANSACTIONS WITH RELATED PARTIES				
Related parties	Trade payables at 31/12/2021	Trade receivables at 31/12/2021	Costs 2021	Revenue 2021
Orobix	-	219	215,132	276,272
Siempharma	669,420	1,384,604	735,399	607,686
Rurall	-	88,880	-	88,880
Shenzhen Antaruixin	162,022	336,770	173,127	312,606
Vigilate	1,983	184,678	2,075	152,646
Total	**833,425**	**1,995,151**	**1,125,733**	**1,438,090**

In accordance with 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 Procedure for transactions with related parties, the current version of which entered into force from the date of commencement of trading of the Parent Company's ordinary shares and warrants on the Euronext STAR Milan. It was approved on 28 April 2019 and can be viewed in the Governance section of the Company's website.

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.

Compensation to board members

The fees due to the directors and the statutory auditors are shown in the following table:

COMPENSATION TO DIRECTORS AND STATUTORY AUDITORS		
Description	Directors (*)	Statutory auditors
Compensation for the period	2,143,570	141,431

** amount including the cost relating to Stock Option Plans*

Information pursuant to art. 149-duodecies of the Consob's Issuers Regulation

The following table shows the fees for auditing services and services other than auditing rendered by EY S.p.A. and by entities belonging to its network:

FEES TO EY SPA		
Description	Entity that provided the service	Fees
Audit (*)	EY S.p.A.	172,000
Audit of non-financial statement	EY S.p.A.	15,000
Other services	EY S.p.A.	40,000
Total		**227,000**

** amount including fees relating to the audit of the separate financial statements of Antares Vision S.p.A. and FT System, of the Consolidated Financial Statements and the Interim Consolidated Financial Statements, of the review of PPA made for the purpose of the Consolidated Financial Statements during the year (una tantum).*

State aid

Art. 1, paragraph 125, third sentence, of Law no. 124 of 4.8.2017 provides that companies that receive subsidies, contributions, paid assignments and, in any case, economic advantages of any kind from public administrations and subjects referred to in the first sentence are required to publish these amounts in the explanatory notes to their consolidated financial statements.

In this regard, it should be noted that the Group has received the following contributions, subsidies, paid assignments or, in any case, economic benefits:

Title of measure	Type of measure	Amount		Region	Grant date	Beneficiary company
Tax credit for R&D activities in Southern Italy and in the regions affected by the earthquakes in 2016 and 2017	State aid	5,505		Lazio	2/12/2022	Antares Vision S.p.A.
Exemption from the payment of social security contributions for new hires/transformations with permanent contracts in the two-year period 2021 - 2022 (art.1 paras. 10 - 15 L. 178/2020)	State aid	11,442	(**)	Lombardy	25/11/2022	Antares Vision S.p.A.
Regulation for inter-professional funds for continuous training for the granting of exempt State aid pursuant to EC Regulation no. 651/2014 and under a de minimis regime pursuant to EC Regulation no. 1407/2013	State aid	28,800		Lombardy	30/09/2022	Antares Vision S.p.A.
Tax credit for Training 4.0	State aid	24,370		Lombardy	22/07/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	158,043	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	179,815	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	448,029	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	424,694	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	343,606	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	252,794	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	39,281	(*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Exemption from the payment of social security contributions for companies that do not ask for redundancy payments (art. 3 DL 104/2020)	State aid	2,085	(**)	Emilia-Romagna	19/02/2022	Tecnel S.r.l.
Tax credit for Training 4.0	State aid	24,367	(**)	Emilia-Romagna	22/07/2022	FT System S.r.l.
Exemption from the payment of social security contributions for employers for new hires/transformations with permanent contracts in the two-year period 2021 - 2022 (art.1 paras. 10 - 15 L. 178/2020)	State aid	11,951		Emilia-Romagna	25/11/2022	FT System S.r.l.
Exemption from payment of social security contributions for employers for new hires/transformations with permanent contracts in the two-year period 2021 - 2022 (art. 1 paragraphs 10 - 15 of Law 178/2020)	State aid	5,216	(**)	Emilia-Romagna	25/11/2022	Packital S.r.l.
Total		**1,959,999**				

(*) these are calls for tenders in which Antares Vision was the winner in 2022. The benefits in terms of cash flows will be seen in the coming years.
(**) these are operating grants received to combat the SARS Covid-19 health emergency

Subsequent events

Appointment of a new non-executive, independent director

Following the resignation of Marco Vitale, on 25 January 2023 the Parent Company completed the process of reintegration of the Board of Directors, by co-opting Alberto Grignolo as a non-executive, independent director, pursuant to Article 2386 of the Civil Code. He will remain in office until the next Shareholders' Meeting. Alberto Grignolo was co-opted by the Board of Directors with a resolution passed unanimously and approved by the Board of Statutory Auditors. The new director was also appointed Chairman of the Company's Control, Risk and Sustainability Committee, as well as a member of the Company's Nominations and Remuneration Committee. The Board of Directors has taken steps to ascertain that the director meets the requirements prescribed by applicable legislation, the Company's Articles of Association and the Corporate Governance Code for assuming office. Alberto Grignolo has declared that he meets the independence requirements established by art. 148, third paragraph, of Legislative Decree 58/1998 (TUF) and by art. 2 of the Corporate Governance Code and that he does not hold any shares in the Company.

Acquisition of 30% of Pygsa

On 1 March 2023 Antares Vision Group, through its subsidiary FT System, completed the acquisition of 30% of PYGSA Sistemas Y Applicaciones SL (“**PYGSA**”), already communicated to the market on 9 February 2023, through an increase in capital and an outlay of 0.55 million.

Simultaneously, Antares Vision Group signed an agreement with the Spanish company for the exclusive distribution of its solutions in Spain, in all the reference sectors (Life Sciences, Cosmetics, Food & Beverage) and in Portugal for Food & Beverage only. PYGSA was founded in 2008 by two partners with over 20 years of specific experience in product inspection technologies for quality control. The Company, based in Valencia, is currently wholly owned by Guillermo Jose Gimeno, one of the two founders. PYGSA, is made up of three companies: Sistemas Tecnicos de Vision S.L., which specialises in visual inspection technologies and components for Food & Beverage lines; Investigaciones Y Control s.l.u., operating in control and traceability systems in the pharmaceutical sector; Talleres Ferragut S.L., operating in industrial automation systems and high-speed handling systems. Present in all reference sectors of Antares Vision Group, PYGSA has developed specific know-how for the design and production of inspection systems for quality control, traceability solutions, software solutions for measuring efficiency and related integrations. In 2021, PYGSA employed 72 people, had a turnover of Euro 7.5 million and an Adjusted EBITDA of Euro 0.6 million.

Investment in Isinnova

On 20 March 2023, Antares Vision Group took over a 15% stake in Isinnova S.r.l., the Brescia-based technological start-up of Cristian Fracassi which enables and makes technological innovation accessible with projects such as life-saving oxygen masks during the Covid-19 emergency or low-cost prostheses for Ukraine. The total amount paid for this stake is Euro 1,500 thousand. Founded in 2014, Isinnova offers itself as a research and development centre and supplier of innovation services, defining itself as a "Knowledge-Intensive Business Service". It also plays the role of intermediary, to transfer ideas and technologies from one sector in which they are created to another that has a technical requirement or a problem to be solved.

Other subsequent events

Lastly, it should be noted that no requests to exercise warrants were received in January and February 2023. The share capital of Antares Vision Group (equal to Euro 169,457, divided into 69,121,137 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value) has therefore remained the same, as has the number of warrants still outstanding (2,460,400).

Explanatory notes, final part

These explanatory notes, as well as the entire consolidated financial statements of which they form an integral part, give a true and fair view of the Antares Vision Group's financial position, cash flows and results for the year.

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

Travagliato, 22 March 2023

The Board of Directors

Emidio Zorzella	Massimo Bonardi	Alioscia Berto
Alberto Grignolo	Martina Monico	Fabio Forestelli
Cristina Spagna	Fiammetta Roccia	Fabiola Mascardi

A signed copy of this document has been filed at the registered office of the Parent Company.

ACCOUNTING SCHEDULES OF ANTARES VISION S.P.A.

Statement of financial position	Notes	31/12/2022	31/12/2021
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	1	19,057,893	13,613,307
Other intangible assets	2	15,344,965	11,976,801
Investments	3	254,056,954	237,330,698
Non-current financial receivables from Group Companies	4	11,962,790	10,896,931
of which with related parties		*11,962,790*	*10,896,931*
Non-current financial assets	5	7,139,531	16,763
Deferred tax assets	6	5,915,352	5,937,902
Total non-current assets		313,477,485	279,772,403
Current assets			
Inventories	7	26,302,172	21,895,239
Trade receivables	8	58,077,838	39,434,137
of which with related parties		*33,736,832*	*21,629,446*
Current financial receivables from Group Companies	9	8,081,607	7,795,651
of which with related parties		*8,081,607*	*7,795,651*
Other receivables	10	5,586,060	7,807,386
of which with related parties		*245,149*	*-*
Other current financial assets	11	26,826,890	34,042,956
Cash and banks	12	11,044,751	42,492,793
Total current assets		135,919,318	153,468,162
Total assets		**449,396,803**	**433,240,565**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	169,457	169,451
Other reserves	13	260,432,385	253,266,795
FTA reserve	13	-14,931,441	-14,931,441
Retained earnings	13	11,666,433	11,666,433
Profit/(loss) for the year	13	-3,795,732	-280,428
Total shareholders' equity	13	253,541,102	249,890,810
Non-current liabilities			
Non-current loans and borrowings	14	125,889,825	127,926,781
Non-current lease liabilities	15	9,254,338	6,282,191
Other non-current financial liabilities	16	162,383	564,773
Retirement benefit obligations	17	4,927,639	5,888,876
Deferred tax liabilities	18	2,328,102	446,270
Total non-current liabilities		142,562,287	141,108,891
Current liabilities			
Current loans and borrowings	19	6,801,230	5,200,985
Current lease liabilities	20	1,495,024	573,867
Current provisions for risks and charges	21	509,335	372,788
Contract liabilities	22	385,951	1,405,329
Trade payables	23	24,588,318	18,289,544
of which with related parties		*9,230,403*	*9,069,355*
Other payables	24	19,513,556	16,398,351
Total current liabilities		53,293,414	42,240,864
Total shareholders' equity and liabilities		**449,396,803**	**433,240,565**

Income statement	Notes	2022	2021
Revenue	25	77,970,701	81,635,608
of which with related parties		*19,397,576*	*12,480,983*
Other income	26	1,767,878	2,680,732
Changes in finished and semi-finished products	27	754,106	-2,982,874
Raw materials and consumables	28	-22,511,636	-18,506,544
of which with related parties		*-5,850,548*	*-3,018,921*
Personnel costs	29	-29,069,652	-24,459,119
Amortisation and depreciation	30	-5,189,508	-4,181,507
Capitalised development costs	31	4,780,743	5,601,531
Sales and marketing costs	32	-3,535,496	-3,687,389
Service costs	33	-31,976,908	-32,224,999
of which with related parties		*-11,479,812*	*-10,635,640*
Other operating expenses	34	-1,253,328	-1,109,076
Operating profit		**-8,263,098**	**2,766,362**
Financial charges	35	-3,839,659	-6,594,947
Financial income	36	7,135,113	1,777,688
of which with related parties		*410,651*	*447,689*
Foreign exchange gains and losses	37	315,463	120,039
Income (charges) on investments	38	0	78,329
Profit before taxes		**-4,652,181**	**-1,852,529**
Income taxes	**39**	**856,449**	**1,572,101**
Result net of income taxes		**-3,795,732**	**-280,428**

Statement of other comprehensive income	2022	2021
Profit/(loss)	**-3,795,732**	**-280,428**
Other components of comprehensive income that will subsequently be reclassified to profit/(loss):		
(Loss)/profit from cash flow hedging	6,881,449	175,205
Tax effect	-1,651,548	-42,049
Total other components of comprehensive income that will subsequently be reclassified to profit/(loss) after tax	**5,229,901**	**133,156**
Other components of comprehensive income that will not subsequently be reclassified to profit/loss:		
Revaluation of defined-benefit plans	1,875,126	-79,622
Tax effect	-450,030	19,109
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) after tax	**1,425,096**	**-60,512**
Total other comprehensive income after tax	**6,654,997**	**72,644**
Total comprehensive profit/(loss) after tax	**2,859,265**	**-207,784**

Cash flow statement (indirect method)	31/12/2022	31/12/2021
Profit/loss for the period	**-3,795,732**	**-280,428**
Income tax	-856,449	-1,572,101
Financial income	-7,135,113	-1,777,688
Financial charges	3,839,659	6,594,947
Depreciation and impairment loss on property, plant and equipment	908,866	625,587
Amortisation and impairment loss on intangible assets	4,024,896	3,368,193
Employee severance indemnities	-191,845	-379,938
Other non-monetary movements	-1,930,485	1,387,710
Income taxes paid	0	-105,610
(Increase)/decrease in inventories	-4,511,929	-469,953
(Increase)/decrease in trade receivables	-18,824,592	-1,121,185
(Increase)/decrease in other non-financial assets	2,221,326	6,326,998
Increase/decrease in trade payables	5,905,164	5,490,565
Increase/decrease in other non-financial liabilities	3,115,206	-7,914,434
NET CASH FLOWS FROM OPERATING ACTIVITIES	**-17,231,028**	**10,172,662**
Investing activities:		
Purchases of property, plant and equipment, net of disposals	-5,293,233	-1,381,789
Purchases of intangible assets, net of disposals	-6,999,450	-6,879,496
Purchases of investments or increases in capital in other companies	-16,428,044	-117,709,772
(Purchases)/Disposals of current financial assets	7,000,000	0
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-21,720,727**	**-125,971,057**
Financing activities:		
New loans and borrowings	11,912,013	218,729,493
Repayments of loans and borrowings and interest paid (*)	-7,351,769	-246,030,372
Increase/decrease in other financial liabilities	2,943,212	-418,403
Other increases in capital (including share premium)	257	118,148,599
CASH FLOWS FROM FINANCING ACTIVITIES	**7,503,713**	**90,429,318**
NET CHANGE IN CASH AND BANKS	**-31,448,042**	**-25,369,078**
Cash and banks at beginning of period	42,492,793	67,861,871
Cash and banks at end of period	11,044,751	42,492,793

Statement of changes in shareholders’ equity

Shareholders’ equity	31/12/2021	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Price net of ancillary charges	Other increases in capital	Share buyback	Stock options	Other comprehensive income	Profit/(loss)	31/12/2022
Share capital	169,451	-	6	-	-	-	-	-	-	169,457
Other reserves	253,266,795	-280,428	251	-	-	-	790,770	6,654,996	-	260,432,385
Share premium reserve	*209,466,890*	-	*251*	-	-	-	-	-	-	*209,467,141*
Legal reserve	*98,798*	-	-	-	-	-	-	-	-	*98,798*
Extraordinary reserve	*49,961,986*	*-280,428*	-	-	-	-	-	-	-	*49,681,558*
OCI reserve	*-601,512*	-	-	-	-	-	-	*6,654,996*	-	*6,053,485*
Stock option plan reserve	*605,767*	-	-	-	-	-	*790,770*	-	-	*1,396,537*
Other reserves	*-6,265,134*	-	-	-	-	-	-	-	-	*-6,265,134*
FTA reserve	-14,931,441	-	-	-	-	-	-	-	-	-14,931,441
Retained earnings	11,666,433		-	-	-	-	-	-	-	11,666,433
Profit/(loss) for the year	-280,428	280,428	-	-	-	-	-	-	-3,795,732	-3,795,732
Total shareholders’ equity	**249,890,810**	**-**	**257**	**-**	**-**	**-**	**790,770**	**6,654,996**	**-3,795,732**	**253,541,102**

Shareholders’ equity	31/12/2020	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Price net of ancillary charges	Other increases in capital	Share buyback	Stock options	Other comprehensive income	Profit/(loss)	31/12/2021
Share capital	143,074	-	293	24,480	1,604	-	-	-	-	169,451
Other reserves	128,495,201	6,071,370	11,915	111,645,247	6,807,334	-342,272	505,357	72,644	-	253,266,795
Share premium reserve	*91,002,394*	-	*11,915*	*111,645,247*	*6,807,334*	-	-	-	-	*209,466,890*
Legal reserve	*98,798*	-	-	-	-	-	-	-	-	*98,798*
Extraordinary reserve	*43,890,616*	*6,071,370*	-	-	-	-	-	-	-	*49,961,986*
OCI reserve	*-674,155*	-	-	-	-	-	-	*72,644*	-	*-601,512*
Stock option plan reserve	*100,410*	-	-	-	-	-	*505,357*	-	-	*605,767*
Other reserves	*-5,922,862*	-	-	-	-	*-342,272*	-	-	-	*-6,265,134*
FTA reserve	-14,931,441	-	-	-	-	-	-	-	-	-14,931,441
Retained earnings	-48,073	11,714,506	-	-	-	-	-	-	-	11,666,433
Profit/(loss) for the year	17,785,876	-17,785,876	-	-	-	-	-	-	-280,428	-280,428
Total shareholders’ equity	**131,444,637**	**-**	**12,208**	**111,669,727**	**6,808,938**	**-342,272**	**505,357**	**72,644**	**-280,428**	**249,890,810**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS OF ANTARES VISION S.P.A.

CORPORATE INFORMATION

The core business of Antares Vision (referred as "**Antares Vision**" or the "**Company**") 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 goods.

Antares Vision is a company that is incorporated and based in Italy, with registered office in Via del Ferro 16, Travagliato, Province of Brescia (BS).

On 14 May 2021, trading in the Antares Vision's ordinary shares and warrants began on the STAR segment of the Euronext Milan, organised and managed by Borsa Italiana S.p.A., by translisting from the Alternative Investment Market ("AIM", now called Euronext Growth) where it had been listed since 18 April 2019.

Lastly, it should be noted that the Shareholders' Meeting of Antares Vision on 22 February 2021 (with effect from the start date of trading on the Mercato Telematico Azionario, today Euronext Milan) appointed EY S.p.A., with registered office in Via Meravigli 12, Milan, registered in the Ordinary Section of the Companies Register at the Milan Monza Brianza Lodi Chamber of Commerce, Tax code and registration number 00434000584, REA of Milan 606158, VAT number 00891231003 and under no. 70945 of the Register of Legal Auditors at the Ministry of Economy and Finance pursuant to art. 6 et seq. of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, as the company appointed to audit the accounts for the financial years from 2021 to 2029

DECLARATION OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS AND TRANSITION TO IFRS

These separate financial statements are the first to be 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).

In addition to representing a further adaptation to the best practices of disclosure and transparency towards all stakeholders, the transition to IFRS was necessary following the translisting from Euronext Growth (Alternative

Investment Market, "AIM" on the date of listing), where the Company was listed from 18 April 2019, to the STAR segment of Euronext Milan, organised and managed by Borsa Italiana S.p.A.

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.

The reporting currency is the 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 profit or loss for the period 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 period 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 period 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 period end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months from the period 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.

Accounting policies

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 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 warrants issued by the Company at the time of the listing on the AIM, now Euronext Growth, and subsequently admitted to trading on the MTA, now Euronext Milan, are recorded under non-current loans and borrowings fall under the Level 1 hierarchy as their fair value is directly observable from official market prices;
- the derivative instruments held by the Company to hedge interest rates and the EUR/USD exchange rate 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 insurance policies and securities held by the Company fall under the Level 2 hierarchy as they are determined using valuation techniques that make reference to variables that are observable on active markets;
- All of the other financial assets and liabilities recognised in these 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.

Property, plant and equipment and right-of-use assets

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.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The depreciation rates applied, which are the same as last 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 period 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 property, plant and equipment. 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 period.

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 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.

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 have been recorded in these 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 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 last 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.

Antares Vision periodically 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.

Investments

Investments in subsidiaries, associates and other companies are measured at cost, possibly adjusted for impairment.

The positive difference, at the time of acquisition, between the acquisition cost and the share of the subsidiary's shareholders' equity attributable to the Company is therefore included in the carrying value of the equity investment. Investments in subsidiaries are subject to impairment testing each time indicators of impairment are recognised. Where there is evidence of impairment of those investments, the impairment is recognised in the income statement as a write-down. If the impairment losses of the subsidiary exceeds the carrying amount of the investment, the value of the investment will be reduced to zero, and the portion of the additional losses is recognised as provisions under liabilities. If, subsequently, the impairment no longer applies or decreases, a write-up is recognised to the income statement up to the limit of the cost.

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 financial statements.

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 periods when 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, as well as write-downs for obsolete and slow-moving goods.

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 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 Company.

Impairment

Antares Vision records a write-down for expected credit losses (ECLs) 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.

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 belonging to 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 headed up by Antares Vision 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 the corresponding section of this document.

The accounting treatment differs based on whether it regards employees or directors of the Company or employees or directors of other Group Companies:

- in the first case the cost, together with the corresponding increase in equity, is recognised under personnel costs for the options assigned to Antares Vision's employees and under service costs for the options assigned to the Company's directors over the period during which the conditions for achievement of the objectives and/or provision of the service are satisfied;
- in the second case, the cost is recognised as an increase in investments in the Group company where the employee or director works, over the period in which the conditions are met relating to the achievement of the targets and/or the performance of work, offset by a corresponding increase in shareholders’ equity.

The cumulative costs recognised for these transactions at the closing date of each financial period 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 period 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.

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.

Revenue from contracts with customers follow IFRS 15 - Revenue Recognition, which requires analysing the contracts according to a 5-step model which involves:

- identifying the contract with the customer;
- identifying the performance obligations included in the contract;
- establishing the price of the transaction;
- allocating the price to the performance obligations;
- recognising the revenue when the company satisfies the performance obligation.

Revenue deriving from contracts with customers is recognised for an amount that reflects the consideration that Antares Vision expects to receive on fulfilment of the performance obligation, with delivery of the goods or service when the customer acquires control over them.

The moment of transfer of control coincides with the transfer of ownership or possession of the goods to the buyer, therefore generally with the shipment, or on completion of the service.

Antares Vision believes that the price does not include significant financing components.

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.

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.

Accounting standards issued and entered into force in 2022

Antares Vision has considered the impact of the standards or amendments that have been in effect since 1 January 2022.

Amendments to IFRS 3 - "Business Combinations"

The amendments aim to replace references to the Framework for the Preparation and Presentation of Financial Statements, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the standard.

The amendment added an exception to the measurement principles of IFRS 3 to avoid the risk of potential "day after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether an actual obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the acquisition date.

In accordance with the transition rules, Antares Vision applies the amendment prospectively, i.e. to business combinations that occur after the beginning of the financial year in which the amendment is applied for the first time (date of first-time application). These amendments have had no impact on the financial statements of

Antares Vision as potential assets, liabilities and contingent liabilities have not been recognised as part of these amendments.

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

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any revenue deriving from the sale of products sold in the period in which the asset is brought to the place or the conditions necessary for it to operate in the way it was designed by management. An entity has to record any revenue from the sale of such products in the income statement, along with the cost of producing them.

In accordance with the transition rules, Antares Vision applies the change retrospectively only for the elements of property, plant and equipment that came into operation after or at the beginning of the comparative year for the year in which this change is applied for the first time (date of first-time application).

These amendments had no impact on the financial statements of Antares Vision as no sales were made relating to such elements of property, plant and equipment, before they came into operation before or after the start of the previous comparative period.

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 are effective for financial years starting on or after 1 January 2022.

This change did not have any impacts for Antares Vision.

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 is effective for financial years that began on or after 1 January 2022. This change did not have any impacts for Antares Vision.

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 is effective for financial years that began on or after 1 January 2022. There are no material impacts for Antares Vision with respect to this amendment.

Accounting standards issued but not yet entered into force

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 Group is currently evaluating the impact that the amendments will have on the current situation should existing loan agreements have to be renegotiated.

Definition of accounting estimate - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting principles and correction of errors. In addition, they clarify how entities are to use measurement and input techniques to develop accounting estimates.

The amendments are effective for financial years starting on or after 1 January 2023 and apply to changes in accounting principles and changes in accounting estimates that occur from the beginning of that period or subsequently. Early application is permitted providing this fact is disclosed.

These amendments are not expected to have a significant impact on Antares Vision.

Disclosure on accounting standards - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidelines and examples to help entities apply materiality judgements to disclosure on accounting standards. The amendments aim to help entities provide information on the more useful accounting policies by replacing the obligation for entities to provide their own "significant" accounting policies with the obligation to disclose their "relevant" accounting policies; in addition, guidelines are added on how entities apply the concept of relevance in making decisions regarding disclosure on accounting principles.

The amendments to IAS 1 are applicable starting from financial years starting on or after 1 January 2023, early application is permitted. Since the amendments to PS 2 provide non-mandatory guidance on applying the definition of material to the disclosure of accounting policies, an effective date is not required for such amendments.

Antares Vision is currently evaluating the impact of the changes to determine the impact they will have on the disclosure of the Company's accounting policies.

Deferred taxes relating to assets and liabilities arising from a single transaction – Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, restricting the scope of application of the initial recognition exception included in IAS 12, which will no longer have to be applied to those transactions that give rise to taxable and deductible temporary differences in equal measure.

The amendments will have to be applied to transactions that take place after or at the beginning of the comparative period presented. Furthermore, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognised for all deductible and taxable temporary differences associated with leasing and restoration provisions.

Antares Vision is currently assessing the impacts of these amendments.

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.

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.

In applying the accounting policies of Antares Vision Group, 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.

Recoverable amount of non-current assets

Non-current assets include property, plant and equipment, intangible assets, investments and other financial assets. The management periodically reviews the carrying amount of non-current assets held and used and the assets held for sale, when facts and circumstances require such revision. That activity is carried out using the estimates of cash flows expected from the use or sale of the asset and suitable discount rates to calculate the present value. When the carrying amount of a non-current asset is impaired, Antares Vision recognises a write-down for the excess value between the carrying amount of the asset and its recoverable amount through use or sale.

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 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 in order to determine any expected losses (Expected Credit Loss or 'ECL') in accordance with IFRS 9.

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 are provided below in these notes.

Fair value of financial instruments

When the fair value of a financial asset or liability recognised in the statement of financial position 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.

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 two share-based incentive plans[13] (the "First Stock Option Plan" and the "Second Stock Option Plan", jointly the "Plans"), approved by the Shareholders' Meeting fall within the scope of share-based payments. These are reserved for executive directors, top management and key employees of Antares Vision and the Group of which it is the parent, whose performances are more likely to influence the Company's results, given their roles and functions.

The valuation model used was Black & Scholes. 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").

Refer to the corresponding section of this document regarding the options assigned and the subsequent changes.

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 Group operates and generates its taxable income.

[13] *The First Stock Option Plan was approved by the Shareholders' Meeting of Antares Vision S.p.A. held on 20 May 2020. The Second Stock Option Plan was approved by the Shareholders' Meeting of Antares Vision S.p.A. held on 24 March 2021.*

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.

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.

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.

Revenue from contracts with customers

Antares Vision is involved in providing inspection systems for quality control, tracking solutions for anticounterfeiting, supply chain control and smart data management. Revenue from contracts with customers follow IFRS 15 - Revenue Recognition, which requires analysing the contracts according to a 5-step model which involves:

- identifying the contract with the customer;
- identifying the performance obligations included in the contract;
- establishing the price of the transaction;
- allocating the price to the performance obligations;
- recognising the revenue when the company satisfies the performance obligation.

Revenue from contracts with customers is recognised for an amount that reflects the consideration that Antares Vision expects to receive on fulfilment of the performance obligation.

<u>Supply of goods</u>

In the event that two performance obligations are recognised in the contract, the revenue relating to the supply of the asset is recognized with the transfer of the asset when the ownership or possession of the asset is transferred to the buyer, so generally on shipment, and the revenue relating to the installation service is recognised on completion of the installation. If it is not possible to identify two performance obligations in the contract, one for the supply of the goods and the other for the installation, the revenue is recognized once the installation is completed.

Services

In the case of services, such as after-sales technical assistance, the revenue is recognised at a point in time when the service has been completed.

Recognition of costs

Costs are recognized when they relate to goods and services purchased or consumed during the fiscal year or by systematic allocation.

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 Group 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.

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, the warrants and all capital reserves attributable to the shareholders of the 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		
Description	**31/12/2022**	**31/12/2021 (**)**
Interest-bearing loans and other loans	143,440,417	139,983,823
Other non-current financial liabilities	162,383	564,773
Cash and cash equivalents	(11,044,751)	(42,492,793)
Current securities available for sale	(26,826,890)	(34,042,956)
Other financial assets	(7,130,074)	(6,306)
Net medium and long-term financial position (*)	**98,601,085**	**64,012,847**
Trade and other payables	44,101,874	34,687,895
Net debt	**142,702,959**	**98,700,742**
Total capital	**253,541,102**	**249,890,810**
Capital and net debt	**396,244,061**	**348,591,552**
Gearing ratio	*36.0%*	*28.3%*

(*) The difference with respect to the adjusted net financial position shown in the report on operations is due to a different classification of company credit cards.
(**) Comparative figure restated including other financial assets

The gearing ratio is 36.0%, compared with 28.3% in the comparison period. That result derives from the joint effect of various factors:

- investments in intangible fixed assets, mainly for development costs (Euro 5.3 million as higher capitalisations, of which Euro 2.5 million relating to projects not yet completed and therefore recorded under intangible fixed assets in process of formation) and for digital transformation (Euro 1.8 million), above all the introduction of the new ERP and the new PLM;

- the increase in capital of Euro 13,467 thousand[14] to Antares Vision Inc. ("AVUS") and subsequently from AVUS to rfxcel, to finance the purchase of ACSIS;
- investments in minority shareholdings:
    - the increase in capital of Optwo S.r.l. subscribed for Euro 1,000 thousand (for a share of 24.9%) in July 2022;
    - the exercise of the option to purchase a further interest in Siempharma S.r.l., a stake which therefore rose from 30% to 45% with a cash outlay of Euro 1,500 thousand;
    - investments in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- the investment in working capital for Euro 38,956 thousand due to sales exceptionally concentrated in the latter part of the year;
- the fair value measurement of financial assets available for sale, negative for Euro 216 thousand;
- the payment of mortgage interest for an equivalent post-hedging amount of Euro 2.7 million (Euro 2.3 million, net of the derivatives);
- the extinction of a derivative financial instrument, initially stipulated by the Parent Company to offset changes in the interest rate on a bank loan and held in the portfolio as a speculative instrument, which resulted in collecting income of Euro 328 thousand.

[14] *The equivalent of US$ 15 million.*

Non-current assets

2. Property, plant and equipment and right-of-use assets

During 2022, Antares Vision's investments in property, plant and equipment and right-of-use assets totalled Euro 19,057,893 (Euro 13,613,307 at 31 December 2021).

This item shows the following changes:

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS					
Description	**Land and buildings**	**Industrial and commercial equipment**	**Other fixed assets**	**Fixed assets under construction and advances**	**Total**
Historical cost 31/12/2021	13,733,517	177,619	2,312,355	-	16,223,491
Accumulated depreciation 31/12/2021	- 1,453,254	- 142,164	- 1,014,766	-	- 2,610,184
Carrying amount 31/12/2021	**12,280,263**	**35,455**	**1,297,589**	**-**	**13,613,307**
Increases in historical cost	4,792,912	78,197	241,825	1,240,518	6,353,452
Decreases in historical cost		-	-	-	-
Decreases in accumulated depreciation					
Depreciation for the period	- 783,454	- 24,656	- 100,756	-	- 908,866
Total changes	**4,009,458**	**53,541**	**141,069**	**1,240,518**	**5,444,586**
Historical cost 31/12/2022	18,526,429	255,816	2,554,180	1,240,518	22,576,943
Accumulated depreciation 31/12/2022	- 2,236,708	- 166,820	- 1,115,522	-	- 3,519,050
Carrying amount 31/12/2022	**16,289,721**	**88,996**	**1,438,658**	**1,240,518**	**19,057,893**

Land and buildings, for an amount of Euro 16,289,721 (Euro 12,280,263 at 31 December 2021), include the land and buildings owned by the Group, the buildings held under finance leases in compliance with IFRS 16, and the long-term lease, rent and rental contracts that fall within the scope of application of this standard, increased by the amount of any improvements made to the assets in accordance with the standards. The increase recorded in this item refers to the expansion and renovation works at the Travagliato and Sorbolo locations, of which Euro 3,848,900 was financed by leases.

Industrial and commercial equipment has a balance of Euro 88,996, after new investments during the year of Euro 78,197.

Other fixed assets amount to Euro 1,438,657 at 31 December 2022, compared with Euro 1,297,589 at 31 December 2021. The increase of Euro 394,827 is linked to the value in use of the new contracts for the lease, rent and long-term leasing of motor vehicles and capital assets that fall within the scope of IFRS 16, as well as investments in electronic office equipment made during the year and, to a lesser extent, furniture and fittings intended for new wing of the building where the Company's registered office is located.

Fixed assets under construction and advances include advances paid for the purchase of machinery for Euro 727,500, advances paid for the purchase of land in the municipality of Sorbolo Mezzani for Euro 402,000 and building permit rights for Euro 81,200 which will go to increase the cost of the related building in application of IFRS 16.

3. Other intangible assets

Other intangible assets only include assets with a finite life and at 31 December 2022 amount to Euro 15,344,965 (Euro 11,976,801 at 31 December 2021).

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

OTHER INTANGIBLE ASSETS					
Description	**Development costs**	**Industrial patent rights**	**Concessions, licences, trademarks and similar rights**	**Fixed assets in course of formation and advances**	**Total**
Historical cost 31/12/2021	15,297,048	145,988	1,888,182	307,084	17,638,301
Accumulated amortisation 31/12/2021	-4,991,522	-145,988	-523,990	-	-5,661,500
Carrying amount 31/12/2021	**10,305,526**	**-**	**1,364,191**	**307,084**	**11,976,801**
Increases	2,585,961	-	447,556	4,359,542	7,393,060
Decreases		-	-	-	-
Amortisation for the period	-3,576,602	-	-448,294	-	-4,024,896
Total changes	**-990,641**	**-**	**-738**	**4,359,542**	**3,368,164**
Historical cost 31/12/2022	17,883,009	145,988	2,335,738	4,666,626	25,031,361
Accumulated amortisation 31/12/2022	-8,568,123	-145,988	-972,285	-	-9,686,396
Carrying amount 31/12/2022	**9,314,886**	**-**	**1,363,453**	**4,666,626**	**15,344,965**

Development costs amount to Euro 9,314,886, net of accumulated amortisation. During the year, Euro 2,585,961 of costs were capitalised, a combination of internal costs (personnel costs of Euro 2,234,589) and external costs (Euro 351,372).

A detailed description of the projects that generated new capitalisations during the year is provided in the Report on Operations. The directors of Antares Vision S.p.A. decided to book new costs once they were reasonably certain that the projects concerned would generate revenues in future years.

Industrial patent rights are fully amortised.

Concessions, licences, trademarks and similar rights include software for Euro 1,363,453, already net of accumulated amortisation. The increase during the year relates to the recognition of costs incurred in implementing the new CRM, as part of the broader digital transformation project launched by Antares Vision.

Lastly, fixed assets in course of formation and advances, amounting to Euro 4,666,626 after the increases recorded in 2022, relate for Euro 2,697,354 to development costs incurred on projects not yet completed at the end of the year and implementation of a new ERP and the new PLM for Euro 1,662,188.

4. Investments

The Investments shown in the financial statements for the year ended 31 December 2022 amount to Euro 254,056,954 (Euro 237,330,698 at 31 December 2021). The item includes investments in subsidiaries, associates and other companies, all measured using the equity method.

Their composition and changes are as follows:

INVESTMENTS			
Name	Investments in subsidiaries	Investments in associates and other companies	Carrying amount
Amount at 31/12/2021	**230,286,443**	**7,044,255**	**237,330,698**
Increases for new acquisitions or constitutions	20,810	2,750,000	2,770,810
Disposals or impairment losses	-	- 150,000	- 150,000
Increases in capital	13,657,234	-	13,657,234
Increase for costs related to Stock Option Plans	448,212	-	448,212
Amount at 31/12/2022	**244,412,699**	**9,644,255**	**254,056,954**

IAS 36 “Impairment of assets” requires verifying whether there are any signs that an asset or group of assets (including investments) may have suffered impairment. The Company therefore has to estimate the recoverable amount of the assets or group of assets. As regards the investments recorded in these financial statements, the Board of Directors of Antares Vision has carried out specific analyses aimed to identify any indicators of impairment of Antares Vision's equity investments in accordance with the general criteria indicated by IFRS/IAS and current best practice. The analysis is based on an estimate of the fair value determined by comparing expected performance with actual performance and applying the market multiplier method which can be inferred from the market capitalisation of the Antares Vision stock. The multipliers used (EV/EBITDA and P/E) were calculated on the basis of the 2023 budget figures and the average capitalisation over the 120 trading days prior to 2 February 2023. The analysis shows that the recoverable amount of the equity investments is considerably higher than their carrying amount, so no write-down is necessary.

Investments in subsidiaries amount to Euro 244,412,699.

INVESTMENTS IN SUBSIDIARIES						
Name	Headquarters	Direct investment	Shareholders’ equity at 31/12/2022 (in euro)	Purchase cost and increases in capital	Increase for costs related to Stock Options	Original amount (in euro)
Antares Vision Inc. America	USA	100.00%	206,105,238	152,203,603	196,910	152,400,513
Imago Technologies Gmbh	Germany	100.00%	7,280,957	3,227,138	39,103	3,266,241
Antares Vision do Brasil ltda	Brazil	99.99%	(338,486)	116,707	52,691	169,398
Antares Vision France Sas	France	100.00%	830,934	10,000	34,241	44,241
Antares Vision Ireland ltd	Ireland	100.00%	28,960	10,000		10,000
Antares Vision Rus OOO	Russia	100.00%	(947,291)	137		137
Antares Vision Asia Pacific Ltd	Hong Kong	100.00%	(286,484)	1,170	49,293	50,463
FT System	Italy	100.00%	22,092,230	70,712,714	173,241	70,885,955
Tradeticity d.o.o	Croatia	82.80%	197,704	932,083	34,266	966,349
Convel S.r.l.	Italy	100.00%	4,645,547	15,730,337	40,230	15,770,567
Antares Vision Germany	Germany	100.00%	212,743	25,000	2,468	27,468
Antares Vision India Private Limited	India	100.00%	311,347	780,281	20,166	800,447
Innovative Marketing Digital Solutions (IMDS) Uk ltd	UK	70.00%	(16,807)	111		111
Antares Vision Svizzera	Switzerland	100.00%	9,470	20,810		20,810
Total				**243,770,091**	**642,608**	**244,412,699**

The increase compared with last year is related:

- for Euro 20,810 to payment of 100% of the share capital of Antares Vision Sagl, a Swiss company whose incorporation forms part of the broader initiative that in May 2022 saw Antares Vision Group join the Lifestyle-Tech Competence Centre (“**LTCC**” - an innovation hub based in Lugano that combines the skills of industrial companies and the academic world with the aim of transforming innovative projects into market opportunities). The Canton of Ticino is a territory that has highly innovative industrial companies as well as a university and research centres. Through a local presence and collaboration with the partners of excellence of the LTCC Hub, the Group will be able to further strengthen its role as an enabler of innovation and digitalization, promoting advanced solutions where technology is a tool to improve people's lives;
- for Euro 13,467,409 (US$15 million) to the increase in capital of Antares Vision Inc. (“**AVUS**”) and subsequently from AVUS to rfxcel to enable the latter to acquire ACSIS Inc. (“ACSIS”);
- for Euro 189,824 to the increase in capital of Antares Vision India;
- for Euro 448,212 to the cost of the stock options assigned to employees and directors of the companies of which Antares Vision is the Parent Company, posted as an increase in the value of the investment in the company of which the employee or director works over the period during which the conditions for achievement of the targets and/or provision of the service are satisfied, with the contra-entry being a corresponding increase in shareholders' equity. Please refer to the section on Share-based Payments for further details.

Investments in associates and other companies amount to Euro 9,644,255.

INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES				
Name	City if in Italy or Foreign Country	Shareholders’ equity at 31/12/2022 (in euro)	Interest held in %	Original amount
OROBIX	BERGAMO, ITALY	1,602,585	37.5%	3,250,000
SIEMPHARMA	APRILIA (LT), ITALY	2,800,428	45.0%	3,400,000
NEURALA	BOSTON (USA)	(*)	0.4%	244,255
RURALL	MILAN, ITALY	5,650,409	25.0%	1,500,000
FONDAZIONE AGRITECH	NAPLES, ITALY	(**)	(***)	50,000
FONDAZIONE RNA	PADUA, ITALY	(**)	(***)	200,000
OPTWO	BRESCIA, ITALY	1,010,000	24.9%	1,000,000
Total				**9,644,255**

(*) not available
(**) these are newly incorporated companies that have not yet filed their first financial statements
(***) these are foundations to which membership fees are paid, so it is not possible to identify a percentage shareholding

Orobix S.r.l. is a company based in Bergamo that operates in the field of artificial intelligence systems. Antares Vision acquired 37.5% of its share capital in December 2019 through an increase in capital. The investment is measured at cost and shown at a carrying amount of Euro 3,250,000. At 31 December 2022 Orobix made a loss for the year of Euro 422,153; management does not believe that this result indicates an element of impairment of the investment; on the contrary, a recovery is expected, also thanks to the growing synergies and collaborations with Antares Vision.

In July 2021 Antares Vision signed an agreement with three strategic partners (BF S.p.A., the most important Italian agro-industrial group, Bluarancio S.p.A., Information Technology leader in the construction and management of platforms for the Italian agricultural sector, and SDF S.p.A., one of the world's leading manufacturers of tractors, harvesting machines and diesel engines) for the start-up of RurAll S.p.A., a recently established company jointly owned by the partners in equal shares. The projects are geared to making the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeiting, given that the sector is fundamental for the entire national economy and, consequently, for all consumers. The investment is recorded for Euro 1,500,000, of which Euro 375,000 paid in. At 31 December 2022 RurAll made a loss for the year of Euro 318,109, justified by the fact that it is a company that is not yet fully operational and is still in the start-up phase.

Siempharma S.r.l. (an investment under joint control as there are shareholders' agreements to that effect) operates in the design and marketing of packaging machines. Antares Vision now holds 45% of its share capital after exercising its option in November 2022 to purchase a further 15%, with a cash outlay of Euro 1,500,000. At 31 December 2022, this investment is shown in Antares Vision's financial statements at an amount of Euro 3,400,000. In 2022, Siempharma turned in a profit for the year of Euro 325,590.

On 28 July 2022 the Antares Vision subscribed an increase in capital of 1 million euro (including a share premium) for a 24.9% stake in Optwo S.r.l., an innovative start-up for the development of a system which, through the use of a combination of third-party and proprietary software (currently being developed), makes it possible: (i) to collect, process and analyse data based on consumers' browsing habits, interests and purchasing preferences; (ii) for corporate customers to use the latest set of data, rendered suitably anonymous; and (iii) to plan, send and subsequently analyse the effectiveness of reports, notifications and advertising messages sent by corporate customers to end-consumers, based on the analyses previously carried out and in full compliance with the regulations on the protection of personal data. This investment is part of the so-called "customer engagement".

Neurala is an innovative start-up based in Boston, operating in artificial intelligence applied to vision technology for inspection. The investment allows 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 Euro 244,255.

Additional investments in strategic partnerships for Euro 250,000 were made with the aim of implementing highly innovative technological projects financed by the European Union through the NextGenerationEU programme.

Divestments include Antares Vision's exit from the share capital of Humans Garden, an agricultural company based in Adro, of which Antares Vision held 10%, sold for Euro 150,000 and collected in January 2023.

5. Non-current financial receivables from Group Companies

At 31 December 2022, non-current financial receivables from Group companies amounted to Euro 11,962,790 (Euro 10,896,931 at 31 December 2021). These represent the portion of intragroup loans disbursed by Antares Vision to its subsidiaries falling due beyond 12 months. The current portion is presented under Current financial receivables to Group Companies, analysed in Note 9. Please refer to the section on Related-party transactions for the breakdown of this item.

Loans are settled at normal market conditions.

6. Non-current financial assets

Non-current financial assets amount to Euro 7,139,531 (Euro 16,763 at 31 December 2021) and are related to derivatives receivable for Euro 7,130,074, the details of which are shown below. The total also includes Euro 9,457 of guarantee deposits paid to cover outstanding contracts.

Financial instrument	Main transaction	Risk covered	Accounting policy	Effective date of the contract	Contract expiry date	Rate purchased	Currency	Notional in foreign currency	Mark to market * at 31/12/2022
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Speculative **	31/3/2019	31/3/2023	0.020%	Euro	2,222,222	13,102
Interest Rate Swap	Leasing	INTEREST RATE RISK	Speculative **	1/8/2016	1/2/2026	0.450%	Euro	2,103,554	140,013
Interest Rate Swap	Leasing	INTEREST RATE RISK	Speculative **	1/12/2019	1/12/2026	0.800%	Euro	2,574,730	234,695
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Hedging	30/9/2021	29/9/2028	0.200%	Euro	30,000,000	3,470,604
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Hedging	30/9/2021	30/9/2029	0.095%	Euro	30,000,000	3,271,661
Total									7,130,074

** 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*

*** Although the purpose is hedging, not all of the requirements for hedge accounting envisaged by IFRS 9 are met, so the usual accounting treatment of derivative instruments for speculative purposes was applied.*

7. Deferred tax assets

Deferred tax assets (DTA) amount to Euro 5,915,352 (Euro 5,937,902 at 31 December 2021) and largely relate to the Company's tax losses, as well as the effects of applying IFRS.

The composition and changes in this item are as follows:

DEFERRED TAX ASSETS				
Description	Deferred tax assets on tax losses	Deferred tax assets for application of IAS/IFRS	Other deferred tax assets	Total
Amount at 31/12/2021	4,888,593	1,016,809	32,500	5,937,902
Change during the period	705,346	-737,943	10,047	-22,550
Amount at 31/12/2022	**5,593,939**	**278,866**	**42,547**	**5,915,352**

The tax loss arising from the tax consolidation of which the Company is the consolidating entity led to the allocation of additional deferred tax assets of Euro 705,346. In addition to the amount already recorded last year, the balance of DTA now comes to Euro 5,593,939. The assessment of whether to recognise new DTA on the tax loss was carried out following the general principle of prudence and is the result of a Business Plan that foresees full use of the DTA to offset future taxable income over the medium term.

The application of IFRS entailed the recognition of DTA, which at 31 December 2022 amounted to Euro 278,866. Compared with the previous year's balance of Euro 1,016,809, DTA of Euro 471,987 were released as a reversal pertaining to the year of the effect recognised following the application of IAS 19 and Euro 284,406 as a reversal pertaining to the year of the effect recognised on first-time application of IFRS 15.

Current assets

8. Inventories

Inventories at 31 December 2022 came to Euro 26,302,172 (Euro 21,895,239 at 31 December 2021), measured at the lower of purchase or production cost and estimated realisable value based on market trends.

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	Advances for stocks	Total inventories
Amount at 31/12/2021	18,201,175	521,602	2,552,486	619,976	21,895,239
Change during the period	1,396,955	2,753,663	309,212	-52,898	4,406,933
Amount at 31/12/2022	**19,598,130**	**3,275,265**	**2,861,698**	**567,078**	**26,302,172**

The increase in this item (Euro 4,406,933) is attributable for Euro 1,396,955 to raw materials, ancillaries and consumables and for Euro 2,753,663 to work in progress and semi-finished goods, an increase compared to normal levels to cope with the higher order backlog, on the one hand, and with possible shortages of electronic components, on the other.

That value is recorded net of the related inventory provision of Euro 442,023 (Euro 337,027 at 31 December 2021) for obsolete or slow moving goods.

9. 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.

At 31 December 2022 this item amounts to Euro 58,077,838 (net of the provisions of Euro 655,578), compared with the balance of Euro 39,434,137 at 31 December 2021.

The changes in trade receivables are shown below:

TRADE RECEIVABLES			
Description	**Trade receivables**	**Provision for credit risks**	**Total trade receivables**
Amount at 31/12/2021	**39,908,824**	**474,686**	**39,434,138**
Change during the period	18,824,592	180,892	18,643,700
Amount at 31/12/2022	**58,733,416**	**655,578**	**58,077,838**

The Provision for credit risks recorded the following changes:

PROVISION FOR CREDIT RISKS	
Description	**Provision for credit risks**
Amount at 31/12/2021	474,686
Provisions	255,746
Uses/releases	- 74,854
Amount at 31/12/2022	**655,578**

The increase in this item is linked to the exceptional concentration of turnover in the second half of the year, when almost Euro 140 million of revenue was generated (of which around 90 million in the last quarter of the year) with growth of over 60% compared with 1H 2022 and more than 34% compared with the 2H 2021.

Antares Vision carefully evaluates the solvency of its customers, constantly monitoring credit exposure and activating immediate debt collection procedures with counterparties for past due accounts. It is rarely necessary to take legal action.

RECEIVABLES AGEING ANALYSIS				
	2022	% Incidence	2021	% Incidence
Not yet past due	25,701,389	43.8%	16,771,047	42.0%
Past due between 0-30 days	6,347,349	10.8%	6,171,444	15.5%
Past due between 31-60 days	2,990,303	5.1%	1,233,780	3.1%
Past due between 61-90 days	1,374,555	2.3%	1,019,321	2.6%
Past due between 91-180 days	2,875,647	4.9%	2,772,104	6.9%
Past due between 181-365 days	7,156,824	12.2%	5,199,416	13.0%
Past due beyond 1 year	12,287,349	20.9%	6,741,712	16.9%
Total net of the provision for doubtful accounts	**58,733,416**	**100%**	**39,908,823**	**100%**
Provision for doubtful accounts	- 655,578		- 474,686	
Total trade receivables	**58,077,838**		**39,434,137**	

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 even a whole year, without this suggesting that the customer may be insolvent. Furthermore, past due beyond 180 days is to be attributed to intercompany receivables and balances due from some customers who are also suppliers (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.

10. Current financial receivables from Group Companies

Financial receivables from Group Companies amount to Euro 8,081,607 at 31 December 2022 (Euro 7,795,651 at 31 December 2021). They represent the portion of intragroup loans falling due within 12 months, disbursed by the Company to its subsidiaries as financial support in their start up phase. The portion falling due beyond 12 months is classified under Non-current financial receivables from Group Companies. Please refer to the section on Related-party transactions for the breakdown of this item.

Loans are settled at normal market conditions.

11. Other receivables

Other receivables amount to Euro 5,586,060 and compare with Euro 7,807,386 at 31 December 2021. This item is made up as follows:

OTHER RECEIVABLES				
Description	**Tax receivables**	**Advances to suppliers**	**Other**	**Total other receivables**
Amount at 31/12/2021	3,741,391	405,474	3,660,521	7,807,386
Change during the period	- 972,154	- 16,011	- 1,233,161	- 2,221,326
Amount at 31/12/2022	**2,769,237**	**389,463**	**2,427,360**	**5,586,060**

Tax receivables go from a balance of Euro 3,741,391 at 31 December 2021 to a balance of Euro 2,769,237 at 31 December 2022, as a result of the offsets made during the year.

Advances (Euro 389,463 at 31 December 2022 and Euro 405,474 at 31 December 2021) include receivables for advances paid to suppliers.

Other receivables go from Euro 3,660,521 at 31 December 2021 to Euro 2,427,360 at 31 December 2022. These comprise Euro 601,078 linked to operating grants not yet collected at the end of the year, but for which the Company has recognised the corresponding revenue in application IAS 20, as reasonable certainty has accrued. That revenue is suitably discounted in relation to the accumulated amortisation of capitalised costs. This item also includes an amount of Euro 150,000 relating to the divestment of Humans Garden, which was collected in January 2023.

12. Other current financial assets

Other current financial assets amount to Euro 26,826,890 (Euro 34,042,956 at 31 December 2021).

The change for the year, negative for Euro 7,216,066, is due to:

- the divestment by the Company of Euro 7,000,000 of certificates of deposit;
- the fair value adjustment of securities and insurance policies held by the Parent Company, negative overall for Euro 216,066 (of which Euro 153,006 recognised under financial income and Euro 369,072 under financial charges).

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.

13. **Cash and banks**

The balance of cash and banks recorded at nominal value amounts to Euro 11,044,751, which compares with Euro 42,492,793 last year.

The change in this item is linked, among other things, to the joint effect of:

- investments in tangible fixed assets, mainly for the purchase of machinery and for the expansion of the registered office for Euro 3.8 million, bought under finance leases;
- investments in intangible fixed assets, mainly for development costs (Euro 5.3 million as higher capitalisations) and digital transformation projects (Euro 1.7 million), above all the introduction of the new ERP and the new PLM;
- the US$15 million capital increase to Antares Vision Inc. ("AVUS") and subsequently from AVUS to rfxcel, to finance the acquisition of ACSIS;
- investments in minority shareholdings through:
    - the increase in capital of Optwo S.r.l. subscribed for Euro 1 million (for a share of 24.9%) in July 2022;
    - the exercise of the option to purchase a further interest in Siempharma S.r.l., a stake which therefore rose from 30% to 45% with a cash outlay of Euro 1.5 million;
    - the investment in strategic partnerships for Euro 250 thousand with a view to carrying out highly innovative technological projects financed by the European Union through the NextGenerationEU programme;
- the investment in working capital for Euro 38,956 thousand due to sales exceptionally concentrated in the latter part of the year;
- the payment of mortgage interest for an equivalent post-hedging amount of Euro 2.7 million (Euro 2.3 million, net of the effect of derivatives);
- the extinction of a derivative financial instrument, initially stipulated by the Company to offset changes in the interest rate on a bank loan and held in the portfolio as a speculative instrument, which resulted in collecting income of Euro 328 thousand;
- payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank. This transaction formed part of a broader debt refinancing strategy initiated during the second half of 2021 that involved taking out new bank loans with an

average duration of 6.4 years, a fixed average post-hedging cost of around 2.0% and without significant principal repayments for the subsequent four years. Antares Vision Group is required to comply with financial covenants in line with market practice and there is full compliance at the date of preparation of this document;

- payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third SAL of the Smart Ward Platform R&D project ("**SWP**"). On the occasion of the previous SALs, the Parent Company had already received Euro 3.3 million as a subsidised loan and Euro 0.4 million in the form of a bank loan.

Shareholders' equity

14. Share capital and reserves

Shareholders' equity at 31 December 2022 amounts to Euro 253,541,102 and compares with a balance of Euro 249,890,810 at 31 December 2021.

The share capital is equal to Euro 169,457, fully paid up (Euro 169,451 at 31 December 2021, paid up for Euro 168,144). The share premium reserve shown under Other reserves had a value at the end of the year of Euro 209,467,141 (Euro 209,466,890 at 31 December 2021). The slightest changes in the share capital and in the share premium reserve are entirely linked to the exercise of the warrants issued in April 2019 by the Parent Company on the occasion of the business combination with Alp.I S.p.A. in favour of the latter's shareholders with a view to listing Antares Vision S.p.A. on what was then the AIM (now Euronext Growth).

The extraordinary reserve changed due to allocation of the result for the year at 31 December 2021.

Other reserves also include the negative reserve of Euro 9,050,000 established to offset the financial liabilities generated by the issue of warrants at the time of the listing of Antares Vision on the AIM market, now Euronext Growth, the negative reserve for treasury shares of Euro 342,272, set up in the first half of 2021 on the purchase of 33,916 treasury shares in accordance with IAS 32 and the reserve set up to offset the cost of the Stock Option Plans, which at 31 December 2022 comes to Euro 1,396,537. The OCI Reserve amounts to Euro 6,053,485 after recognition of the effects of applying IAS 19 and the accounting treatment of hedging derivatives.

Please refer to Note 14 below for a more detailed discussion of the issue of warrants and the methods of exercising them, to the summary statement of changes in consolidated shareholders' equity and to the statement of other comprehensive income, included in the consolidated financial statements, for further information relating to other changes in shareholders' equity.

The following table, in accordance with Section 7-bis of Article 2427 of the Civil Code, shows the items of Shareholders' Equity, specifying, for each, the nature and possibility of utilization/distribution and the utilization in previous years:

Shareholders' equity	12/31/2022	Origin /Nature	Possibility of use	Distributable share	Share available
Share capital	169,457	Share capital		-	-
Other reserves	260,432,385				
Share premium reserve	*209,467,141*	*Capital reserve*	*A, B, C*	*209,467,141*	*209,467,141*
Legal reserve	*98,798*	*Retained earnings*	*A, B*	*-*	*98,798*
Extraordinary reserve	*49,681,558*	*Retained earnings*	*A, B, C*	*49,681,558*	*49,681,558*
OCI reserve	*6,053,485*	*Capital reserve*	*B, E*	*-*	*6,053,485*
Stock option plan reserve	*1,396,537*	*Capital reserve*	*E*	*-*	*-*
Other reserves	*(6,265,134)*		*A, B, E*	3,127,138	3,127,138
FTA reserve	(14,931,441)	*Retained earnings*	*E*	-	-
Retained earnings	11,666,433	*Retained earnings*	*A, B, C*	11,666,433	11,666,433
Profit/(loss) for the year	(3,795,732)				
Total shareholders' equity	**253,541,102**				

A: for increase in capital
B: to cover losses
C: for distribution to shareholders
D: for other statutory restrictions
E: other

Non-current liabilities

15. Non-current loans and borrowings

At 31 December 2022, Non-current loans and borrowings amounted to Euro 125,889,825 (Euro 127,926,780 at 31 December 2021). 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**
Amount at 31/12/2021	**120,440,562**	**7,486,218**	**127,926,780**
Change during the period	3,702,379	- 5,739,334	- 2,036,955
Amount at 31/12/2022	**124,142,941**	**1,746,884**	**125,889,825**
of which: over 5 years	*64,278,691*		*64,278,691*

Non-current loans and borrowings consist of payables to banks falling due beyond 12 months (the portion falling due within the next financial year is classified under current loans and borrowings) and the financial liability generated by the issue of warrants in conjunction with the listing of Antares Vision on the AIM, now Euronext Growth.

The increase in medium/long-term loans is due to the payment to the Parent Company of a Euro 10 million bank loan, of which Euro 6.6 million was used to repay the previous loan from the same bank. This transaction formed part of a broader debt refinancing strategy initiated during the second half of 2021 that involved taking out new bank loans and the placement of Euro 40 million of unsecured and non-convertible bonds with Pricoa Capital Group (the so-called "US Private Placement"). This made it possible to provide the Group with considerable liquidity to invest in its development plans.

With regard to the bond loan and several bank loans, Antares Vision Group is required to comply with financial covenants on a consolidated basis, in line with market practice. At the reporting date, up to the date of preparation of this document, the financial covenants have all been amply met.

The first half of 2022 also saw payment to the Parent Company of a subsidised loan of Euro 1.7 million and a bank loan of Euro 0.2 million relating to the third Structural Adjustment Loan (SAL) of the Smart Ward Platform ("SWP") R&D project. On the occasion of the previous SALs, the Parent Company had already received Euro 3.3 million as a subsidised loan and Euro 0.4 million in the form of a bank loan.

Non-current loans and borrowings also include the financial liability represented by the warrants.

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 Euro 3,255.60 through the issue of up to 1,356,500 conversion shares. The regulation for the exercise and conversion of warrants was updated by the Board of Directors of the Parent Company on 28 April 2021 on the occasion of the translisting to Euronext STAR Milan.

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 18 April 2019 (the date of the business combination with Alp.I and (ii) the first trading day after 30 calendar days have passed from the date of publication of the acceleration notice. Since these are financial instruments that, once exercised, will 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 Euro 5,739,334 has been recorded under financial income:

NON-CURRENT LOANS AND BORROWINGS			
Description	**no. Warrants**	**Price**	**Financial liabilities**
Amount at 31/12/2021	**2,495,406**	**3.0000**	**7,486,218**
Changes during the period	- 35,006		- 5,739,334
Amount at 31/12/2022	**2,460,400**	**0.7100**	**1,746,884**

16. Non-current lease liabilities

Non-current lease liabilities amount to Euro 9,254,338 (Euro 6,282,191 at 31 December 2021). During 2022, Antares Vision financed with a finance lease the costs associated with completion of the extraordinary maintenance and expansion works on the building where the Company's registered office is located; the increase in financial liabilities for non-current leases represents the portion owed to the leasing company due beyond 12 months.

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

Euro 5,000. The related fees are therefore recognised as costs over the duration of the contract. At 31 December 2022 the amount of these fees was equal to Euro 82,514.

17. Other non-current financial liabilities

At 31 December 2022, other non-current financial liabilities amount to Euro 162,383 (Euro 564,773 at 31 December 2021); they are linked to a derivative payable that the Company took out to hedge fluctuations in the exchange rate of the loan granted to AVUS.

Financial instrument	Main transaction	Risk covered	Accounting policy	Effective date of the contract	Contract expiry date	Rate purchased	Currency	Notional in foreign currency	Mark to market * at 31/12/2022
Flexible forward	Intercompany loan	Exchange rate risk	Hedging	16/12/2022	29/12/2023	1.16050	US$	2,826,374	- 162,383
Total									**- 162,383**

** 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*

18. Retirement benefit obligations

Retirement benefit obligations are shown in the financial statements at 31 December 2022 for Euro 4,927,639 which compares with the balance of Euro 5,888,876 at 31 December 2021.

This item consists of the severance indemnity (TFR) recognised for the benefit of employees of the Company. The change during the year is represented by the provision for the year, net of disbursements made 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	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement age	Attainment of AGO requirements

The technical bases used are listed below:

ECONOMIC ASSUMPTIONS		
Description	**31/12/2022**	**31/12/2021**
Annual discount rate	3.77%	0.98%
Annual inflation rate	2.30%	1.75%
Annual rate of increase in severance indemnity (T.F.R.)	3.23%	2.81%
Real annual salary increase rate	1.00%	1.00%

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

TURNOVER AND ADVANCES HYPOTHESIS		
Description	**31/12/2022**	**31/12/2021**
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 and the end of the period:

IAS 19 EVALUATIONS RECONCILIATION		
Description	**31/12/2022**	**31/12/2021**
Defined Benefit Obligation (DBO) beginning of period	**5,888,876**	**4,822,016**
Service Cost	1,056,197	1,021,434
Interest Cost	103,660	26,984
Benefits paid	- 191,845	- 91,951
Transfers or other adjustments	- 54,122	-
Expected DBO end of period	**6,802,765**	**5,778,482**
A(G)/L from experience	72,312	- 42,214
A(G)/L from change of demographic assumptions	-	-
A(G)/L from discount rate exchange	- 1,947,438	152,608
Defined Benefit Obligation (DBO) end of period	**4,927,639**	**5,888,876**

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS		
Description	**31/12/2022**	**31/12/2021**
Turnover rate +1%	4,973,114	5,718,230
Turnover rate -1%	4,873,400	6,092,182
Inflation rate +0.25%	5,063,281	6,087,827
Inflation rate -0.25%	4,797,394	5,698,725
Discount rate +0.25%	4,766,248	5,649,100
Discount rate -0.25%	5,097,895	6,143,594

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

SERVICE COST AND DURATION		
Description	**31/12/2022**	**31/12/2021**
Service cost in the future	963,161	1,120,380
Duration	21.1	23.9

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

FUTURE DISBURSEMENTS		
Years	**31/12/2022**	**31/12/2021**
1	340,848	210,478
2	304,503	234,518
3	393,029	267,454
4	407,449	356,755
5	397,728	367,703

19. Deferred tax liabilities

At 31 December 2022, the deferred taxes recognised under liabilities in the statement of financial position amount to Euro 2,328,102 and compare with the balance of Euro 446,270 at 31 December 2021. They refer for Euro 1,797,831 to the accounting treatment of derivatives and for Euro 530,270 to the application of IFRS 16 on lease and rental contracts.

Current liabilities

20. Current loans and borrowings

Current loans and borrowings amount to Euro 6,801,230 compared with Euro 5,200,985 last year.

The movements and composition of this item are shown below:

CURRENT LOANS AND BORROWINGS			
Description	**Medium/long-term loans (within 12 months)**	**Credit cards**	**Total current loans and financing**
Amount at 31/12/2021	**5,137,871**	**63,114**	**5,200,985**
Change during the period	1,522,858	77,387	1,600,245
Amount at 31/12/2022	**6,660,729**	**140,501**	**6,801,230**

This item includes the portion due within 12 months of medium/long-term loans that the Parent Company has with leading banks, which at 31 December 2022 amount to Euro 6,660,729. Please refer to Note 14 for a more detailed discussion of the item.

The amount of Euro 140,501 refers to the balance due on corporate credit cards.

21. Current lease liabilities

Current lease liabilities amount to Euro 1,495,024 (Euro 573,867 at 31 December 2021), which is the portion due within 12 months of payables to leasing companies following the application of IFRS 16. As already specified in Note 15 relating to financial liabilities for non-current leases, in 2022 Antares Vision financed with a finance lease the costs associated with the completion of the extraordinary maintenance and expansion works on the building where the Company's registered office is located; the increase in current financial lease liabilities represents the portion owed to the leasing company due within 12 months.

22. Current provisions for risks and charges

At 31 December 2022, current provisions for risks and charges amount to Euro 509,335 and compare with the balance of Euro 372.788 at 31 December 2021. Its composition and changes are shown below:

CURRENT PROVISIONS FOR RISKS AND CHARGES			
Description	**Products warranty fund**	**Provision for agents' severance indemnity**	**Total**
Amount at 31/12/2021	**328,889**	**43,899**	**372,788**
Uses of the period	- 412,904	-	- 412,904
Provisions for the period	531,882	17,569	549,451
Amount at 31/12/2022	**447,867**	**61,468**	**509,335**

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 was made on the basis of historical trends and at 31 December 2022 amount to Euro 447,867.

This item also includes the provision for agents' severance indemnity on agency contracts for Euro 61,468.

23. Contract liabilities

First-time adoption of IFRS 15 led to a deferral of revenue compared with Italian accounting standards, generating an FTA reserve at 1 January 2018, the date of first-time adoption by the Group and therefore also by Antares Vision, of Euro 14,931,441. 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**
Amount at 31/12/2021	**1,405,329**
Changes during the period	- 1,019,378
Amount at 31/12/2022	**385,951**

24. Trade payables

The balance of trade payables is equal to Euro 24,588,318 (Euro 18,289,544 at 31 December 2021), all with a duration of less than twelve months. An increase in inventory levels contributed to the rise in this item, which is higher than normal to deal with any future shortages of electronic components. The generalised increase in prices has had a limited impact.

25. Other payables

Other payables amount to Euro 18,599,881 compared with Euro 16,398,351 at 31 December 2021.

The composition of this item is shown below:

OTHER PAYABLES					
Description	**Advances from customers**	**Payables to personnel**	**Payables to social security institutions**	**Other payables**	**Total**
Amount at 31/12/2021	**5,908,592**	**3,684,846**	**1,835,139**	**4,969,773**	**16,398,351**
Changes during the period	1,944,247	949,390	257,184	- 2,155,751	2,201,530
Amount at 31/12/2022	**7,852,839**	**4,634,236**	**2,092,323**	**4,020,484**	**18,599,881**

Advances from customers relate to amounts collected from customers as an advance on sales still to be completed.

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

Payables to social security institutions amount to Euro 2,092,323 (Euro 1,835,139 at 31 December 2021) and mainly include payables to INPS and INAIL.

Tax payables include direct taxes due, net of any advances paid, and the amounts withheld from employees' salaries.

Other payables include the amount of Euro 1,125,000 relating to the portion of Share capital not called up by RurAll, as well as accrued expenses and deferred income, which include the portions of costs and revenue not pertaining to the year.

INCOME STATEMENT

26. Revenue

Revenue at 31 December 2022 amounts to Euro 77,970,701, compared with Euro 81,635,608 at 31 December 2021. The decrease of 4.5% is mainly due to the partial transfer of the business to the subsidiaries..
Given Antares Vision's operations on international markets, it is considered appropriate to provide a breakdown of revenue by geographical area:

REVENUE BY GEOGRAPHICAL AREA				
Geographic area	**31/12/2022**	**%**	**31/12/2021**	**%**
Italy	19,088,000	24.4%	18,663,936	22.9%
Europe	31,128,701	40.0%	32,671,510	40.0%
North & South America	18,118,000	23.2%	14,863,229	18.2%
Asia and Oceania	5,534,000	7.1%	10,158,066	12.4%
Africa and the Middle East	4,102,000	5.3%	5,278,866	6.5%
Total	**77,970,701**	**100.0%**	**81,635,608**	**100.0%**

Italy and Europe are growing thanks to inspection solutions for quality control and services, while the Americas are starting to benefit from the entry into force of tracking regulations for pharmaceutical products, in addition to the growth in the FMCG sector and inspection in the pharmaceutical sector: Brazil aggregation and tracking in

2022 (albeit on a voluntary basis), United States aggregation in 2023. The other areas were down, above all due to the Covid-related restrictions that lasted for most of 2022.

The breakdown of revenue by business line is shown in the following table:

REVENUE BY LINE				
Line of business	**31/12/2022**	**%**	**31/12/2021**	**%**
Inspection	18,513,000	23.7%	30,683,436	37.6%
Track & Trace (L1-L4)	59,274,701	76.1%	44,231,552	54.2%
Smart Data	183,000	0.2%	6,720,620	8.2%
Total	**77,970,701**	**100.0%**	**81,635,608**	**100.0%**

Integration continues of all the Technological Solutions present in the Group to offer a complete and distinctive ecosystem, available to all business areas. For Antares Vision, this led to a partial transfer of the business to the subsidiaries. Track & Trace is growing significantly as a transformation is underway from an original equipment business to a high-margin recurring business.

27. Other income

At 31 December 2022, other income amounts to Euro 1,767,878, compared with Euro 2,680,732 the previous year.

The composition and changes of the item are shown below:

OTHER INCOME			
Description	**Operating grants**	**Other revenues**	**Total**
Amount at 31/12/2021	2,360,555	320,177	2,680,732
Amount at 31/12/2022	1,378,541	389,337	**1,767,878**
Change	-982,014	69,160	-912,854

Among operating grants, the following are recorded:

- Euro 454,125 for the non-refundable grants linked to the Digital Agenda tender, which includes the Smart Ward Platform ("SWP") project, and the FCS - Innovation Agreements promoted by the Ministry of Economic Development which include the TFP Agrifood project;
- Euro 792,995 for the portion pertaining to the year of the tax credit for research and development, with the portion of capitalised costs appropriately discounted in line with the principle of matching costs and revenue.

28. Change in finished and semi-finished products

The Change in finished and semi-finished products is a positive Euro 754,106, compared to a negative Euro 2,982,874 in the comparison period. 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
Amount at 31/12/2021	-5,157,309	2,174,435	-2,982,874
Amount at 31/12/2022	204,923	549,184	**754,106**
Change	5,362,232	-1,625,251	3,736,980

The change in inventories of finished products is an increase of Euro 204,923, the change in inventories of semi-finished products and work in progress, on the other hand, is an increase of Euro 549,184, justified by the increase in expected sales volumes.

29. Raw materials and consumables

Raw materials and consumables amount to Euro 22,511,636, compared with Euro 18,506,544 in the previous year. The breakdown and changes are illustrated below.

RAW MATERIALS AND CONSUMABLES				
Description	Change in inventories of raw materials	Goods	Consumables	Total
Amount at 31/12/2021	1,181,037	16,178,596	1,146,911	18,506,544
Amount at 31/12/2022	-4,014,338	25,202,519	1,323,455	**22,511,636**
Change	-5,195,375	9,023,923	176,544	4,005,092

30. Personnel costs

At 31 December 2022 Personnel costs amounted to Euro 29,069,652 compared with Euro 24,459,119 at 31 December 2021. Changes in this item are shown below:

PERSONNEL COSTS	
Description	Total Personnel Costs
Amount at 31/12/2021	24,459,119
Amount at 31/12/2022	**29,069,652**
Change	4,610,533

The increase in Personnel costs (18.8%) is in line with the hiring policy implemented by the Company to ensure that Antares Vision has the human capital needed to handle the Group's expected growth. The increase in human resources should, therefore, be considered as a planned investment for the future, aimed at implementing the strategy of Antares Vision.

31. Amortisation and depreciation

At 31 December 2022, the balance of amortisation and depreciation amounts to Euro 5,189,508 compared with Euro 4,181,507 at 31 December 2021.

AMORTISATION AND DEPRECIATION				
Description	Amortisation	Depreciation	Write-downs	Total
Amount at 31/12/2021	3,368,193	625,587	187,727	4,181,507
Amount at 31/12/2022	4,024,896	908,866	255,746	**5,189,508**
Change	656,703	283,279	68,019	1,008,001

Amortisation amounts to Euro 4,024,896, compared with Euro 3,368,193 in the comparative period. As illustrated in detail in Note 2 above, the increase in the item is linked to the amortisation as a result of the investments in development costs and, to a lesser extent, in proprietary software.

Depreciation of Euro 908,866 is made up principally of depreciation on buildings (Euro 783,454 at 31 December 2022 compared with Euro 553,516 at 31 December 2021).

Write-downs refer to the write-down of trade receivables for Euro 255,746, an increase compared with the comparison period in line with the increase in Trade receivables. The Company carefully evaluates the solvency of its customers, constantly monitoring credit exposure and activating immediate debt collection procedures with counterparties for past due accounts. 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 Euro 4,780,743, entirely represented by personnel costs, compared with Euro 5,601,531 the previous year.

In the context of the development and reinforcement of its competitive positioning, investments in research (fully charged to the income statement) and development (capitalised) are inherent to the business of Antares Vision, and allow the Company to constantly expand its portfolio of technologies and solutions employed through the employment of human resources and specific skills. Capitalised development costs, which are therefore shown in this item, are internal 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. For a detailed discussion of development projects, please refer to the directors' report.

33. Sales and marketing costs

At 31 December 2022, Sales and marketing costs amount to Euro 3,535,496, compared with the balance of Euro 3,687,389 in the comparison period.

SALES AND MARKETING COSTS	
Description	Sales and marketing costs
Amount at 31/12/2021	3,687,389
Amount at 31/12/2022	**3,535,496**
Change	-151,893

This item includes the cost of promotions, advertising and trade fairs, entertainment expenses and the commission paid to foreign agents, sales representatives and business promoters, which Antares Vision uses to gain contracts in particular markets and geographical areas.

34. Service costs

At 31 December 2022 service costs amount to Euro 31,976,908, a slight decrease compared with the balance of Euro 32,224,999 the previous year.

Changes in this item are shown in the following table:

SERVICE COSTS	
Description	Service Costs
Amount at 31/12/2021	32,224,999
Amount at 31/12/2022	**31,976,908**
Change	-248,091

It is worthwhile giving the breakdown of this item below:

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
Amount at 31/12/2021	11,266,476	2,642,867	2,425,867	3,465,424	2,069,766	6,742,382	1,809,715	1,358,904	443,598	**32,224,999**
Amount at 31/12/2022	12,297,412	3,555,534	3,614,561	3,787,462	2,143,845	1,695,734	2,536,975	1,287,944	1,057,441	**31,976,908**
Change	1,030,936	912,667	1,188,694	322,038	74,079	-5,046,648	727,260	-70,960	613,843	-248,091

The reduction of Euro 5,046,648 in consulting and professional fees depends on the exceptional costs that the Company incurred during 2021, mainly related to the acquisitions and the translisting to the Euronext Milan.

The installation costs and a large part of the travel costs are linked to the costs of Site Acceptance Tests (SAT) at customers' factories.

The increase of Euro 727,260 in general expenses and utilities is linked to the generalised increase in prices, energy in particular.

35. Other operating expenses

Other operating expenses amount to Euro 1,253,328 (Euro 1,109,076 at 31 December 2021) with the following changes during the year:

OTHER OPERATING EXPENSES	
Description	**Other Operating Expense**
Amount at 31/12/2021	1,109,076
Amount at 31/12/2022	**1,253,328**
Change	144,252

The breakdown is shown in the table below:

OTHER OPERATING EXPENSES				
Description	**Accruals to provisions**	**Taxes not on income for the year**	**Other operating expenses**	**Total**
Amount at 31/12/2021	133,837	116,643	858,596	1,109,076
Amount at 31/12/2022	531,882	148,233	573,213	**1,253,328**
Change	398,045	31,590	- 285,383	144,252

The allocation for product warranties was recorded under provisions for Euro 531,882.

Taxes not on income for the year are substantially in line with the comparative period.

Other operating expenses amount to Euro 573,213 and compare with Euro 858,596 in the previous year, which was affected by exceptional costs, mainly for handling the pandemic.

36. Financial charges

Financial charges amount to Euro 3,839,659, compared with Euro 6,594,947 the previous year.

The following are included in this item:

- interest payable on loans for Euro 2,419,930;
- the fair value adjustment of financial assets available for sale for Euro 369,072;
- the interest cost component relating to the application of IAS 19 for Euro 103,660;
- the fair value adjustment of derivatives for Euro 156,631 as they have to be accounted for as speculative instruments, given that they do not satisfy all of the requirements for hedge accounting under IFRS 9.

At 31 December 2021, this item included Euro 3,274,961 for the fair value adjustment of the warrants issued by the Parent Company and still outstanding at the end of the year. In 2022, the adjustment was positive and was therefore recognised in financial income, as explained in Note 36.

37. Financial income

At 31 December 2022, financial income amounts to Euro 7,135,113 compared with Euro 1,777,688 at 31 December 2021. The following are included in this item:

- The fair value adjustment of the warrants issued by the Parent Company at the same time as the listing on the Euronext Growth market (called the AIM at the start of trading) and still in circulation at the end of the year. As already mentioned in Note 14 on non-current loans and borrowings, to which reference should be made, since these are financial instruments whose exercise gives the right to a variable number of shares, the difference of Euro 5,739,334 with respect to the value of the financial liability at 31 December 2021 has to be shown in the income statement;
- the positive effect deriving from the fair value adjustment of securities and insurance policies for Euro 153,006;
- the change in the fair value of the derivatives taken out by the Company to hedge fluctuations in interest rates amounts to Euro 781,964. Even though their purpose is to hedge interest rate fluctuations, they are treated as speculative for accounting purposes as not all of the hedge accounting requirements set out in IFRS 9 have been met. The technical characteristics, risks covered, accounting policy and mark-to-market adjustment at the end of the year are explained in Note 5 as regards positive derivatives and in Note 16 as regards negative derivatives;
- the change in the fair value of a derivative instrument on its repayment date amounts to Euro 348,722. It was initially stipulated to offset changes in the interest rate on a bank loan, which was repaid in advance and resulted in a corresponding cash inflow.

38. Foreign exchange gains and losses

Foreign exchange gains and losses show a positive net balance of Euro 315,463 (positive for Euro 120,039 at 31 December 2021), of which Euro 48,431 unrealised. They include the exchange differences generated on the payment of foreign currency assets and liabilities or when they are translated at rates that differ from those used to translate them at the time of initial recognition.

39. Income (charges) on investments

At 31 December 2022 this item has a zero balance. At 31 December 2021, the item included the positive fair value adjustment of the investment in Antares Vision India for Euro 78,329, recognised at the time of the acquisition of the minority stake, as required by IFRS 3 in the case of a step-up acquisition.

40. Income taxes

Income taxes are negative for Euro 856,449 at 31 December 2022 (negative for Euro 1,572,101 at 31 December 2021). As mentioned previously, DTA of Euro 1,246,063 were recognised on the tax loss generated by the Company in 2022. Added to this are the effects applying IFRS, which led to releases for a total of Euro 265,025.

At 31 December 2022, there are no temporary differences or carry-forward tax losses on which deferred tax assets or liabilities have not been recognised. A reconciliation between the theoretical tax burden and the effective tax burden is shown below.

RECONCILIATION BETWEEN THE THEORETICAL AND EFFECTIVE TAX CHARGE					
Statutory profit (loss) after taxes				-	**3,795,732**
Permanent add-backs			1,797,782		
Recovery net of tax	-	856,449			
Car costs		220,583			
Hotel and restaurant expenses		330,606			
Other recoveries		2,103,042			
Temporary add-backs			4,121,508		
Accruals to provisions		636,878			
Interest expense		2,596,886			
Depreciation of buildings		336,779			
Amortisation of rights-of-use		446,676			
Closing inventory		104,289			
Permanent deductions			1,219,990		
Sundry income		1,219,990			
Temporary deductions			498,533		
Untaxed revenue - IFRS 15		498,533			
Taxable income for IRES					**405,035**

Reconciliation with tax provision		**24%**	
ACE (notional interest) deduction	3,000,076	720,018	
Interest expense	2,596,886	623,253	
Tax loss from the provision for taxes			**-5,191,928**

Share-based payments

Stock Option Plans

On 20 May 2020, the Shareholders' Meeting of Antares Vision S.p.A. approved the guidelines of a share-based incentive plan called the "2020-2022 Stock Option Plan" (the "First Stock Option Plan") reserved for executive directors and employees of the Parent Company and of the companies controlled by it. The Shareholders' Meeting of Antares Vision S.p.A. on 24 March 2021 approved a second share-based incentive plan (the "**Second Stock Option Plan**" and, together with the First Stock Option Plan, the "**Stock Option Plans**"), reserved for the executive directors of the Parent Company and key employees of the Parent Company and of the companies controlled by it. Stock Option Plans consist of assigning to specific beneficiaries identified by name a certain number of options that vest and gave the right to acquire/or subscribe shares of the Parent Company on the achievement of specific and predetermined objectives (the "Objectives") and the purchase/subscription of shares at a pre-established price, taking into account the average of the closing prices recorded in the last month prior to the date of assignment of the options.

The Objectives to which vesting of the options is subject are:

- consolidated turnover and EBITDA;
- quantitative and qualitative objectives assigned individually to each beneficiary according to the position that they hold.

For each of the objectives illustrated above, weighting and target result levels are established. On reaching the minimum level (equal to 70%) for each of the turnover, EBITDA and individual quantitative objectives, the number of options vest will be the sum of the percentages of achievement of each quantitative and qualitative objective, weighted by the assigned weight. Below this minimum threshold of 70%, no option will vest. The vesting of the options presupposes a constant relationship with the Parent Company or subsidiaries during the vesting period. Termination of the relationship during the vesting period entails the loss of options, except for some specific cases. For employees, the vesting period is 36 months starting from the assignment of each of the 3 annual tranches. For executive directors, the vesting period is 48 months starting from the assignment of each cycle of each of the 3 annual tranches. However, it should be remembered that the executive directors of the Parent Company have waived their options so that they can be assigned to Group employees. This decision was made by the directors involved having regard not only to the functions of the Plan and the structure of their respective remuneration, but also to their capacity as shareholders of Antares Vision S.p.A. (albeit indirectly, as they personally hold shares in Regolo S.p.A., the parent company of Antares Vision S.p.A.), which is such as to ensure and in any case to incentivise adequate alignment with the interests of the Group and the shareholders in general.

The Black & Scholes valuation model was used. This 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 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").

The accounting treatment differs based on whether it regards employees or directors of the Company or employees or directors of other Group Companies:

- in the first case the cost, together with the corresponding increase in equity, is recognised under personnel costs for the options assigned to Antares Vision's employees (Euro 332,570 at 31 December 2022) and under service costs for the options assigned to the Company's directors (Euro 9,988 at 31 December 2022) over the period during which the conditions for achievement of the objectives and/or provision of the service are satisfied;
- in the second case, the cost is recognised as an increase in investments in the Group company where the employee or director works, over the period in which the conditions are met relating to the achievement of the targets and/or the performance of work, offset by a corresponding increase in shareholders' equity. The increase in investments at 31 December 2022, as illustrated in Note 3, comes to Euro 448,211.

The cumulative costs recognised for these transactions at the closing date of each financial period 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 period represents the change in the cumulative cost recognised at the beginning and end of the year.

Changes during the year

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

	31/12/2022		31/12/2021	
Stock Option Plans	**Number**	**PMPE**	**Number**	**PMPE**
outstanding at the beginning of the period	1,063,000	2.31	333,000	2.24
1st tranche of SOP I	*312,000*	*2.24*	*333,000*	*2.24*
2nd tranche of SOP I	*333,000*	*2.48*	-	-
1st tranche of SOP II	*418,000*	*2.22*	-	-
granted during the period	835,000	2.96	758,000	2.33
2nd tranche of SOP I	-	-	*333,000*	*2.48*
3rd tranche of SOP I	*369,000*	*2.96*		
1st tranche of SOP II	-	-	*425,000*	*2.22*
2nd tranche of SOP II	*466,000*	*2.96*		
cancelled during the period	224,974	2.05	28,000	2.23
1st tranche of SOP I	*58,078*	*2.24*	*21,000*	*2.24*
2nd tranche of SOP I	*51,753*	*2.48*	-	-
1st tranche of SOP II	*91,143*	*2.22*	*7,000*	*2.22*
2nd tranche of SOP II	*24,000*	*2.96*		
exercised during the period	-	-	-	-
expired during the period	-	-	-	-
outstanding at the end of the period	1,673,026	2.63	1,063,000	2.31
1st tranche of SOP I	*253,922*	*2.24*	*312,000*	*2.24*
2nd tranche of SOP I	*281,247*	*2.48*	*333,000*	*2.48*
3rd tranche of SOP I	*369,000*	*2.96*	-	-
1st tranche of SOP II	*326,857*	*2.22*	*418,000*	*2.22*
2nd tranche of SOP II	*442,000*	*2.96*	-	-
exercisable at the end of the period	-	-	-	-

The tables below list the information fed into the models used to develop the plans and the corresponding tranches.

	FIRST STOCK OPTION PLAN				SECOND STOCK OPTION PLAN	
	I *TRANCHE*		II *TRANCHE*	III *TRANCHE*	I *TRANCHE*	II *TRANCHE*
	Directors	**Employees**	**Employees**	**Employees**	**Employees**	**Employees**
Weighted fair value at the measurement date (€)	2.2416	2.2361	2.4818	2.9631	2.2164	2.9631
Exercise price of the option (€)	11.4480	11.4140	12.0341	9.5538	12.0700	9.5538
Dividends expected (€)	0.2850	-	0.3086	-	-	-
Expected volatility	0.2801	0.3047	0.2922	0.3090	0.2944	0.3090
Risk-free interest rate	- 0.0040	- 0.0040	- 0.0040	0.0140	- 0.0040	0.0140
Expected useful life of options (in years)	4.4466	2.7753	3.6192	3.4082	2.8548	3.4082
Weighted average price per share (€)	10.8705	11.4140	11.8914	10.5000	11.5986	10.5000
Model adopted	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes

OTHER INFORMATION

Guarantees given, commitments and other contingent liabilities

At 31 December 2022, the Group had provided guarantees to its customers consisting of Euro 200,318 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 2,347,474 in advance bonds on advances already received from customers.

Russia-Ukraine conflict

As regards the current scenario in Eastern Europe, the conflict between Russia and Ukraine has resulted in a severe blow to the recovery and brought the global economy onto a path of slower growth expectations and rising inflation. It is undeniable that this scenario represents an element of concern, above all because the duration, outcomes and consequences of the crisis that this conflict is causing, both on the fate of the world economy and on the Antares Vision's business are still unclear.

However, it should be noted that the Company's exposure, which was limited also on a historical basis[15], is close to zero in terms of both credit positions and turnover, and the debit and credit balances with the subsidiary Antares Vision Russia are in the process of being extinguished at the date of preparation of this document.

However, it has to be said that, prior to these events, the Russian market was of great interest for implementation of the Antares Vision's track & trace solutions, which will most likely slow down over the coming months.

Also from the point of view of the sanctions regime, management, under the constant supervision of the Board of Directors and the control bodies, has worked - and is still working - to ensure full compliance with the restrictions, adopting a procedure that formalises and strengthens the operational best practices that have already been in place for some time.

[15] *In 2019, turnover was Euro 4.5 million, about 4% of the Group's consolidated revenue. In 2020, turnover was Euro 23.4 million, about 19% of consolidated revenue; the peak in 2020 was due to pharmaceutical track & trace, which became a legal requirement from December 2020. Turnover in 2021 was slightly below 3% of consolidated revenue (Euro 5.2 million).*

Information on risk

Market risk

The competitive context in which Antares Vision operates takes on different forms depending on the market sector 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.

It is worth mentioning that the conflict between Russia and Ukraine is certainly an element of concern, as the outcome and consequences of this event are not yet clear, both on the fate of the world economy and on the business of Antares Vision Group. The Company's exposure, also through its subsidiaries, is currently limited both in terms of credit positions and in terms of turnover.

Credit risk

Antares Vision is exposed to potential losses caused by counterparties not fulfilling their obligations. 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.

With regard to the current conflict between Russia and Ukraine, outstanding receivable balances are close to zero. From a sanctions point of view, management, under the constant supervision of the Board of Directors and the control bodies, has worked to ensure full compliance with the restrictions, adopting a procedure that formalises and strengthens the operational best practices that have already been in place for some time.

Liquidity risk

Antares Vision obtains its financial resources from the flows deriving from its operations and through bank borrowings. To pursue its strategy through the many acquisitions aimed at diversifying the business, from September 2021, Antares Vision has completely refinanced its debt with an average duration of approximately 6.4 years, with an average fixed cost (post-hedging) of approximately 2.0% and without significant repayments of principal for the subsequent four years.

For some loans, Antares Vision is required to comply with financial covenants on a consolidated basis, in line with market practice, which were fully met at the date of preparation of this document.

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.

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.

Nonetheless, the currency in which most of the Group's revenue originates is the Euro and, therefore, the management of Antares Vision is therefore of the opinion that the currency balance is in equilibrium.

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.

With reference to the risks and consequences of climate change, a summary of the disclosure provided in the Consolidated Non-financial Statement is provided below, to which reference is made for further details. The European Commission's Communication "Guidelines on the Disclosure of Non-Financial Information: Supplement concerning the Disclosure of Climate-Related Information" (2019/C 209/01) is a supplement to the guidelines issued by the Commission itself in 2017 for non-financial reporting under EU Directive 95/2014. This Communication contains (non-binding) guidelines for climate-related disclosures by companies, complementing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures - TCFD).

Antares Vision’s role is that of a sustainability enabling market player. The need for climate change mitigation and adaptation reinforces and offers Antares Vision first and foremost opportunities, which stem from its role in the efficient use of natural resources and energy: adoption of circular economy principles in the use of materials (reduction of waste and consequent reduction of energy required for production processes), monitoring of supply chains and product life cycle.

In terms of risks, we highlight possible transition risks related to changes in production models and supply chains that could, in the medium term, affect the availability of certain materials, also taking into account energy costs. Antares Vision's positioning and capacity for innovation (research and development of new materials) is believed to significantly mitigate these risks. From the analysis conducted, no physical risks were identified. However, Antares Vision has not yet developed specific medium- to long-term scenarios that quantify the resilience and economic-financial effects of a temperature increase of less than or equal to 2 °C and a scenario above 2 °C (20). [TCFD Recommendation, strategy (c)].

Financial implications of climate change

Antares Vision has not currently developed an analysis model that includes determining the financial impact related to climate change. As recalled in connection with TCFD disclosure, climate change-related impacts predominantly represent an opportunity for Antares Vision, due to the role and purpose of the solutions offered, as well as Antares Vision's contributions to responsible resource use. Therefore, in the short and medium term, all other things being equal, taking into account the commitment made by companies, particularly to mitigate the effects of climate change, and the general awareness of the relevance of the issue, it is expected that the financial impacts for Antares Vision can be positive (in terms of business strengthening and market penetration).

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 operates in conditions of corporate and entrepreneurial autonomy respect to its parent company Dorado S.r.l.. 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.

Information on the companies that prepare the consolidated financial statements of the largest group of companies

Pursuant to article 2427, paragraph 1, numbers 22-quinquies) and 22-sexies) it should be noted that the company that draws up the consolidated financial statements of the largest group of companies of which Antares Vision Group is part as a subsidiary is Regolo S.p.A., with registered office in Via del Ferro 16, Travagliato (Brescia), where the consolidated financial statements are filed.

Information on the companies that prepare the consolidated financial statements of the largest group of companies

Pursuant to article 2427, paragraph 1, numbers 22-quinquies) and 22-sexies) it should be noted that the company that draws up the consolidated financial statements of the largest group of companies of which Antares Vision is part as a subsidiary is Regolo S.p.A., with registered office in Via del Ferro 16, Travagliato (Brescia), where the consolidated financial statements are filed.

Related-party transactions

As regards dealings between the Company and related parties, in accordance with IAS 24, we provide the following information on 2022:

RELATED-PARTY TRANSACTIONS 2022										
		ECONOMIC RELATIONS				EQUITY-FINANCIAL RELATIONS				
Name	Type	Revenue	Financial income	Raw materials and consumables	Service costs	Trade receivables	Non-current financial receivables	Current financial receivables	Other receivables (*)	Trade payables
Antares Vision Inc. America	Direct or indirect subsidiary	-	13,233	-	-	3,326,522	2,643,283	2,820,390	-	886
Antares Vision North America LLC	Direct or indirect subsidiary	10,033,995	-	-	344,180	10,881,296	-	-	-	388,581
Imago Technologies Gmbh	Direct or indirect subsidiary	91,262	-	2,614,569	19,665	88,286	-	-	-	643,143
Antares Vision do Brasil ltda	Direct or indirect subsidiary	1,185,532	219,153	110,433	1,712,409	4,360,534	-	4,564,101	-	1,822,842
T2 SOFTWARE	Direct or indirect subsidiary	-	-	-	74,958	-	-	-	-	-
Antares Vision France Sas	Direct or indirect subsidiary	1,204,006	4,651	-	2,484,634	3,356,603	-	-	-	4,831,091
Antares Vision Ireland ltd	Direct or indirect subsidiary	13,686	-	-	306,154	13,686		-	-	160,518
Antares Vision Rus OOO	Direct or indirect subsidiary	116,086	12,500	-	1,236,228	1,324,577	500,000	42,685	-	-
Antares Vision Asia Pacific Ltd	Direct or indirect subsidiary	1,519,019	30,008	-	1,949,783	4,722,041	1,200,000	67,230	-	3,951,048
FT System S.r.l.	Direct or indirect subsidiary	1,900,959	87,219	337,176	213,071	496,626	6,709,507	-	129,313	377,282
FT System North America LLC	Direct or indirect subsidiary	8,960	-	-	-	8,960	-	-	-	-
FT Hexagon	Direct or indirect subsidiary	21,136	-	-	-	4,283	-	-	-	-
Pen-tec S.r.l.	Direct or indirect subsidiary	1,050	-	-	-	1,281	-	-	96,775	-
Tecnel S.r.l.	Direct or indirect subsidiary			31,920	17,210	-	-	-	3,868	20,411
Tradeticity d.o.o	Direct or indirect subsidiary	-	16,797	-	356,311	-	-	536,459	-	127,783
Tradeticity Service d.o.o	Direct or indirect subsidiary	-	4,592	-	351,382	55,165	160,000	9,876	-	40,869
Convel S.r.l.	Direct or indirect subsidiary	61,728	-	980,781	70,711	131,666	-	-	15,193	988,722
Antares Vision Germany	Direct or indirect subsidiary	50,925	12,500	-	1,160,043	50,925	500,000	28,401	-	760,443
Innovative Marking Digital Solutions	Direct or indirect subsidiary	-	-	-	-	12,300	-	-	-	-
Applied Vision Corporation	Direct or indirect subsidiary	191,732	-	-	-	191,732	-	-	-	-
rfXcel Corporation	Direct or indirect subsidiary	1,546,939	-	-	343,443	2,113,948	-	-	-	343,443
Antares Vision India Private Limited	Direct or indirect subsidiary	61,211	-	50,753	303,228	105,717	-	-	-	119,279
Markirovka As a Service	Direct or indirect subsidiary	-	10,000	-	-	-	250,000	12,466	-	-
Orobix	Associate	41,053	-	-	354,210	10,090	-	-	-	89,085
Siempharma	Associate	1,346,297	-	1,723,431	181,993	2,293,476	-	-	-	985,784
Vigilate	Subsidiary of parent company	2,000	-	1,485	200	187,118	-	-	-	1,812
		19,397,576	410,651	5,850,548	11,479,812	33,736,832	11,962,790	8,081,607	245,149	15,653,020

(*) this is a receivable from the tax consolidation

At 31 December 2021, related-party transactions were as follows:

RELATED-PARTY TRANSACTIONS 2021									
		ECONOMIC RELATIONS				EQUITY-FINANCIAL RELATIONS			
Name	Type	Revenue	Financial income	Raw materials and consumables	Service costs	Trade receivables	Non-current financial receivables	Current financial receivables	Trade payables
Antares Vision Inc. America	Direct or indirect subsidiary	-	3,121	-	-	3,326,522	2,489,252	621,816	-
Antares Vision North America LLC	Direct or indirect subsidiary	3,993,065	-	202,115	760,142	6,695,410	-	-	519,033
Imago Technologies Gmbh	Direct or indirect subsidiary	151,537	-	2,022,371	22,850	35,825	-	-	236,944
Antares Vision do Brasil ltda	Direct or indirect subsidiary	1,758,980	219,153	-	1,054,052	4,229,074	330,075	4,014,874	1,054,052
Antares Vision France Sas	Direct or indirect subsidiary	1,105,274	17,500	-	3,819,480	2,323,698	700,000	17,959	3,703,010
Antares Vision Ireland ltd	Direct or indirect subsidiary	7,840	-	-	264,524	7,840	-	200,000	298,176
Antares Vision Rus OOO	Direct or indirect subsidiary	462,652	12,534	-	1,380,272	682,453	500,000	30,185	241,668
Antares Vision Asia Pacific Ltd	Direct or indirect subsidiary	1,996,132	26,309	-	1,038,784	3,125,359	1,200,000	37,223	1,923,158
FT System S.r.l.	Direct or indirect subsidiary	1,409,380	132,718	225,145	71,250	628,175	4,767,605	2,330,282	153,431
FT Hexagon	Direct or indirect subsidiary	29,821	-	-	-	-	-	-	-
Pen-tec S.r.l.	Direct or indirect subsidiary	23,142	-	2,856	-	-	-	-	68
Tradeticity d.o.o	Direct or indirect subsidiary	-	16,797	-	189,326	-	-	519,662	93,326
Tradeticity Service d.o.o	Direct or indirect subsidiary	-	4,592	-	278,559	56,784	160,000	5,284	20,872
Convel S.r.l.	Direct or indirect subsidiary	3,977	-	3,800	-	117,361	-	-	2,718
Antares Vision Germany	Direct or indirect subsidiary	86,685	12,500	-	1,254,803	26,931	500,000	15,901	796,103
Applied Vision Corporation	Direct or indirect subsidiary	159,453	-	-	-	159,453	-	-	-
rfXcel Corporation	Direct or indirect subsidiary	127,746	-	-	-	127,746	-	-	-
Antares Vision India Private Limited	Direct or indirect subsidiary	39,814	-	-	164,358	86,814	-	-	26,798
Markirovka As a Service	Direct or indirect subsidiary	-	2,466	-	-	-	250,000	2,466	-
Orobix	Associate	276,272	-	7,554	207,578	-	-	-	-
Siempharma	Associate	607,686	-	554,579	128,086	-	-	-	-
Rurall	Associate	88,880	-	-	-	-	-	-	-
Vigilate	Subsidiary of parent company	152,646	-	500	1,575	-	-	-	-
		12,480,983	447,689	3,018,921	10,635,640	21,629,446	10,896,932	7,795,651	9,069,355

In accordance with 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 adopted the Procedure for transactions with related parties, the current version of which entered into force from the date of commencement of trading of the Company's ordinary shares and warrants on the STAR segment of the MTA, now Euronext STAR Milan. It was approved on 28 April 2019 and can be viewed on the Company's website at the following link, in the Investors section[16].

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.

With specific reference to the transactions of Antares Vision with subsidiaries and associates, greater details are provided in the explanatory notes to the single items of the statement of financial position and the income statement, and mainly refer to:

- transactions connected with sales of products and services;
- provision of services to subsidiaries
- financial transactions, represented by loans disbursed to subsidiaries;
- credit and debit transactions deriving from the National Tax Consolidation Contract that Antares Vision signed with several Italian subsidiaries.

Compensation to board members and the independent auditors

The total amount of the fees due to directors and the independent auditors (EY S.p.A.) is shown in the table below:

COMPENSATION TO BOARD MEMBERS AND THE INDEPENDENT AUDITORS			
Description	Directors (*)	Statutory auditors	Independent auditors (**)
Compensation for the year	1,226,264	61,680	219,000

** amount including cost relating to Stock Option Plans*

*** amount inclusive of fees relating to the audit of the separate financial statements of Antares Vision S.p.A., of the Consolidated Financial Statements, the Consolidated Half-Year Financial Statements, the Non-Financial Statement, the review of the PPAs carried out for the purposes of the Consolidated Financial Statements during the year (one-off), the certification of compliance with the ESEF format and the statement of expenses incurred for R&D activities.*

State aid

Art. 1, paragraph 125, third sentence, of Law no. 124 of 4.8.2017 provides that companies that receive subsidies, contributions, paid assignments and, in any case, economic advantages of any kind from public administrations and subjects referred to in the first sentence are required to publish these amounts in the explanatory notes to

[16] *https://it.antaresvision.com/investitori/governance/1928/procedure-e-regolamenti*

their financial statements. The obligation to publish does not exist where the amounts received are less than Euro 10,000 in the period under review.

In this regard, it should be noted that the Company has received the following contributions, subsidies, paid assignments or, in any case, economic benefits (shown by date of when they were granted):

Title of measure	Type of measure	Amount	Region	Grant date	Beneficiary company
Tax credit for R&D activities in Southern Italy and in the regions affected by the earthquakes in 2016 and 2017	State aid	5,505	Lazio	2/12/2022	Antares Vision S.p.A.
Exemption from payment of social security contributions for new hires/transformations to permanent contracts in the two-year period 2021-2022 (art. 1 paragraphs 10-15 of Law 178/2020)	State aid	11,442 (**)	Lombardy	25/11/2022	Antares Vision S.p.A.
Regulation for inter-professional funds for continuous training for the granting of exempt State aid pursuant to EC Regulation no. 651/2014 and under a de minimis regime pursuant to EC Regulation no. 1407/2013	State aid	28,800	Lombardy	30/09/2022	Antares Vision S.p.A.
Tax credit for Training 4.0	State aid	24,370	Lombardy	22/07/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	158,043 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	179,815 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	448,029 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	424,694 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	343,606 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	252,794 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Public notice for the strengthening of research structures and the creation of R&D "national champions" in certain Key Enabling Technologies to be financed under the PNRR, M4C2 - Investment 1.4 financed by the European Union - NextGenerationEU	State aid	39,281 (*)	Lombardy	17/06/2022	Antares Vision S.p.A.
Total		1,916,379			

(*) these are calls for tenders in which Antares Vision was the winner in 2022. The benefits in terms of cash flows will be seen in the coming years.
(**) these are operating grants received to combat the SARS Covid-19 health emergency

As regards the amount of Euro 11,442, these are operating grants received to combat the SARS Covid-19 health emergency.

Subsequent Events

Appointment of a new non-executive, independent director

Following the resignation of Marco Vitale, on 25 January 2023 the Parent Company completed the process of reintegration of the Board of Directors, by co-opting Alberto Grignolo as a non-executive, independent director, pursuant to Article 2386 of the Civil Code. He will remain in office until the next Shareholders' Meeting. Alberto Grignolo was co-opted by the Board of Directors with a resolution passed unanimously and approved by the Board of Statutory Auditors. The new director was also appointed Chairman of the Company's Control, Risk and Sustainability Committee, as well as a member of the Company's Nominations and Remuneration Committee. The Board of Directors has taken steps to ascertain that the director meets the requirements prescribed by applicable legislation, the Company's Articles of Association and the Corporate Governance Code for assuming office. Alberto Grignolo has declared that he meets the independence requirements established by art. 148, third paragraph, of Legislative Decree 58/1998 (TUF) and by art. 2 of the Corporate Governance Code and that he does not hold any shares in the Company.

Investment in Isinnova

On 20 March 2023, Antares Vision took over a 15% stake in Isinnova S.r.l., the Brescia-based technological start-up of Cristian Fracassi which enables and makes technological innovation accessible with projects such as life-saving oxygen masks during the Covid-19 emergency or low-cost prostheses for Ukraine. The total amount paid for this stake is Euro 1,500 thousand. Founded in 2014, Isinnova offers itself as a research and development centre and supplier of innovation services, defining itself as a "Knowledge-Intensive Business Service". It also plays the role of intermediary, to transfer ideas and technologies from one sector in which they are created to another that has a technical requirement or a problem to be solved.

Other subsequent events

Lastly, it should be noted that no requests to exercise warrants were received in January and February 2023. The share capital of Antares Vision (equal to Euro 169,457, divided into 69,121,137 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value) has therefore remained the same, as has the number of warrants still outstanding (2,460,400).

Explanatory notes, final part

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

We are available to provide any clarifications and information that may be necessary. We hereby submit for your approval the proposal to fully allocate the loss for the year 2022 of Euro 3,795,732 to a decrease of the Extraordinary reserve.

Travagliato, 22 March 2023

The Board of Directors

Emidio Zorzella	Massimo Bonardi	Alioscia Berto
Alberto Grignolo	Martina Monico	Fabio Forestelli
Cristina Spagna	Fiammetta Roccia	Fabiola Mascardi

The signed document has been filed at the registered office of the Company.

Building a better working world

Antares Vision S.p.A.

Consolidated financial statements as at December 31, 2022

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

EY S.p.A.
Via Rodolfo Vantini, 38
25126 Brescia

Tel: +39 030 2896111 | +39 030 226326
ey.com

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

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Antares Vision Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of goodwill	
The goodwill balance reported on the consolidated financial statements as of December 31, 2022 amounts to Euro 160.2 million, and is allocated to the Antares Vision Cash Generating Unit (CGU) represented by the Antares Vision Group. The processes and the valuation techniques used to determine the recoverable amount of the CGU, in terms of value in use, are based on complex assumptions that, by their nature, involve management judgement, particularly for the estimating cash flows forecasts included in the business plan, the normalized cash flows used to calculate the terminal value and the growth and discount rates applied. Considering the level of management judgement and complexity of the assumptions adopted in the assessment of the recoverable amount of goodwill, we determined that this area represents a key audit matter. The goodwill required disclosures are reported in the paragraph “Goodwill” and in the note 2. “Goodwill”.	Our audit procedures in response to the key audit matter included, among others: • assessing of the Purchase Price Allocation processes carried out following the acquisitions performed by the Group; • Gained an understanding of the relevant controls over the process for determining the recoverable amount of the goodwill; • Assessed the correctness of the perimeter considered in the identification of the CGU; • Assessed the reasonableness of the forecasted cash flows for the period covered by the business plan (2023-2025) and the reasonableness of the assumption used to determine the normalized cash flows on which the terminal value is based; • Assessed the coherence of the forecasted cash flows adopted for the CGU and the business plan for the period 2023-2025; • Assessed the long period growth rate and discount rate assumed by management. In performing our audit procedures, we involved EY internal valuation specialists who performed an independent recalculation and a sensitivity analysis of main assumptions, in order to determine any significant impacts on the valuation of the recoverable amount. Lastly, we evaluated the appropriateness of the disclosure included in the consolidated financial statements as of December 31, 2022.
Revenue recognition	
The consolidated financial statements of Antares Vision Group include revenue from contract with customers for Euro 224.1 million. The Group subscribes certain contracts with customers that may include the obligation to	Our audit procedures in response to the key audit matter included, among others: • analysis of the process put in place by the Group and the relevant controls surrounding the revenue recognition process;

deliver machinery and software, to allow the use of software and provide implementation, support and other professional services or to provide installation and support services.

The processes and the valuation techniques used to determine the recognition of the revenue from contracts with customers, including the identification of the performance obligations and the relevant consideration, are based on complex assumptions that, by their nature, involve management judgement.

Considering the level of management judgement and complexity of the assumptions adopted in the revenue recognition for these contracts, we determined that this area represents a key audit matter.

The relevant disclosure is reported in the paragraph “Revenue from contracts with customers” and in the note 26. “Revenue”.

• testing of a sample of contracts, including the understanding of the contract, the assessment of the identification of the performance obligation and the related criteria for the recognition of revenues, the assessment on the amount of revenue recognized and the testing of the clerical accuracy of the accruals.

Lastly, we evaluated the appropriateness of the disclosure included in the consolidated financial statements as of December 31, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on compliance with other legal and regulatory requirements

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

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

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2022 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

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

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

The Directors of Antares Vision S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Antares Vision as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Antares Vision Group as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Antares Vision Group as at December 31, 2022 and comply with the applicable laws and regulations.

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

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

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

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

Brescia, March 30, 2023

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

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

Antares Vision S.p.A.

Financial statements as at December 31, 2022

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

EY S.p.A.
Via Rodolfo Vantini, 38
25126 Brescia

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ey.com

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Antares Vision S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of investments in subsidiaries	
The balance of investments in subsidiaries as at December 31, 2022, accounted at cost, amounted to Euro 244.4 million, of which Euro 14.1 million due to investments carried out in 2022. Management assesses the existence of impairment indicators on such investments at least annually, in line with the company's policy related to assets' impairment. If any indicator is identified, such investments are subject to an impairment test. The processes and methodologies to valuate and determine the recoverable amount of investments are based on complex assumptions that, due to their nature, involve the use of judgement by management, in particular with reference to the identification of impairment indicators, to the assumptions underlying future cash flow forecasts in the period covered by the business plan of the Group, the estimate of the terminal value and the calculation of the long-term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgement and complexity of the assumptions applied in the process of assessing the existence of impairment indicators and the significance of the amounts involved, we determined that this area represents a key audit matter. The disclosures related to the valuation of investments in subsidiaries are included in paragraph "Investments" and in note 3 "Investments".	Our audit procedures in response to this key audit matter included, among others: • understanding the process and key controls implemented by the Company in connection with the identification of the impairment indicators on investments in subsidiaries, taking into account the impairment test policy approved by the Board of Directors; • analysis and discussion with Management of the assumptions used, with the support of an independent expert, in regards to the existence of impairment indicators on investments in subsidiaries; • Assessed the reasonableness of the forecasted cash flows for the period covered by the business plan of the group (2023-2025) and the reasonableness of the assumption used to determine the normalized cash flows on which the terminal value is based; • testing of the Purchase Price Allocation accounting performed in fiscal year 2022 on the business acquisitions completed during the year; • assessment of the financial performance of each subsidiary and, for the most significant subsidiaries, comparison between the actual results in 2022 and the projections included in their budgets. In performing our analysis on the Purchase Price Allocation accounting, we engaged our experts in valuation techniques, who have independently assessed the appropriateness of the methodology for the purchase price allocation process. Lastly, we evaluated the appropriateness of the disclosures included in the explanatory notes of the financial statements as at December 31, 2022.

Revenue recognition	
The financial statements of Antares Vision S.p.A. include revenue from contract with customers for Euro 78 million. The Group subscribes certain contracts with customers that may include the obligation to deliver machinery and software, or to provide installation and support services. The processes and the valuation techniques used to determine the recognition of the revenue from contracts with customers, including the identification of the performance obligations and the relevant consideration, are based on complex assumptions that, by their nature, involve management judgement. Considering the level of management judgement and complexity of the assumptions adopted in the revenue recognition for these contracts, we determined that this area represents a key audit matter. The relevant disclosure is reported in the paragraph “Revenue from contracts with customers” and in the note 25. “Revenue”.	Our audit procedures in response to the key audit matter included, among others: • analysis of the process put in place by the Group and the relevant controls surrounding the revenue recognition process; • testing of a sample of contracts, including the understanding of the contract, the assessment of the identification of the performance obligation and the related criteria for the recognition of revenues, the assessment on the amount of revenue recognized and the testing of the clerical accuracy of the accruals. Lastly, we evaluated the appropriateness of the disclosure included in the consolidated financial statements as at December 31, 2022.

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

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

The Directors are responsible for assessing the Company’s ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company 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 Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company’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 Company’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 Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

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

Report on compliance with other legal and regulatory requirements

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

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

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2022 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2022 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

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

The Directors of Antares Vision S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Antares Vision S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Antares Vision S.p.A. as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Antares Vision S.p.A. as at December 31, 2022 and comply with the applicable laws and regulations.

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

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

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

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

Brescia, March 30, 2023

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

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

Antares Vision S.p.A.

Registered office in Travagliato (BS) - Via del Ferro, 16

Authorized share capital euro 171,806.00, subscribed and paid euro 169,453.00

Registration with the Brescia Register of Companies, Tax Code and VAT No. 02890871201

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

pursuant to article 153 of legislative decree no. 58/1998

Dear Shareholders,

with this report (hereinafter also the "Report"), the Board of Statutory Auditors of Antares Vision S.p.A. (hereinafter also the "Company"), reports to you on the supervisory activities carried out during the financial year ending on 31 December 2022 and on the results thereof, in accordance with the requirements of the law and the reference principles.

The undersigned Board of Statutory Auditors points out that it was appointed - in accordance with the law and the Bylaws, on the basis of lists submitted by the Shareholders, also taking into account the provisions on gender balance, by the Shareholders' Meeting of Antares Vision S.p.A. on 22 February 2021 (effective as of the date of the start of trading on the Electronic Equity Market, now Euronext Star Milan). The undersigned Board of Statutory Auditors, composed of three regular members and two substitutive members, will remain in office for three fiscal years, thus until the date of approval of the financial statements as of 31 December 2023.

The Shareholders' Meeting of Antares Vision S.p.A. on 22 February 2021 (effective from the date of the start of trading on the Electronic Equity Market, now Euronext Star Milan) appointed EY S.p.A, with registered office in Rome, Via Lombardia No. 31, registered with the Rome Companies Register, registration number, tax code and VAT No. 00434000584 and at No. 70945 of the Register of Statutory Auditors at the Ministry of Economy and Finance pursuant to Articles 6 et seq. of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, as the company appointed to audit the accounts for the financial years from 2021 to 2029.

The Board reviewed the financial statements as of December 31, 2022, consisting of the following documents that were prepared by the Directors and forwarded to the Board of Statutory Auditors:

- Draft Financial Statements as of 12/31/2022;
- Consolidated Financial Statements as of 12/31/2022 (ESEF format);
- Non-Financial Statement pursuant to Legislative Decree No. 254 dated 12/30/2016.

During fiscal year 2022, the Board carried out the supervisory activities required by current regulations with particular reference to Article 2403 of the Italian Civil Code and - to the extent it is applicable - Article 149, paragraph 1 and 2 of Legislative Decree. 58/98 and subsequent amendments or integrations, supervising, for the aspects within its competence, compliance with the law and the Bylaws, respect for the principles of proper administration, the adequacy of the organizational structure, the internal control system and the administrative accounting system, as well as the reliability of the latter in correctly representing operating events and the manner in which the rules of corporate governance are actually implemented. The Board of Statutory Auditors has therefore carried out its institutional activities in accordance with the rules and principles of conduct recommended by the National Council of Certified Public Accountants and Accounting Experts, and is drafting this Report also taking into account the indications provided by Consob Communication No. DEM 1025564 of 6 April 2001, as supplemented, in view of the fact that the Company's shares are listed on the Electronic Equity Market - STAR Segment.

1. Activities of the Board of Statutory Auditors

1.1 Procedures for conducting and attending meetings of the Board of Directors and endoconsiliar committees

The Board of Statutory Auditors has planned its activities in the light of the regulatory framework of reference, as well as by carrying out the audits deemed most appropriate in relation to the structural size of the Company and the nature and manner of pursuing the corporate purpose. The exercise of control activities also took place through:

- periodic meetings with the heads of corporate functions, organized in order to acquire the information and data from time to time useful and appropriate;
- attendance at Shareholders' Meetings and meetings of the Board of Directors and endoconsiliar committees;
- the periodic exchange of information with the auditing company, also in compliance with the provisions of the regulations;
- the exchange of information with the Supervisory Board and the Internal Audit Body.

More in detail, during fiscal year 2022, the Board of Statutory Auditors:

- participated in 12 meetings of the Board of Directors and one Shareholders' Meeting, obtaining, in compliance with the provisions of Article 2381, paragraph 5 of the Civil Code and the Articles of Association, adequate information on the general operating performance and its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company;
- carried out supervisory activities through 12 meetings of the Board of Statutory Auditors (including activity on the annual financial statements);
- attended 7 meetings of the Audit, Risk and Sustainability Committee;
- attended 4 meetings of the Nomination and Remuneration Committee.

The Board of Statutory Auditors carried out its activities with a risk-based approach aimed at identifying and assessing the most critical elements, if any, with a frequency of intervention graduated according to the relevance of the perceived risk.

On this 7 March 2022 and on 27 February 2023, the Board of Statutory Auditors carried out, with a positive outcome, the annual verification of the possession by all members of the independence requirements provided for in Article 148, paragraph 3, TUF, as well as pursuant to the "Code of Conduct" regarding the independence of Statutory Auditors of listed companies. The Board of Statutory Auditors has also carried out a self-assessment of its work, recognizing the suitability of each of its members to carry out the assigned functions in terms of professionalism, competence, availability of time and independence, as well as mutually acknowledging the absence of paid work and other patrimonial relationships in general, such as to constitute an actual risk to independence.

1.2. Considerations on the most significant economic, financial and equity transactions carried out by the Company and their compliance with the law and the Articles of Incorporation

The Board of Statutory Auditors believes that it has acquired adequate information on the transactions of major economic, financial, and asset significance, carried out by the Company, have enabled the Board to ascertain their compliance with the law and the Articles of Incorporation and their compliance with the corporate interest.
Among the significant events that occurred during the year, the Board notes that:

- on 18 February 2022, Antares Vision Group, through rfXcel, completed the acquisition of ACSIS Inc. ("ACSIS") for an Enterprise Value of Dollars 12 million;
- in June 2022, Antares Vision (Thailand) Co., LTD ("AV Thailand") was established, in which Antares Vision Asia Pacific holds 49% of the share capital;
- during June 2022, the Parent Company signed two major agreements of partnerships with as many foundations, one in the agrifood sector and the other in the biomedical sector;
- on 28 July 28 2022, the Parent Company subscribed a capital increase of Euro 1 million (including share premium) for a 24.9% stake in Optwo S.r.l;
- on 2 August 2022 Antares Vision Group acquired, through FT System, 100% of Packital Srl and Ingg. Vescovini Srl, for a total Enterprise Value of Euro 3.5 million;
- on 22 August 2022, the Parent Company paid in 100% of the share capital of Antares Vision Sagl, a company under Swiss law whose incorporation was formalized in September 2022;
- in September 2022, Antares Vision Group, through its subsidiary FT System, acquired 60% of the share capital of Wavision S.r.l;
- in November 2022, the Parent Company acquired an additional 15% of the share capital of Siempharma S.r.l. with a total disbursement of 1.5 million euros, reaching a 45% stake.

The Board also reports that during fiscal year of 2022, 35,006.00 warrants were exercised, corresponding to 2,574.00 ordinary shares resulting in an increase in share capital by 6 euros and in the share premium reserve by 251 euros. As a result of this exercise, 2,460.400 warrants were still outstanding as of 31 December 31 2022.

In this regard, it is considered that these transactions have been exhaustively described in the management Report.

The Board also acknowledges that it has analyzed, without finding any critical issues, the strategic guidelines and objectives of the Industrial Plan 2022-2025, approved by the Board of Directors on 27 February 2023, which provides for the commitment to the strategy of growth and strengthening of Antares Vision Group, through the organic development of the Group's activities and the launch of important projects, also thanks to the new competencies resulting from the acquisitions concluded in recent years.

1.3. Related party transactions

The Board has acquired appropriate information on intercompany and related party transactions. These transactions are described in the explanatory notes "Related party transactions."
It is acknowledged that they are in accordance with the law and the Bylaws, that they comply with the interest of the company, and that there are no situations that require further consideration and comment. Transactions with related parties, as defined by IAS 24 and governed by Article 4 of Consob Regulation 17221 of 12 March 2010 (as amended), undertaken until 31 December 2022, are part of the normal management of the company and the typical activity of each party concerned and are carried out at normal market conditions.

1.4. Adequacy of the information given, in the Directors' Report on Management, regarding atypical and/or unusual transactions, including intercompany and related party transactions

This case does not occur.

1.5. Observations and proposals on the remarks and recalls (disclosure on the contents of the auditing company's report)

The auditing company EY S.p.A. (hereinafter also referred to as "EY") today issued their reports pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of EU Regulation No. 537/2014 in which they certify that the separate financial statements of Antares Vision S.p.A. and the consolidated financial statements of the Group as of 31 December 2022 give a true and fair view of the equity and financial situation, results of operations and cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards adopted by European Union, as well as the regulations issued in implementation of Article 9 of Legislative Decree No. 38 of 28 February 2005 . In the audit reports, the auditors give evidence of the key aspects of the audit of the annual financial statements and consolidated financial statements and which concern:

- evaluation of the shares in subsidiaries;
- evaluation of goodwill;

– recognition of revenues.

Today, EY issued the additional report for the Audit Committee on the results of the statutory audit of accounts which includes, also, the statement regarding the independence of the same statutory auditor.
The auditing company also believe that the Report on Operations and the Information in the Report on Corporate Governance and Ownership Structures indicated in Article 123-bis, paragraph 4, TUF are consistent with the financial statements of Antares Vision S.p.A. and the Group's consolidated financial statements as of 31 December 2022, and are prepared in accordance with legal requirements.
Also on today's date, EY issued the report on the consolidated non-financial statement pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016 and Article 5 of Consob Regulation adopted by Resolution No. 20267 of 18 January 2018.
The Board of Statutory Auditors and the auditing company maintained continuous information exchanges; the auditing company reported to the Board of Statutory Auditors on the statutory audit of accounts work and the absence of any uncertainties or limitations in the audits conducted.

1.6. Indication of any filing of complaints under Article 2408 of the Civil Code, any initiatives taken and their outcomes

The Board reports that during the financial year of 2022 it did not receive any complaints pursuant to Article 2408 of the Civil Code.

1.7. Indication of any filing of complaints, any initiatives taken and their outcomes

It is hereby acknowledged that during the financial year of 2022 the Board of Statutory Auditors did not receive any complaints from any person.

1.8. Indication of whether any additional assignments were made to the auditing company and the related costs

The auditing company received fees in the amount of Euro 172 thousand for the audit of the annual and consolidated financial statements including the work done on the consolidated half-yearly financial statements, the review of PPAs carried out for the purpose of the consolidated financial statements during the financial year (*una tantum*).
In addition, EY S.p.A. was engaged to audit the Non-Financial Statement in the amount of Euro 15 thousand and other services in the amount of Euro 40 thousand. In respect of the latter, the Board acknowledges that the company during 2022 conferred to the auditing company an additional assignment concerning specialized methodological assistance with respect to the new obligations to elaborate the consolidated information notes in iXBRL ESEF electronic format, which is mandatory as of the financial year of 2022.

1.9. Indication of the possible engagement of individuals linked to the auditing company by ongoing relationships and related costs

During the financial year of 2022 and in the period between 1 January 2022 and the date of this Report, no further appointments appear to have been conferred on the partners, directors, members of control bodies, and employees of the auditing company itself and its subsidiaries or affiliated companies.
Therefore, the Board of Statutory Auditors confirms that no critical issues have emerged regarding the independence of the auditing company.

1.10. Indication of the existence of opinions, proposals and observations issued, in accordance with the law during the fiscal year

The Board of Statutory Auditors acknowledges that during 2022, in accordance with current regulations, it issued opinions on (i) the definition of the criteria for the allocation of the 2022 bonus to the executive directors of the Company and the Group and the identification of the relevant beneficiaries; (ii) the verification regarding the achievement of the 2021 objectives set forth in the remuneration policy with reference to the short-term variable component of the Executive Directors and the Executive with Strategic Responsibilities.
In accordance with the Corporate Governance Code, the Board of Statutory Auditors expressed a positive opinion on the 2022 work plan prepared by the Internal Audit Body.
It also expressed its opinion in all those cases in which it was requested by the Board of Directors also in compliance with the provisions that, for certain decisions, require prior consultation with the Board of Statutory Auditors.

1.11 Observations on compliance with the principles of proper administration

The Board of Statutory Auditors has acquired knowledge of and supervised, to the extent of its competence, on compliance with the fundamental criterion of prudent management of the Company and the more general principle of due diligence, all on the basis of attendance at meetings of the Board of Directors, documentation and information directly received from the various management bodies in relation to the operations carried out by the Group and with, where appropriate, specific analyses and verifications. The information acquired made it possible to ascertain the compliance with the law and the Bylaws of the actions deliberated and implemented and to verify that they were not manifestly imprudent or hazardous.
The Board of Statutory Auditors also monitored the effects and impact of the Russia-Ukraine conflict on the performance of the Company and its business, as well as on its financial, economic, and equity position, including by reviewing the financial reports periodically issued by the Company and exchanging information with company officers and the Auditing Company. It also ascertained that these impacts have been properly described and represented in the Company's annual and interim financial information documents.

The Board of Statutory Auditors is of the opinion that the governance instruments and institutions adopted by the Company constitute, as a whole, a suitable safeguard for compliance with the principles of proper administration in operational practice. The Board of Statutory

Auditors supervised the deliberative processes of the Board of Directors and verified that the management decisions were in compliance with the applicable regulations (substantive legitimacy), adopted in the interest of the Company, compatible with the Company's resources and assets, and adequately supported by processes of information, analysis and verification, including the use, when deemed necessary, of the consultative activities of committees and external professionals.

1.12 Observations on the adequacy of the organizational structure

During the financial year under review, the Board of Statutory Auditors acquired knowledge of and supervised, to the extent of its competence, the adequacy of the Company's organizational structure in relation to the size and nature of the Company's business, having no specific findings to report in this case.
The Board acknowledges that as of 12/31/2022, Mr. Marco Claudio Vitale was not a member of the Board of Directors as he resigned with immediate effect on 12/14/2022 and that Mr. Alberto Grignolo, subsequently appointed by co-optation (non-executive and independent director), was not yet in office.

The Board of Statutory Auditors points out that the Board of Directors has established an internal Appointments and Remuneration Committee and a Control, Risk and Sustainability Committee (which also performs the functions of a Related Party Transactions Committee) with advisory, proposing and investigative functions, in accordance with the provisions of Articles 4, 5 and 6 of the Corporate Governance Code.

1.13 Observations on the adequacy of the internal control system and in particular on the activities carried out by the internal control officers.

For the purpose of expressing its opinion on the overall suitability of the internal control system, the Board of Statutory Auditors also monitored the activities carried out by the main players in the internal control and risk management system.
The Board of Statutory Auditors has taken note of the overall assessment of the internal control and risk management system by the Head of the Internal Audit Body, the conclusions of which are set out below:
"*It is believed that the internal control system of Antares Vision, limited to the controls carried out in accordance with the Audit Plan approved by the Board of Directors after the opinion of the Risk and Sustainability Audit Committee, in relation to the activities planned and reported for the second half of 2022, is effective in its complexity, although it needs appropriate improvement actions as already reported to management*
In particular, it is noted that:

- *no significant discrepancies or control deficiencies have emerged from the audits conducted;*
- *Improvement Plans are being implemented by management as a result of the highlighted gaps;*

From the findings and their potential consequences, it can be concluded that we are in a generally acceptable risk condition, compared to the risk levels defined by the Board of Directors."

The Board of Statutory Auditors has assessed, to the extent of its competence, the adequacy of the internal control system, and based also on what has emerged in the context of the exchanges of information with the Internal Audit Body and the Risk and Sustainability Control Committee, and has not found, so far, elements of particular weakness.

The Board of Statutory Auditors also acknowledges that the Company continues to adopt the "Model 231," in accordance with the provisions of Legislative Decree no. June 8, 2001 no. 231, in order to protect the Company from any conduct that may result in its administrative liability in connection with crimes committed or attempted in its interest or to its advantage by persons in so-called "apical" positions within the organizational structure or by persons subject to the supervision and control of the latter, and has appointed the Supervisory Board, endowed with autonomous powers of initiative and control, in accordance with the law.
The Board of Statutory Auditors acquired information from the Supervisory Board during specific meetings, as well as from reviewing the half-yearly reports drafted by it. No discrepancies were found between what was represented in the documents produced by management, by the Supervisory Board ex. Legislative Decree no. 231/2001 and the company in charge of the statutory audit.

1.14 Observations on the adequacy of the administrative/accounting system and its reliability in correctly representing management events.

The Board of Statutory Auditors assessed, to the extent of its competence, the reliability of the administrative/accounting system to correctly record and represent operating events by obtaining information directly from the Directors, the Executive in Charge of Financial Reporting, the heads of the various functions, and the auditing company during the meetings held to review the work plan carried out by the latter.
The Board of Statutory Auditors also supervised the financial reporting process.
The Board of Statutory Auditors verified, through specific meetings with the parties involved and requests for clarifications on the application methods adopted (methods used and forecast flows), that the impairment test process, approved by the Company's Board of Directors on 27 February 2023 and carried out with the support of an Independent Accounting Expert, prepared in accordance with the requirements of accounting standard IAS 36 for the 2022 financial statements, was carried out adequately and consistently with the practices adopted.
The results of the impairment process confirm the full recoverability of the value of the intangible assets with indefinite useful life recorded in the consolidated balance sheet of the Antares Vision Group and the sustainability of the carrying value of the Equity Shares recorded in the Company's financial statements. With regard to the provisions of Article 15(1)(c)(ii) of the Market Regulations (Conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States), the Board of Statutory Auditors has not found any facts and circumstances involving the unsuitability of the administrative and accounting system of the subsidiaries to regularly provide the management and auditor of the parent company with the economic, equity and financial data necessary for the preparation of the consolidated financial statements.

1.15. Observations on the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Article 114(2) TUF

The Board of Statutory Auditors acquired knowledge of and supervised, to the extent of its competence, the adequacy of the provisions issued by the Company to its subsidiaries, pursuant to Article 114, paragraph 2, TUF, through the acquisition of information from the heads of the relevant corporate functions, the Auditing Company, and the Boards of Statutory Auditors of the subsidiaries, as part of the mutual exchange of relevant data and information. No critical profiles were reported from the information flows received.

1.16 Observations on any relevant issues that emerged during the meetings held with the Auditing Company pursuant to Article 150(3) TUF.

During 2022, the Board of Statutory Auditors held special meetings with the auditing company, during which data and information relevant to the performance of their respective duties were exchanged. The Board of Statutory Auditors analyzed the work carried out by the auditing company, with particular reference to the audit approach and strategy for fiscal year 2021, as well as the definition of the audit plan. The main issues and related business risks were shared, thus being able to appreciate the adequacy of the independent auditor's planned response.
The Board of Statutory Auditors ascertained, through information obtained from the auditing company and the Company's management, compliance with IAS/IFRS, as well as with other laws and regulations pertaining to the drafting and layout of the separate financial statements, the consolidated financial statements, and the accompanying Management Report.
Finally, the Board of Statutory Auditors noted, as verified by the Auditing Company and reported in the relevant report, that the Company has taken the necessary steps for the purpose of preparing the financial statements in electronic format, using XHTML technology, in accordance with the requirements of the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format ESEF.

1.17. Indication of the Company's adherence, if any, to the Corporate Governance Code of the Committee for the Corporate Governance of listed companies

The Company has adhered to the Corporate Governance Code approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria, as reflected in the Report on Corporate Governance and Ownership Structure. As of May 14, 2021, the Company applies the Corporate Governance Code. The Report on Corporate Governance and Ownership Structure was prepared in accordance with the instructions of the Markets Regulations organized and managed by Borsa Italiana S.p.A. and describes in detail the Company and its main subsidiaries, including with particular reference to the System of Internal Control and Risk Management ("SICRM"), after the prior opinion of the Risk and Sustainability Audit Committee, which was also taken on the basis of the assessments carried out by the Head of the Company's Internal Audit body. The assessment of the administrative and accounting structure was also conducted based on feedback provided by the management of the Group's subsidiaries (see Article 1, Recommendation No. 1, d), of the

Corporate Governance Code. On the subject of risk management, see more detail in Section 9 of the Report).
Please refer to the Report on Corporate Governance and Ownership Structure for the year 2022, with respect to which the Board of Statutory Auditors gives an overall positive assessment.
The Board of Statutory Auditors also acknowledges that the recommendations of the Corporate Governance Committee contained in the Letter of 25 January 2023 addressed by the Committee's Chairman, Lucia Calvosa, to the Chairmen of the Boards of Directors of Italian listed companies and, for information, to the relevant Managing Directors and Chairmen of the control bodies, have been brought to the attention of the Risk and Sustainability Audit Committee and the Board of Directors, for the purpose of making the appropriate determinations in this regard.

1.18. Concluding remarks on the supervisory activity carried out, as well as on any omissions, censurable facts or irregularities detected during its course

The Board of Statutory Auditors acknowledges that the supervisory activity was carried out, during the financial year of 2022, with a normal character and that no significant facts emerged from it such as to require specific reporting in this Report.

1.19. Indication of any proposals to be represented to the Shareholders' Meeting pursuant to Article 153, paragraph 2, TUF in the matter of concern to the Board of Statutory Auditors

In addition to what is reported in the following chapter, the Board of Statutory Auditors does not deem it necessary to make any further proposals or observations.

1.20. Activities of the Board of Statutory Auditors with regard to the Declaration of non-financial character pursuant to Article 4 of Legislative Decree No. 254 of 30 December 2016

Pursuant to Article 3(7) of Legislative Decree no. 254/2016 (hereinafter also the "Decree") - which implemented Directive 2014/95/EU amending Directive 2013/34/EU with regard to the disclosure of non-financial and diversity information by certain companies and certain large groups - the Board of Statutory Auditors supervises compliance with the provisions set forth in the Decree itself and reports on it in its annual report to the Shareholders' Meeting, "as part of the performance of the functions attributed to such body by the general rules of the system" referred to in Article 2403 of the Civil Code and Article 149 TUF for Statutory Auditors of listed companies.
The Board of Statutory Auditors has verified, to the extent of its competence, that the Company has fulfilled its obligations under the provisions of the Decree through the drafting of the DNF, contained in a specific section of the Report on Operations and, within the scope of its activities, has not had evidence of elements of non-compliance and/or violation of the applicable relevant legislation. In particular, the Board of Statutory Auditors met with the Heads of the competent

offices of the Company and the Auditing company for further discussion on Non-financial Statement under Legislative Decree No. 254 of 2016.
Finally, the Board of Statutory Auditors has taken note of the Report pursuant to Article 3, paragraph 10, of Legislative Decree No. 254 of 2016 and Article 5 of CONSOB Regulation adopted with Resolution No. 20267 of 18 January 2018, issued on 30 March 2023 by the auditing company in which it points out that "*based on the work carried out, no elements have come to our attention that make us believe that the DNF of the Antares Vision Group for the financial year ending on 31 December 2022 has not been drafted, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of the Decree and the GRI Standards*."
With reference to sustainability and activities aimed at climate change mitigation (*climate change*), the Company acknowledges that it is not particularly exposed to risks related to climate change in view of the nature of its business and does not operate in sectors that are particularly vulnerable to climate and environmental risks.

1.21 Events Subsequent to the Close of the financial year

Among the significant events, the Board of Statutory Auditors reports that:

- on 1st January 2023, the merger by incorporation of the subsidiary Convel S.r.l., a company specializing in automated inspection in the pharmaceutical industry, into Antares Vision S.p.A. became effective;
- on 1st March 2023, Antares Vision Group, through its subsidiary FT System, finalized the acquisition of 30% of PYGSA Sistemas Y Applicaciones SL ("PYGSA"), which had already been disclosed to the market on 9 February 2023, through a capital increase and an expenditure of 0.55 million;
- on 20 March 2023, the Parent Company acquired a 15% stake in the share capital of Isinnova S.r.l.

2. OBSERVATIONS AND PROPOSALS REGARDING THE ANNUAL FINANCIAL STATEMENTS AND THEIR APPROVAL

The financial statements of the Company, drafted by the Board of Directors in accordance with the law, were duly submitted by the Board of Directors and illustrated to the Board of Statutory Auditors together with the Report on Operations on 22 March 2023 at the Board of Directors' meeting held on that date.
With regard to the control of the proper keeping of accounts and the correct recording of operating events in the accounting records, as well as verifications of compliance between the information in the financial statements and the results in the accounting records and compliance of the financial statements with the law, the Board of Statutory Auditors recalls that these tasks are delegated to the auditing company.
Specifically, the Auditing company reported to the Board of Statutory Auditors that, based on the audit procedures performed during the year and on the financial statements and consolidated financial statements for the year ended on 31 December 2022, no uncertainties or limitations have arisen in the audits conducted and that the auditor's report is unqualified.
The Board of Auditors has supervised the general approach given to the annual financial statements and specifies that the supervision of the financial reporting process, through the

examination of the control system and the processes of production of information that have as their specific object accounting data in the strict sense, was to be conducted having regard not to the information data but to the process through which the information is produced and disseminated.
In particular, having preliminarily ascertained, through meetings with the heads of the functions concerned and with the auditing company, the adequacy of the administrative and accounting system to detect to correctly represent operating events and to translate them into reliable data systems for the realization of external information, the Board of Statutory Auditors acknowledges that:

- the financial statements have been drafted in accordance with IFRSs issued by the International Accounting Standards Board;
- the formation, layout, and format of the financial statements comply with laws and regulatory provisions;
- the financial statements are consistent with the facts and information of which we have become aware as a result of attending meetings of the Corporate Bodies, which have enabled us to acquire information about the most significant economic, financial, and equity transactions carried out by the Company;
- to the knowledge of the Board of Statutory Auditors, the Directors, in the drafting of the financial statements, have not departed from the provisions of the law pursuant to Article 2423, paragraph 5, of the Italian Civil Code;
- the financial statements have been drafted by the Board of Directors on a going concern basis;
- development costs have been properly recorded in the Assets of the Balance Sheet, with our express consent pursuant to Article 2426(5) of the Civil Code.

The Board has ascertained that:

- the Management Report complies with applicable laws and is consistent with the resolutions adopted by the Board of Directors and the information available to the Board itself;
- the information illustrated in the aforementioned document complies with the relevant provisions and contains an overall analysis of the Company's situation, performance and results of operations, as well as an indication of the main risks to which the Company is exposed and expressly shows the elements that may affect the development of management;
- the company has prepared the consolidated non-financial statement pursuant to Article 4 of Legislative Decree 254/2016; the Board of Statutory Auditors has supervised, within the terms provided by law, compliance with the provisions established by the Decree.

With reference to the financial statements for the year ended 31 December 2022, the Board of Statutory Auditors has no further observations or proposals to make.
On 22 March 2023, the Managing Director and the Manager charged with preparing the company's financial reports issued the statement ex. Art. 154-bis TUF, certifying that the financial statements and consolidated financial statements are drafted in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) No. 1606/2002 by the European Parliament and the Council of July 19, 2002,

correspond to the results in the accounting records and books, and are suitable to provide a true and fair representation of the equity, economic and financial situation of the Issuer and the Group. The supervision and control activities carried out during the financial year, as illustrated in this Report, did not reveal any additional facts to be reported to the Shareholders' Meeting.

Conclusions

As a result of the supervisory activity carried out during the financial year 2022 and also taking into account the findings of the activity carried out by the subject in charge of the statutory audit, contained in the special report accompanying the financial statements, the Board of Statutory Auditors:

a) acknowledges the adequacy of the organizational, administrative and accounting structure adopted by the company and its actual functioning as well as the efficiency and effectiveness of the system of internal controls and risk management;
b) expresses, to the extent of its competence, a favourable opinion on the approval of the financial statements for the year ended on 31 December 2022 and on the proposal formulated by the Board of Directors to allocate the loss for the financial year, amounting to Euro 3,795,732.00 entirely as a deduction from the Extraordinary Reserve.

Travagliato, 30 March 2023

The Board of Statutory Auditors

Dr. Enrico Broli

Dr. Germano Giancarli

Dr. Stefania Bettoni