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 169,453
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2021

REPORT ON OPERATIONS

Dear Shareholders,

With this document, we submit the consolidated financial statements at 31 December 2021 (hereinafter also referred to as "Financial statements") of the group of companies ("Antares Vision Group" or the "Group") headed up by Antares Vision S.p.A. (the "Parent Company"), consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and explanatory notes.

In it we explain our business activities, show the results, consolidated financial position and cash flow and point out the most significant facts that characterised the operations of the Antares Vision Group during 2021; we also provide you with information about the main events that took place after the end of the period.

Please refer to the notes for an analysis of the Group'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. Antares Vision Group is the technological enabler of supply chain transparency and sustainable transition, to protect business competitiveness and each country's distinctive characteristics. It offers a unique and complete ecosystem of technologies 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 blockchain technology. Antares Vision Group is active in the life sciences sector (pharmaceuticals, biomedical devices and hospitals), in food and beverage, in cosmetics and with potential to expand into other sectors. World leader in drug traceability, it has been providing the main world manufacturers (over 50% of the top 20 multinationals) and various government authorities with solutions to monitor the supply chain and validate the authenticity of products.

Corporate bodies

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 Mercato Telematico Azionario, now 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.

Board of Directors	
Office	**Name and surname**
Chairman and CEO	Emidio Zorzella*
CEO	Massimo Bonardi*
Director with powers	Alioscia Berto*
Director	Fabio Forestelli**
Director	Martina Paola Alessandra Monico***
Director	Marco Claudio Vitale****
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, now Euronext Star Milan) 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 Mercato Telematico Azionario, now 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	Marco Claudio Vitale**
Member	Cristina Spagna
Member	Fabiola Mascardi**

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

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

On 22 February 2021, subject to the starting date of trading on the Mercato Telematico Azionario, now 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	Marco Claudio Vitale
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

On 22 February 2021 (with effect from the starting date of trading on the Mercato Telematico Azionario, now Euronext Star Milan) the Shareholders' Meeting of Antares Vision S.p.A. appointed EY S.p.A., with registered office in Via Meravigli 12, Milan, registered in the Companies Register of Milan, registration number and tax code 00434000584, R.E.A. 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.

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%	
Markirovka As a Service	Russia	RUB	Innovative Marketing Digital Solutions (IMDS) Uk Ltd	100.00%	70.00%

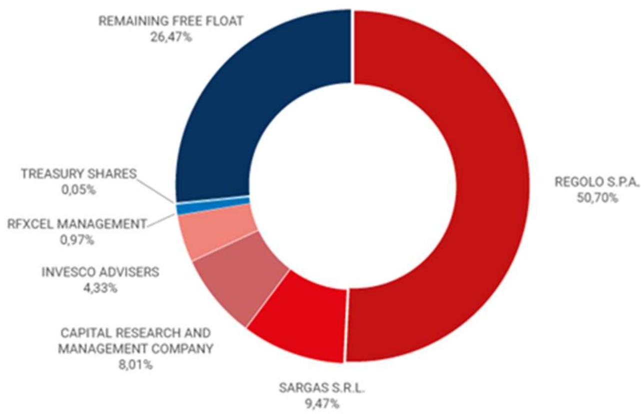
** The merger between Applied Vision Holdings Corporation, Applied Vision Corporation and Applied Vision Services Corporation took effect during the first half of 2021.*

Please refer to the notes for a more detailed description of the changes in the scope of consolidation compared with 31 December 2020.

Information on the shareholders and stock performance

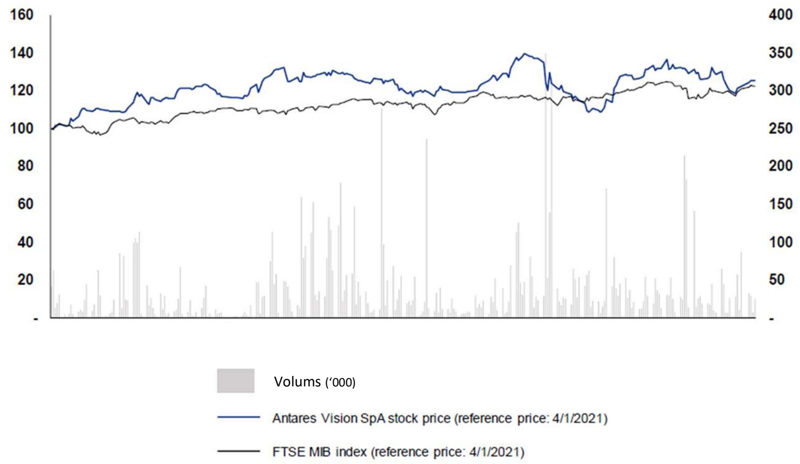
The share capital at 31 December 2021 amounted to Euro 169,451, fully paid up, divided into 69,118,563 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value.

The shareholder structure is made up as follows:



After its initial debut and listing in 2019 on the AIM Italia multilateral trading system (now called Euronext Growth Milan), since 14 May 2021, Antares Vision S.p.A. has been listed on the Euronext Star Milan market, 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.

In addition to FTSE All-Share Capped, FTSE Italia All-Share and FTSE Italia STAR indices, since 20 September 2021, its shares (ISIN IT000536660) have been included in the FTSE Italia Mid Cap index. This promotion into the index was decided by the FTSE Italia Index Series Technical Committee as part of the usual quarterly review of the basket and takes place in light of Antares Vision's compliance with rigorous free float and liquidity requirements. This index brings together the top 60 Italian companies by stock market capitalisation not included in the FTSE MIB index. The stock's performance with respect to the FTSE MIB index is shown below.



Operating performance

Despite the persistence of the pandemic, 2021 saw a further acceleration in our growth. In May we successfully completed the translisting to the main market of Borsa Italiana, the STAR segment, which allowed the Group to benefit from greater liquidity of the stock and, consequently, more interest from the market and institutional investors. This important operation will also give us more visibility on national and international markets with advantages in terms of competitive positioning and image, also thanks to the STAR's strict requirements in terms of transparency, disclosure and corporate governance. The translisting has also provided the financial resources needed to finance Euro 110 million of acquisitions. This will now allow the Group to offer an increasingly integrated and complete solution for the digital supply chain in the Life Sciences and Fast Moving Consumer Goods (FMCG) markets, enabling it to fully exploit future growth.

Emidio Zorzella, Chairman and Co-CEO of Antares Vision Group, commented: "2021 was a year of important growth for the Group in terms of results, completion of the product range, recognition, expansion of the scope of consolidation and optimisation of the financial structure; all of this was achieved thanks to the day-to-day efforts of the 1,000 or more people who currently form part of the Group. Track & Trace has evolved towards an integrated offer with higher margins (original equipment, Smart Data/SaaS and Services), offsetting the lower profitability of the latest acquisitions, which today benefit only partially from the expected synergies. For 2022 we expect further double-digit growth in revenue and an improvement in profitability, thanks to the ongoing transformation of the Group, increasingly oriented towards SaaS, data management and services, and the evolution of Track & Trace also in FMCG, which will lay the foundations for the development of recurring and higher margin sales, after the initial introduction of hardware."

Massimo Bonardi, Co-CEO of Antares Vision Group, commented: "Antares Vision Group will continue to pursue its growth strategy with a view to consolidating its leadership. This will also be achieved thanks to a reorganisation of the group and a unique and distinctive positioning of its ecosystem which, through the integration and interconnection of various technologies, is able to manage all the data of supply chains: from raw materials, through production and distribution, up to the final consumer, to ensure transparency for all players in the supply chain."

Since April 2021 there has been a gradual acceleration of vaccination campaigns in Italy and the rest of Europe, which have boosted the prospects for global growth. The adoption of vaccines has led to an acceleration of economic activity, driven by an increase in consumer spending and supported by the favourable orientation of monetary policy. After the success of the worldwide vaccination campaigns that have helped to reduce and now contain the pandemic, the world economy seems to be heading towards a growth path, supported by economic policies and the positive reaction of the economy after it reopened. The recent conflict between Russia and Ukraine could well have a negative impact on growth prospects, but it is a common belief among politicians and analysts that it will not be such as to eliminate it altogether.

Two years after Covid-19 first appeared, the pandemic now seems to be under control. Hopefully, there will not be new waves of infections in the autumn and winter months of 2022, thanks to the massive spread of vaccinations.

In this context, it is difficult to isolate the effects that the pandemic has had on the Group's results, but there is no doubt that Antares Vision's business has proved resilient, especially in light of the 2021 results, which show significant growth.

At the time that restrictions were introduced, Antares Vision did not resort to social safety nets. The Parent Company managed its own resources by encouraging people to take any accrued holidays and making it possible for them to donate time off to colleagues whose activities were temporarily suspended.

Despite the problems involved in calculating the effects on Antares Vision's results, there is no doubt that the health emergency has created a sense of urgency that rigorous laws and regulations are needed to strengthen and guarantee everyone's safety, also in relation to the quality, originality and sustainability, not only of essential products such as drugs, food, beverages and cosmetics, but also of consumer goods in general, generating new opportunities for the Group.

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

From a work point of view, the Group resumed full operations in 2021: during the year there have not been any particularly significant trends in production, costs and selling prices, nor in sales and stocks that could have a severe impact on the Group's activities. From a production point of view, Antares Vision did not experience any critical issues in terms of continuity of the plants, which were promptly adapted to the safety protocols laid down by the authorities. The saturation of logistics activities and the shortage of electronic components linked to the strong global recovery, which are creating supply, production and delivery problems in some sectors and companies, have to date had a limited impact on Antares Vision Group. 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 requires more careful planning of production in order to avoid or manage potential delays in deliveries. Also from the logistical point of view, there are no significant cost impacts, as in most cases the transport costs are borne by the customers; however, greater attention is being paid to planning shipments following the saturation of logistics chains.

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, 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 income statement figures

The consolidated income statement at 31 December 2021 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 31 December 2020 (in thousands of Euro).

Antares Vision Consolidated P&L ('000,€)	1221 YTD	1220 YTD	Change %
Sales	178.969	121.030	47,9%
Capitalization of R&D	8.307	4.721	76,0%
Other Tax Credit	2.088	1.356	54,0%
Tax Credit	515	1.195	-56,9%
Value of Production	**189.880**	**128.302**	**48,0%**
Changes in Inventory Stock	4.998	1.534	225,8%
Purchase	40.402	26.019	55,3%
Changes in work in progress	-3.284	-65	4962,9%
Cost of Goods Sold	**42.116**	**27.489**	**53,2%**
Margin % on Sales	*23,5%*	*22,7%*	
Commissions for agents	3.566	3.248	9,8%
Installation Expenses	1.155	1.685	-31,4%
First Margin	**143.042**	**95.880**	**49,2%**
Margin % on Sales	*79,9%*	*79,2%*	
Third party assets	1.234	1.319	-6,4%
Operating expenses	321	147	117,9%
Services	28.969	19.382	49,5%
Added Value	**112.518**	**75.032**	**50,0%**
Margin % on Sales	*62,9%*	*62,0%*	
Labour Cost	69.029	45.727	51,0%
Employees	62.618	40.976	52,8%
Professional Staff	6.411	4.752	34,9%
EBITDA	**43.489**	**29.305**	**48,4%**
Margin % on Sales	*24,3%*	*24,2%*	
Provision	847	319	165,5%
Depreciation	6.924	3.662	89,1%
R&D intangible assets	4.011	2.105	90,6%
Tangible assets	2.914	1.557	87,1%
EBIT_RICL	**35.718**	**25.324**	**41,0%**
Margin % on Sales	*20,0%*	*20,9%*	
Financial expenses	4.125	4.035	2,2%
Financial interest & commissions	2.745	1.568	75,1%
Exchange rates profit & loss	-1.511	2.771	-154,5%
Derivatives	-383		0,0%
Warrants mark to market	3.275	-303	-1180,0%
Extraordinary expenses	12.221	5.144	137,6%
PPA-GW Amortization	5.916	1.474	301,3%
Altri Conti PL			0,0%
EBT_RICL	**13.456**	**14.671**	**-8,3%**
Margin % on Sales	*7,5%*	*12,1%*	
Taxation	1.108	-3.445	-132,2%
Net profit/loss of thirds party	-49	-44	11,4%
NET PROFIT	**12.396**	**18.159**	**-31,7%**
Margin % on Sales	*6,9%*	*15,0%*	

First Margin Net of Capital	**132.132**	**88.608**	**49,1%**
Margin % on Sales	*73,8%*	*73,2%*	

EBT_RICL	**13.456**	**14.671**	**-8,3%**
PPA-GW Amortization	5.916	1.474	
Extraordinary expenses	12.221	5.144	
Exchange (gain)/loss	-1.511	2.771	
Fees loan Mediobanca	951		
Warrant	3.275	-303	
EBT_RICL_ADJ	**34.308**	**23.756**	**44,4%**
Patent Box 2016-2019		-7.783	
Taxation on adjusted EBT	6.034	6.850	
Third parties Profit/(Loss)	-49	-44	
NET PROFIT ADJ	**28.322**	**24.733**	**14,5%**
	15,8%	*20,4%*	

2021 is not totally comparable with the previous year because of the change in the scope of consolidation. Unlike 2020, 2021 benefited from the fact that the scope of consolidation included:

- Applied Vision, acquired in December 2020 through Antares Vision Inc.;
- Pentec and Tecnel, acquired in February 2021 through FT System;
- rfXcel, acquired in March 2021 through Antares Vision Inc.

ORDERS

In 2021, the Antares Vision Group recorded a 22% increase in orders compared with 2020 on a like-for-like (L4L) basis In particular, the Life Sciences sector had an increase of 24%, while the FMCG sector had one of 19%. All product lines are showing double-digit growth rates; more specifically, orders for Track & Trace original equipment increased by more than 30%.

CONSOLIDATED TURNOVER

The Group's **consolidated net revenue** in 2021 amounts to Euro 178.9 million, up +47.9% compared with the consolidated results of 2020, or +12.7% L4L.

Revenue by geographical area - FY 2021 vs FY 2020

Revenue by geographical area (€ml)	FY 2021	%	FY 2020 L4L	%	FY 2020A	%	Changes L4L %	Changes vs. Actual
Italy	32.0	17.9%	22.8	14.4%	20.2	16.7%	40.2%	58.2%
Europe	54.6	30.5%	72.4	45.6%	63.5	52.5%	-24.6%	-14.1%
North & South America	61.8	34.5%	40.5	25.5%	24.0	19.8%	52.7%	157.9%
Asia	20.2	11.3%	14.1	8.9%	9.0	7.4%	42.8%	125.0%
Africa and the Middle East	10.4	5.8%	9.0	5.7%	4.3	3.6%	16.1%	140.9%
Antares Vision Group	178.9	100.0%	158.8	100.0%	121.0	100.0%	12.7%	47.9%

Source: Antares Vision Group

As regards the evolution of **revenue on a geographical basis**, all areas recorded significant growth with the exception of Europe (excluding Italy), which suffered a sharp reduction in sales in Eastern Europe, which in 2020 had benefited from the entry into force of Russian tracking legislation for the pharmaceutical sector. Italy is growing thanks to inspection solutions for quality control and services, while the Americas, Asia and the Middle East-Africa are starting to benefit from the entry into force of tracking regulations for pharmaceutical products, in addition to the growth in the FMCG sector: Brazil aggregation and tracking in 2022, United States aggregation in 2023, Malaysia, Kazakhstan, Qatar and Indonesia tracking in 2024 and the “Made in China 2025” programme.

In Q4 2021, the Group's L4L revenue grew more than FY21 (17.6% vs. 12.7%), thanks above all to an acceleration in the Americas, mainly attributable to the entry into force of the tracking regulations for pharmaceutical products in Brazil and the United States and an acceleration in revenue recorded by rfXcel in the last quarter.

Revenue by sector - Life Sciences/FMCG - FY 2021 vs. FY 2020

Life Science (€m)	FY 2021	%	FY 2020 L4L	%	FY 2020A	%	Changes on L4L %	Changes vs Actual %
Services	15.6	14.1%	12.8	12.5%	12.5	13.8%	21.9%	25.2%
Smart Data/SaaS	27.2	24.4%	16.4	15.9%	6.0	6.7%	66.1%	349.5%
Track & Trace (L1 - L3)	40.1	36.0%	54.2	52.8%	54.1	60.0%	-26.0%	-26.0%
Total Track & Trace	**82.9**	**74.5%**	**83.3**	**81.2%**	**72.6**	**80.5%**	**-0.6%**	**14.1%**
Inspection	28.3	25.5%	19.3	18.8%	17.6	19.5%	46.4%	61.0%
Total	**111.2**	**100.0%**	**102.7**	**100.0%**	**90.2**	**100.0%**	**8.3%**	**23.2%**
FMGC (€m)								
Services	10.5	15.4%	8.6	12.7%	4.5	6.6%	21.6%	135.0%
Smart Data/SaaS	2.3	3.4%	1.7	3.0%	0.0	0.0%	33.7%	30159.2%
Track & Trace (L1 - L3)	2.9	4.3%	1.1	2.0%	1.1	3.6%	162.2%	162.2%
Total Track & Trace	**5.2**	**7.7%**	**2.8**	**5.0%**	**1.1**	**3.6%**	**84.3%**	**365.3%**
Inspection	52.1	76.9%	44.7	65.9%	25.2	37.2%	16.6%	106.5%
Total	**67.8**	**100.0%**	**56.1**	**100.0%**	**30.8**	**100.0%**	**20.8%**	**120.0%**
Antares Vision Group	**178.9**		**158.8**		**121.0**		**12.7%**	**47.9%**

Source: Antares Vision Group.

Proportion of Life Science/FMCG - FY 2021 vs. FY 2020

	FY 2021	%	FY 2020 L4L	%	FY 2020A	%	Changes on L4L %	Changes vs Actual %
Life Science	111.2	62.1%	102.7	64.6%	90.2	74.5%	8.3%	23.2%
FMCG	67.8	37.9%	56.1	35.4%	30.8	25.5%	20.8%	120.0%
Antares Vision Group	**178.9**	**100.0%**	**158.8**	**100.0%**	**121.0**	**100.0%**	**12.7%**	**47.9%**

Source: Antares Vision Group.

The **Life Sciences** sector posted overall growth in FY 2021 of 8.3% compared with 2020 L4L data and 23.2% compared with the 2020 consolidated results.

The improvement is led by Smart Data/S.a.a.S. products (+66.1% vs. L4L 2020), Services (+21.9%) and Inspection (+46.4%). Only Track & Trace original equipment shows a slowdown (-26.0%) as for the whole of last year, particularly in Q4 when there was a peak due to the entry into force of pharmaceutical tracking in Russia in December 2020. In any case, Track & Trace as a whole shows a performance in line with the previous year, recovering the decline seen up to 9M 2021 (-7.7% L4L), thanks to a Q4 up by 17.5% (driven by Smart Data/SaaS with +120.6%). This confirms the positive transformation of Track & Trace, from an original equipment business to a high margin recurring business (represented by Smart Data/SaaS and Services), which in 2021 generated 39% of the Life Sciences sector's turnover (45% in Q4). Note that in 2018 the recurring business represented less than 7% of Life Sciences turnover.

The **FMCG** sector shows an increase in FY2021 of 20.8% on a L4L basis and of 120.0% on a consolidated basis, thanks to growth by all product lines. In particular, tracking in its entirety increased by 84.3% compared with 2020 L4L data, more or less fivefold compared with last year's closing figures so it is starting to take on a tangible dimension with important projects in the pipeline.

FMCG generated 38% of consolidated sales, compared with 35% in FY 2020 L4L.

Revenue by Product - FY 2021 vs. FY 2020

Products	FY 2021	%	FY 2020 L4L	%	FY 2020A	%	Changes on L4L %	Changes vs Actual %
Services	26.1	14.6%	21.4	13.5%	16.9	14.0%	21.8%	54.1%
Smart Data/SaaS	29.5	16.5%	18.1	11.4%	6.1	5.0%	63.0%	386.7%
Track & Trace (HW + SW)	43.0	24.0%	55.3	34.8%	55.2	45.6%	-22.3%	-22.2%
Inspection	80.4	44.9%	64.0	40.3%	42.8	35.4%	25.6%	87.8%
Antares Vision Group	**178.9**	**100.0%**	**158.8**	**100.0%**	**121.0**	**100.0%**	**12.7%**	**47.9%**

Source: Antares Vision Group

At **product** level, the considerable growth in Services, Smart Data/SaaS and Inspection both compared with the consolidated figures of FY 2020 and compared with L4L, more than offsets the decline in OE Track & Trace solutions.

In particular, in Q4 2021, there was very strong growth in Smart Data/SaaS (+110% on an L4L basis), thanks to an excellent performance by rfXcel. Services and Inspection also turned in a significant increase in sales of 17.6% at Group level.

In FY 2021 **recurring revenue**, consisting of Services and Smart Data/S.a.a.S., come to 31.0% of the total, with growth of +40.6% L4L; in FY 2020, recurring revenue came to 24.9% of total revenue L4L and 19.0% on a consolidated basis.

Revenue exposure to the Russian market

Given the current situation in Eastern Europe, it is only reasonable that we give a complete picture of our exposure to the Russian and Belarusian market in terms of sales. In 2019, turnover was Euro 4.5 million, about 4% of the Group's consolidated sales revenue. In 2020, turnover was Euro 23.4 million, about 19% of consolidated revenue;

the peak in 2020 was due to obligatory pharmaceutical tracking from December 2020. Turnover in 2021 was slightly below 3% of consolidated revenue (Euro 5.2 million).

The conflict between Russia and Ukraine is certainly an element of concern, as the results and consequences of this crisis are not yet clear, both on the fate of the world economy and on the business of Antares Vision Group; even if, for the time being, the Group's exposure is limited in terms of both receivables (close to zero) and turnover (3% in 2021). However, it has to be said that, prior to these events, the Russian market was of great interest for implementation of the Group's tracking solutions, which will most likely slow down over the coming months.

CONSOLIDATED INCOME STATEMENT

In FY 2021 the **Value of Production** amounts to Euro 189.9 million, an increase of 48.0% compared with the consolidated result in FY 2020.

Gross Profit and **Value Added**, equal to Euro 143.0 million and Euro 112.5 million respectively, have increased by +49.2% and +50.0% compared with 31 December 2020. In terms of margins, there has been an improvement in Gross Profit (FY21 79.9% vs. FY20 79.2%) and Value Added (FY21 62.9% vs. FY20 62.0%), thanks to i) the positive ongoing transformation of Track & Trace from a original equipment business to a recurring business with high margins (represented by Smart Data/S.a.a.S. and Services), ii) less use of external resources in installation processes to the advantage of internal staff and iii) a lower proportion of agents' commissions thanks to higher direct sales through local subsidiaries.

The Adjusted Gross Profit[1] (EBITDA) amounts to Euro 43.5 million compared with Euro 29.3 million recorded in FY 2020 (+48.4%), equal to 24.3% of sales (24.2% FY 2020). This increase in profit margins has made it possible to fully offset the lower profitability of the latest acquisitions, which to date have benefited only partially from the expected synergies, as well as the increase in labour costs (+51.0% vs. FY 2020, Euro 23.3 million), which amounted to Euro 69.0 million. This increase is due to the expansion of the scope of consolidation (approximately Euro 15 million[2]), as well as the farsighted process of internalisation of resources as a conscious investment to cope with the growth experienced in the second half of 2021 and expected in the next few years; it has also allowed us to use internal resources instead of external suppliers with a consequent reduction in installation costs by third parties.

The Group's expectation for 2022 and future years is that profitability will continue improve; this will be achieved thanks to: 1) the gradual introduction of Track & Trace solutions in the FMCG sector, which will lead to an increase in the weight of high-margin recurring revenues, as our business model is characterised by an initial introduction

[1] *Normalised by excluding the extraordinary costs for the translisting and the acquisitions.*
[2] *Includes the cost of labour related to rfXcel, Pentec, Tecnel, Adents, Applied Vision and Convel*

of hardware (OE T&T), which is then followed by recurring business (Services and Smart Data/S.a.a.S.); 2) an improvement in the profitability of the newly acquired companies, thanks to revenue synergies and lower overhead costs; 3) a more moderate increase in new hires.

The **Adjusted Operating Profit[3] (EBIT)** is equal to Euro 35.7 million compared with Euro 25.3 million in 2020 (+41.0%), equal to 20.0% of sales (20.9% in FY 2020). In addition to the impact of higher amortisation and depreciation deriving from the consolidation of the newly acquired companies, 2021 will be hit by higher amortisation and depreciation due to the capitalisation of development costs and rights of use (IFRS 16).

The above figures are shown without some extraordinary items that have been reclassified below EBIT, consisting of the costs that Antares Vision incurred for the translisting to the MTA (Euro 5.9 million), for acquisitions (Euro 3.7 million) and for the write-down of rfXcel's pre-acquisition receivables, which have no financial impact (Euro 2.2 million).

Financial charges amount to Euro 4.1 million, significantly influenced by Euro 1.0 million of bank fees for a bridging loan taken out for the acquisition of rfXcel and repaid almost immediately with the proceeds of the listing, and by non-monetary items, represented by the effect of the fair value measurement of warrants issued in 2019 (IAS 32) for a negative value of Euro 3.3 million, only partially offset by the positive effects of Euro 0.4 million for the measurement of investments in associates and joint ventures and Euro 1.5 million of exchange gains.

So to provide a clearer view of the net profit, steps have been taken to normalise it (net of the theoretical tax effects): 1) extraordinary items Euro 12.1 million (including Euro 0.3 million for an earn-out for the benefit of the shareholders of Pentec/Tecnel), 2) the effect of the warrants Euro 3.3 million, 3) PPA amortisation Euro 5.9 million, 4) positive exchange differences Euro 1.5 million and 5) fees paid for the bridging loan Euro 1.0 million. Excluding these extraordinary items, the **Adjusted Net Profit** comes to Euro 28.1 million, compared with Euro 24.7 million in 2020, an increase of 14%.

As regards **income tax**, in 2020 the Company benefited from a positive tax effect of Euro 7.8 million on recognition of the Patent Box for the period 2016-2019; in FY 2021, the Company did not benefit from any positive tax effect deriving from the Patent Box, having recorded a tax loss in Italy following the transition to IFRS and the extraordinary costs incurred in that period.

The **Profit (loss) before tax** and the consolidated **Net profit/(loss) for the year** are both positive and amounted to Euro 13.5 million and Euro 12.2 million respectively, even after the negative impact of the extraordinary items.

[3] *Normalised for the write-down of rfXcel's pre-acquisition receivables.*

MAIN BALANCE SHEET FIGURES

The statement of financial position is set out below, reclassified by sources and applications as at 31 December 2021 and 31 December 2020 (in thousands of Euro).

Antares Vision Consolidated BS ('000,€)	1221 YTD	1220 YTD	1221 Vs. 1220 Delta %
Real Estate & Right of use	23.552	19.473	20,9%
Financial Assets	7.342	3.971	84,9%
Net Tangible Assets	2.986	2.019	47,9%
Net Intangible Assets	214.072	107.174	107,9%
Total Fixed Assets	**247.952**	**132.638**	**93,1%**
% Incid. On NIC	*83,0%*	*78,5%*	
Inventory Raw Material	24.112	21.786	10,7%
Inventory Finished Goods	6.411	6.254	2,5%
Inventory WIP	7.052	3.694	90,9%
Total Inventory	**37.575**	**31.734**	**18,4%**
Total Inventory	**37.575**	**31.734**	**18,4%**
Trade Receivables	63.932	47.533	34,5%
Trade Payables	-18.675	-14.281	30,8%
Advances from Clients	-20.283	-14.815	36,9%
Trade Net Working Capital	**62.550**	**50.171**	**24,7%**
% Incid. On NIC	*20,9%*	*29,7%*	
Other Current Assets	26.537	24.169	9,8%
Other Current Liabilities	-26.055	-27.935	9,8%
Net Working Capital	**63.033**	**46.405**	**24,6%**
% Incid. On NIC	*21,1%*	*27,5%*	
Severance Indemnity Fund (TFR)	-8.634	-6.917	24,8%
Other Funds	-965	-628	53,5%
Bad Debt	-2.713	-2.525	7,4%
Net Invested Capital	**298.674**	**168.972**	**76,8%**
% Incid. On NIC	*100,0%*	*100,0%*	
Net Equity	272.195	135.605	100,7%
Net Equity	**272.195**	**135.605**	**100,7%**
% Incid. On TSoF	*91,1%*	*80,3%*	
Long Term loans + Leasing	144.959	162.556	-10,8%
Net Cash	-118.479	-129.189	-8,3%
Net Financial Debt	**26.479**	**33.368**	**-20,6%**
% Incid. On TSoF	*8,9%*	*19,7%*	
Total Source of Financing	**298.674**	**168.972**	**76,8%**
% Incid. On TSoF	*100,0%*	*100,0%*	
Net Financial Debt (no Warrants)	**18.993**	**29.156**	

(*) does not include the payable recorded by FT System to adjust the acquisition price of Pen-tec and Tecnel in Other current liabilities.

Total fixed assets show a significant increase (93.1%) as the result of:

- the acquisitions carried out during the year:
    - 100% of Pen-tec and Tecnel which, following the PPA process, generated goodwill of Euro 5,164 thousand and higher intangible assets for Euro 2,799 thousand (Euro 2,018 thousand net of tax);

- 100% of rfXcel which, following the PPA process, generated goodwill of Euro 67,690 thousand and higher intangible assets for Euro 41,674 thousand (Euro 30,422 thousand net of tax)[4];

- investments in property, plant and equipment, above all at the Travagliato and Parma locations, for a total of Euro 908 thousand;
- right-of-use assets deriving from the application of IFRS 16 for a total of Euro 3,753 thousand (net of depreciation), mainly for property and car leases;
- the purchase of minority stakes in RurAll and Siempharma for a total amount of Euro 3,000 thousand;
- investments in intangible assets for a total of Euro 7,615 thousand (net of amortisation), deriving from implementation of the new ERP (SAP) and capitalisation of development costs;

partially offset by the increases in accumulated depreciation and amortisation.

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

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

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 2022-2024;

[4] *The figures are shown at the exchange rate on the date of acquisition. The corresponding figures at 31 December 2021 are Euro 43,142 thousand and Euro 31,494 thousand, respectively.*

- the residual value of the subsequent period calculated with the synthetic perpetual annuity algorithm and based on the figures expected for 2024, 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.

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 2021 the recoverable value of the group of assets under review is slightly 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 further impairment.

In the light of the conflict between Russia and Ukraine, the directors have carried out sensitivity analyses on the Business Plan (reducing its profitability by up to 5% per year) and on the discount rate (increasing it up to one percentage point) to take into account possible negative effects deriving from this crisis. This sensitivity analysis also showed that the recoverable value of the group of assets under analysis is significantly higher than its book value in the Consolidated Financial Statements of Antares Vision.

Net working capital has increased by 36% following the latest acquisitions, even after benefiting from continuous efforts by management to optimise all elements of working capital.

At 31 December 2021, the **Shareholders' Equity** was Euro 272.2 million, an increase compared with Euro 135.6 million at the end of 2020, having benefited from:

- the translisting from the AIM to the MTA which, through the issue of 10,200,000 new shares, led to an increase in share capital of Euro 24,480 and in the share premium reserve of Euro 117.3 million. As a result of this transaction, a negative reserve of Euro 5.6 million was also recognised to include the costs incurred by the Parent Company on successful completion of the listing process in proportion to the ratio of newly issued shares through the increase in capital to the total number of listed shares.
- the increase in capital approved as part of the rfXcel operation through the issue of 668,198 ordinary shares for an amount of Euro 1,604 as higher share capital and Euro 6.8 million as a higher share premium reserve;

- the exercise during the year of 568,953 warrants issued in April 2019 at the time of the business combination between the Parent Company and Alp.I S.p.A. in favour of the latter's shareholders with a view to the listing of Antares Vision S.p.A. on the AIM, which increased the share capital by Euro 289 and the share premium reserve by Euro 11,753.

Main financial figures

The following is the consolidated net financial position at 31 December 2021 compared with 31 December 2020 (in thousands of Euro). The following prospectus complies with ESMA guidelines on financial reporting requirements.

Net financial position (euro thousand)		**31/12/2021**	**31/12/2020**
Cash at banks		*77,887*	*95,650*
Cash on hand		*445*	*395*
Cash and banks	A	78,332	96,045
Cash equivalents	B	-	-
Other current financial assets	C	40,147	33,144
Cash and cash equivalents	**D=A+B+C**	**118,479**	**129,189**
Current lease liabilities		*-1,683*	*-1,812*
Other financial payables	(**)	*-460*	
Current financial debt *(including debt instruments, but excluding the current portion of non-current financial debt)*	E	-2,143	-1,812
Current portion of non-current financial debt	F	-5,747	-33,810
Current financial debt	**G=E+F**	**-7,890**	**-35,622**
Net current financial debt	**Hrs=G-D**	**110,589**	**93,567**
Non-current loans and borrowings		*-128,151*	*-120,077*
Non-current lease liabilities		*-9,376*	*-6,858*
Non-current financial payables	I	-137,527	-126,935
Debt instruments	J	-565	-1,490
Other non-current payables	K	-	-
Non-current financial debt	**L=I+J+K**	***-138,092***	***-128,425***
Net financial position (*)	**M=Hrs+L**	***-27,503***	***-34,858***

(*) 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
(**) This is the debt recognized by FT System for the price adjustment relating to the acquisition of Pen-Tec and Tecnel

Net financial position		***-27,503***	***-34,858***
Derivative effect neutralisation		565	1,490
	(***)	**-26,939**	**-33,368**
Warrant fair value		7,486	4,212
Adjusted net financial position	**(***)**	**-19,452**	**-29,156**

(***) The difference in 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

The net financial position is negative for Euro 27,503 thousand, compared with a negative balance of Euro 34,858 thousand at 31 December 2020. The adjusted net financial position, i.e. net of the effect of the valuation of the warrants at market value (as there will not be any real cash outflow) and the fair value measurement of derivatives, is negative for Euro 19,452 thousand (negative for Euro 29,156 at 31 December 2020).

The change in the normalised net financial position compared with the same period of the previous year has been mainly influenced not only by the above transactions that affected shareholders' equity as explained above, but also by the joint effect of:

- the acquisition of Pen-Tec and Tecnel on 4 March 2021 by FT System for Euro 11,651 thousand (Euro 8,767 thousand, net of the cash acquired). The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.
- the acquisition of rfXcel on 31 March 2021 by Antares Vision Inc. for US$ 121,091 thousand[5] (Euro 101,501 thousand[6] at the implicit exchange rate of the foreign exchange hedging transaction), offset by a net financial position of the acquired entity of US$ 1,712 thousand (Euro 1,460 thousand at the exchange rate on the date of acquisition). For this transaction, Mediobanca S.p.A. provided the Parent Company with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market to the Mercato Telematico Azionario (MTA). The funds were then transferred from the Parent Company to Antares Vision Inc. by the former subscribing an increase in capital of the American holding company.
- the exercise of the purchase option of 30% of Antares Vision North America (AVNA) which allowed Antares Vision Inc. ("AV US") to hold the entire share capital of AVNA. The consideration of Euro 1,900 thousand was offset in part (Euro 356 thousand) against AVNA's receivables from the minority shareholder and in part (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by Antares Vision to AV US through an intragroup loan.

In addition, there are the investments in property, plant and equipment (mainly to expand the production facilities in Italy), intangible assets (capitalisation of development costs) and investments in associates or joint ventures.

As explained below, note that in the second half of 2021 the Parent Company completed the issue and placement of unsecured and non-convertible bonds in a US Private Placement with Pricoa Capital Group for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. At the same time, it started refinancing existing bank debt taking out new

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[5] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*
[6] *Euro 103,276 thousand at the exchange rate on the acquisition date.*

bank loans with an average duration of more than 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of 1.7%. This made it possible to provide the Antares Vision Group with considerable liquidity (at a weighted average cost of 2% and a weighted average duration of 6.4 years) to invest in its future development plans.

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.

Significant events

On 4 January 2021, Antares Vision launched the share buyback programme as approved by the Shareholders' Meeting on 20 May 2020. The aims and characteristics of the programme are detailed below in the section entitled "Own shares and shares in parent companies", to which reference should be made.

On 4 March 2021, FT System S.r.l., a wholly owned subsidiary of Antares Vision S.p.A., acquired 100% of Pen-Tec S.r.l. and 100% of Tecnel S.r.l.

Tecnel specialises in the creation of customised electronics for packaging and filling systems, developing fully customised hardware and software solutions as an effective alternative to traditional technologies linked to certain operating systems, such as PC and PLC.

Pen-Tec, which was set up in 2001 by the founder of Tecnel, was created with the aim of extending the know-how and experience gained in the electronics sector to the control and inspection instruments sector. The company designs checkweighers, X-ray inspection machines, also integrating them into metal detectors, weighing and combined belts, equipped with touch-screen panels and self-calibration software. These products are able to guarantee the highest level of safety and performance obtainable from quality control equipment included in state-of-the-art production lines in various industrial sectors, such as Chemistry, Food & Beverage, Pharmaceuticals, Cosmetics and Nutraceuticals. These devices are produced with refined, high-performance mechanics, combined with innovative electronics that are revolutionary for the sector.

The purchase price, a total of Euro 11,651 thousand, was paid in cash. The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.

The agreement provided for an increase or decrease in the price based on specific pre-agreed sales targets for 2021. The achievement of these targets led to a price adjustment of Euro 460 thousand[7], which was recognised as a payable in the consolidated financial statements as this amount will be paid in 2022.

[7] *In the consolidated financial statements, this amount was recognised for Euro 317 thousand in the financial components of the income statement and for Euro 143 thousand as a deduction from the financial liability previously recognised at the time of acquisition, as required by IFRS 3.*

The main objective of the Pen-Tec/Tecnel acquisition is to allow FT System to further consolidate its technological scalability, intensify its control over the entire inspection process and expand the range of solutions on offer, increasing its specialisation in the Food & Beverage packaging sector and integrating the avant-garde status and technological replicability into the other products being developed by the Group.

On 31 March 2021 Antares Vision Inc. completed the acquisition of 100% of rfXcel Corporation, as already announced to the market on 16 February 2021. rfXcel specialises in the development of software for the Life Sciences and Food & Beverage sectors, ensuring the safety of medicines and products along the distribution chain, compliance with applicable regulations and the acquisition and processing of data in real time. rfXcel operates both at the government ("Level 5") and at corporate level ("Level 4"), as well as in supply chain management through an entirely SaaS (Software-as-a-Service) business model, with a significant part of its revenue deriving from long-term subscription contracts, most of which are recurring.

Given the purchase price of 121,091 thousand dollars[8] (Euro 101,501 thousand[9] at the implicit exchange rate of the underlying foreign exchange hedge), Mediobanca S.p.A. provided the Parent Company with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market (now Euronext Growth) to the Mercato Telematico Azionario (now Euronext Milan). The funds were then transferred from the Parent Company to Antares Vision Inc. by the former subscribing an increase in capital of the American holding company.

An additional deferred consideration of up to 30 million dollars will be payable by the Group to the sellers in cash in the first quarter of 2023, subject to the achievement of certain target receipts. Payment of the earn-out is linked to the receipt of up to 19 million dollars under specific contracts, already in existence, which are the basis of recurring revenues but not included in rfXcel's current business plan.

Certain key members of rfXcel's management, including CEO and founder Glenn Abood, have reinvested in Antares Vision 40% of the net proceeds from the sale of their holdings, approximately 8 million dollars. The equivalent of this amount in euro was paid into Antares Vision's coffers as the subscription price of a capital increase reserved for the managers and approved by the Company's Board of Directors on 29 March 2021 in partial exercise of the mandate to increase the share capital granted by the Shareholders' Meeting on 22 February 2021.

By means of this transaction, the Group has further strengthened its software capabilities, consolidating its position as one of the world leaders in Track & Trace. The Group will leverage rfXcel's capabilities and software suite to help its customers accelerate the digitalization of the supply chain end-to-end, leading to greater transparency and sustainability. In addition to generating possibilities for cost savings, this acquisition will also

[8] The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.
[9] Euro 103,276 at the exchange rate on the date of acquisition.

create significant opportunities to cross-sell (i) rfXcel products to Antares Vision's growing installed base of Track & Trace and Inspection solutions and its extensive customer base made up of more than 2,500 blue-chip clients, as well as (ii) Antares Vision's products to rfXcel's customers.

March 2021 also saw the purchase of a minority stake in Antares Vision India Private Limited, a joint venture set up on 20 April 2019 with the Indian company Jay Instruments and Systems Private Limited in which the Parent Company held 51%. As a result of this transaction, Antares Vision S.p.A. now holds 99.998% of the company after paying 20,028 thousand rupees, while FT System holds the other 0.002% after paying 0.8 thousand rupees (in total equal to Euro 232 thousand).

On 14 May, trading of the Parent Company's ordinary shares and warrants began on the STAR segment of the MTA, now Euronext STAR Milan.

Based on the requests received as part of the Institutional Placement, 19,550,000 shares were placed as follows: (i) 10,200,000 shares resulting from an increase in capital without option rights approved by the Board of Directors of the Parent Company on 3 May 2021, exercising the mandate granted for this purpose by the Shareholders' Meeting on 22 February 2021; (ii) 6,800,000 shares put up for sale by the shareholders of Regolo S.p.A. and Sargas S.r.l. (jointly, the “Selling Shareholders”); (iii) 2,550,000 shares underlying the over-allotment option (to service the possible exercise of the greenshoe option) granted by the Selling Shareholders as part of the global offer. The offer price of the shares was set at Euro 11.50 per share, which resulted in a capitalisation at the starting date of trading of Euro 793 million.

The translisting to Borsa Italiana's main market is an opportunity for Antares Vision to pursue its strategic objectives and is consistent with the path undertaken when it listed on the AIM Italia market, now Euronext Growth, in April 2019. In fact, this transition will allow Antares Vision to benefit from the stock's greater liquidity and, consequently, from greater interest on the part of the market and institutional investors. It will benefit as well from greater visibility on national and international markets, leading to further advantages in terms of competitive positioning and image, also because of the stringent requirements in terms of transparency, disclosure and corporate governance.

On entering the STAR segment, the market positioning was revised with the rebranding of Group companies and the launch of a new brand identity “Antares Vision Group”, a new mission and vision and a new visual language.

The new brand identity summarises the group's values, reflecting the Antares Vision Group's aspiration to be a leader of innovation, thanks to technology, to allow customers to protect their products and profits, as well as people and the Earth, to improve the quality of life for all.

In July 2021 Antares Vision S.p.A. 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 purpose of this initiative is to create:

a) a digital infrastructure of rural areas, exploiting digital technologies to improve the yield and the management of land on a large scale and/or to provide consultancy services dedicated to digitalization and/or the creation of DSS platforms and software and other systems dedicated to the analysis and dissemination of data, the so-called Agriculture 4.0;

b) a digital platform, which through the use of emerging technologies such as IOT, AI, Big Data and Blockchain for the end-to-end traceability of agri-food products, from the origin of raw materials to their path along the supply chain, to the end-consumer, making it possible to introduce a "smart label" to certify authentic products "Made in Italy". It would also increase the sustainability of the entire supply chain and production and distribution processes from a social, economic and environmental point of view (with clear and pre-established criteria for the ingredients used and the main characteristics that the supply chain must have, above all in terms of value distribution and the use of labour in order to obtain the "Made in Italy" guarantee).

The entire project is geared to making the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeiting, which is fundamental for the entire national economic system and, consequently, for all consumers.

In August 2021, an increase in capital was approved for the subsidiary Antares Vision India and paid in for a total of 10 million Indian rupees (Euro 116 thousand), in order to provide the company with more financial resources to develop the local business.

From 20 September 2021, the Parent Company's ordinary shares have been included in the FTSE Italia Mid Cap index together with the top 60 Italian companies by stock market capitalisation not included in the FTSE MIB index. Inclusion in the FTSE Italia Mid Cap index just a few months after entering the STAR segment is an important signal that places Antares Vision S.p.A. among the top hundred Italian listed companies by market value, helping to further expand the Group's shareholder base and visibility, for the benefit of all stakeholders.

In September 2021, the Parent Company exercised its option to purchase a further shareholding in Siempharma S.r.l., which therefore went from the 10% acquired in January 2019 to 30% with a cash outlay of Euro 1,500 thousand.

On 30 September 2021, the Parent Company finalized the issue and placement of unsecured and non-convertible bonds (so-called "US Private Placement") at Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the main players in the private placement market, for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued do not have a rating and are not intended for listing on regulated markets. The issue is not backed by collateral. 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.

At the same time as this operation, Antares Vision Group started refinancing existing bank debt taking out new bank loans with an average duration of around 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of 1.7%.

On 19 November 2021, the purchase option to buy 30% of Antares Vision North America ("AVNA") was exercised, which allowed AV US to hold the entire share capital of AVNA. The consideration of Euro 1,900 thousand was offset in part (Euro 356 thousand) against AVNA's receivables from the minority shareholder and in part (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by Antares Vision to AV US through an intragroup loan.

Information concerning the environment and personnel

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

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 will prepare its Consolidated Non-Financial Report, subject to review by an independent auditing firm, pursuant to Legislative Decree 254/2016.

Environment

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

From a documentary point of view, starting from January 2020 the quality office has replaced the packaging of the documentation supplied with the machinery with an eco-sustainable version and the format of the new machine manuals will be designed specifically for digital consultation in such a way as to discourage, over time, the demand for the paper version by customers.

Subsequently, separate waste collection will be strengthened with the creation of a new equipped area and the definition of best recycling practices. Achievable margins for improvement have been identified; the adoption of adequate measures will make it possible to achieve 95% of separate waste collection (currently 72%). Furthermore, in collaboration with affiliated restaurateurs, the Parent Company will promote the replacement of containers for take-out food with containers of eco-sustainable materials.

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.

Climate change

Companies cannot fail to acknowledge that issues related to climate change are a priority for the various stakeholders and an important driver in investment decisions.

As a result, there is more attention about having to respond to the market's need for new metrics, performance indicators and transparent disclosure with respect to the economic and financial repercussions of the risks associated with climate change, reporting the impact of climate risk in financial statements and ensuring a gradual convergence of financial and non-financial information ("comprehensive corporate reporting").

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 does not appear to be particularly exposed to the risks associated with climate change in consideration of the nature of its business and does not operate in sectors particularly vulnerable to climate and environmental risks[10].

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 the so-called 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;
    - 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.

[10] Economic activities considered to be subject to acute physical risk are those exposed to earthquake or flood zones because their production plants or their strategic suppliers are located there. Economic activities exposed to transition risk 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 energy transition, automotive companies focused on vehicles with combustion engines.

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

In this respect, Antares Vision's business involves production processes with a low impact on 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.Antares Vision Group is actively engaged in pursuing a sustainable business model through implementation of its industrial strategy and thanks to its ecosystem of values. This approach is also reflected in a firm commitment to the United Nations 2030 Agenda and the Sustainable Development Goals (SDGs) which form an integral part of it. 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 with respect to the macro-trends and scenarios of the sector. These have also seen a legislative evolution in the direction of improving people's lives and reducing the impact of using natural resources. This in turn will make the production of essential goods such as food and pharmaceuticals more efficient.

The positive environmental impacts of the business model and solutions developed by Antares Vision Group concern, in particular, 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.

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.

During 2021, the number of employees went up from 783 to 1,004 (905 on a like-for-like basis), an increase of 28.2% (15.6% on a like-for-like basis).

This trend is reflected in the table below which shows the number of employees by individual company compared with the figure at 31 December 2020. The companies that joined the Group during the period are shown separately, while jointly controlled investments and branches without employees have been excluded.

Company	Apprentices	Production workers	Office workers	Middle managers	Executives	Total as at 31/12/2021	Total as at 31/12/2020
Antares Vision	19		367	24	6	416	373
Imago Technologies			25			25	19
Antares Vision do Brasil			55			55	39
T2 SOFTWARE			10			10	8
Antares Vision North America			45			45	43
Antares Vision France			24			24	19
Antares Vision Ireland			2			2	2
Antares Vision Russia			42			42	16
FT System	7	29	94	4	2	136	126
FT Hexagone			9			9	7
FT North America			16			16	15
Antares Vision Asia Pacific			6			6	4
Antares Vision GmbH			9			9	8
Tradeticity d.o.o.			4			4	4
Tradeticity Services d.o.o.			23			23	17
Convel		3	13			16	14
Applied Vision			67			67	69
TOTAL ON A LIKE-FOR-LIKE BASIS	**26**	**32**	**811**	**28**	**8**	**905**	**783**
rfXcel Corporation			45			45	
rfXcel LTD			5			5	
rfXcel LLC			5			5	
Pen-Tec			7	1	2	10	
Tecnel			3		2	5	
Antares Vision India			22			22	
Markirovka As a Service			7			7	
TOTAL	**26**	**32**	**898**	**29**	**12**	**1004**	

Being well aware that human capital increasingly represents a competitive advantage, the Shareholders' Meeting of the Parent Company has approved two stock option plans[11] (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

[11] *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.*

2020.

The Plans aim to establish a level of remuneration that is 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 regard to the First Stock Option Plan:

- the first tranche was assigned during 2020, granting 108,000 options to executive directors and 225,000 options to top management and key employees, 7,000 of which were cancelled during the first half and 14,000 during the second half of 2021 due to the lack of service conditions. The effect on the income statement of the remaining options was Euro 205 thousand;
- during the first half of 2021 the second tranche was assigned with 333,000 options going to top management and key employees with an effect on the income statement of Euro 141 thousand. The executive directors waived the options assigned to them for a total of 108,000 options in favour of Group employees.

With regard 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, 7,000 options were cancelled due to the lack of service conditions. The effect on the income statement was Euro 160 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.

Equal consideration is given to laying down measures to manage any emergency situations. With regard to the health emergency caused by the spread of Covid-19, Antares Vision Group reacted immediately by following all of the updates by the competent Authorities in real time, applying them rigorously while guaranteeing 100% operations and business continuity. The efforts made to cope with the situation in the best possible way resulted in protecting the safety of staff and visitors from when they entered the premises through access management using Track My Health, the innovative solution developed by Antares Vision, which is integrated and scalable. In full respect for privacy, it checks everyone's body temperature on entry and ensures that they are wearing a face mask. It also counts how many people there are, making it possible to restrict the number automatically within a set limit.

Following the experience gained during the health emergency, the Parent Company 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. The corporate welfare project will continue, 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 2021, Antares Vision Group continued to pursue its R&D activities.

The Parent Company concentrated on the following projects:

1. Smart Ward Platform (SWP) to complete "last mile" traceability of pharmaceutical products by leveraging the hardware and software skills deployed on the pharmaceutical market.

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

3. Adapting serialisation solutions for the beverage market thanks to the success obtained by tracking systems in a very demanding sector such as the pharmaceutical industry, these technologies are now considered the best solutions for applications seeking to fight counterfeiting on mass-market consumer products more effectively. The first Non-Life Sciences sector that has shown a great deal of interest in this type of solution is the beverage industry. During 2021 Antares Vision worked with Baikalsea Co., one of the largest producers of mineral water in Russia in a process of serialisation (printing a unique code on the label). This allowed it

to meet the regulatory requirements laid down by CHESTNY ZNAK, the Russian national track & trace hub managed by CRPT, the exclusive operator of the system.

The Parent Company's projects combine with those of the Italian subsidiary FT System, the most recent of which reflect the initial results of the synergies being created with Antares Vision Group. The following is a brief description of the most representative projects.

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

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

3. AV GROUP DATA: this project comes from the integration of FT System with Antares Vision and has the aim of collecting data from the inspection systems so that information relating to the efficiency of the production line, product quality and predictive maintenance can be 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.

4. 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 platforms. The

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

5. AV GROUP T&T: 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 a process of comparison and integration with Antares Vision's systems, which began with the acquisition of FT System over a year ago, it will be possible to apply product tracking also in the beverage field.

6. Neural OCR: this project made 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.).

Applied Vision has been concentrating its efforts on the following innovative projects:

1. 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. Ware rotation has many drawbacks to overall customer production line throughput. The added handling of stop-rotate from competitor's machines can cause additional spoilage rates of otherwise sellable containers as well as limiting the speed of ware through the line. Volcano Check will significantly reduce labor and job change time along with a reduction in cost with the elimination of specialized tooling.

2. Volcano On-Board (Volcano OB) - The current Volcano product family (Volcano SSB and Volcano SW) consists of a machine frame that houses all of the optical devices, and a remotely mounted electronic cabinet that is wired to the frame at the time of installation at the customer's premises. This project aims to combine the electronic cabinet and the optical groups in a single machine that does not require field wiring, ensuring better system reliability, reduced energy consumption and therefore lower production costs. No patents have been issued for this development, but the Volcano product family has several previous patents on which the development was based. Some of the development highlights for 2021

included developing new imaging methods, image processing, and computing hardware to allow the machine to use only one computer instead of the three used in the past.

Lastly, rfXcel's end-to-end Track & Trace projects deserve a mention, as they offer complete visibility at every node in the supply chain, from the original manufacturer, importers, wholesalers and distributors to pharmacies, clinics and hospitals, down to individual patients.

1. 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 extremely interested in ensuring complete visibility of the supply chain of its products. The advantages are innumerable and aimed at tracing the origin and authenticity of the products, guaranteeing their safety and allowing efficient management of stocks or recalls.
2. rTH - rfxcel Traceability Hub, aimed at government or public sector business partners. The project aims to create a single information hub for end-to-end monitoring of imported products for their origin, their digital identification or authentication, tracking along the entire supply chain, acquisition of import records for import/tax/customs duty purposes. The regulations on serialisation and traceability are evolving constantly and rapidly and we are confident that the efforts for the development of this project will be amply rewarded by the considerable opportunities to be had in the future.

To pursue these projects Antares Vision has incurred costs, most of which have been expensed. Those that were capitalised and recorded under capitalised development costs at 31 December 2021 amount to Euro 8,307,482 in total. Management believes that these projects will have a successful outcome which should increase turnover and have a positive impact on the results of Antares Vision.

Own shares and shares in Parent Companies

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

The purpose of the buyback is to use treasury shares:

- as an efficient way to invest any excess liquidity generated by the Company's operations;
- to implement incentive plans in whatever form they are structured, or to make bonus issues to shareholders or fulfil obligations deriving from warrants, convertible financial instruments that involve mandatory conversion or which are exchangeable for shares (based on existing transactions or transactions still to be resolved or implemented);

- in operations connected with the core business or of projects consistent with the strategic lines that the Company intends to pursue, which could be suitable for share exchanges in order to integrate operations with potential strategic partners;
- to intervene, in compliance with current regulations, also through intermediaries, to limit anomalous movements in prices and to regularise the trend in trading and prices at times of momentary distortions caused by excessive volatility or insufficient liquidity.

In accordance with the resolution of the Shareholders' Meeting:

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

Following these purchases, at the date of preparing this document, Antares Vision holds 33,916 treasury shares equal to 0.05% of the share capital for a total of Euro 342,272.

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

The Parent Company has some Interest Rate Swap derivative contracts in place to limit the interest rate risk on current bank loans and two forward exchange rate contracts to hedge the exchange rate risk on the intragroup loan to AV US.

Please refer to the Notes for information on these financial instruments.

Business outlook

As part of its positioning and in line with its mission as a Group, the evolution and growth of the business consistently pursue the path followed to date thanks to the following growth drivers:

- **Track & Trace regulations** in the pharmaceutical and other emerging sectors to reduce counterfeiting and grey markets. From recent sources (2020), which have significantly updated the counterfeiting numbers, it is estimated that the profits from the sales of counterfeit medicines are between Euro 150 and 200 billion globally[12] and that losses for the pharmaceutical industry are around Euro 10 billion in Europe alone[13]. Within the pandemic scenario, illicit trade has continued to grow with estimates of an increase of up to 25% between 2019 and 2020 globally[14].

The OECD reckons that this illicit market represents about 1% of global imports[15], entailing costs for European governments in terms of lost revenue of Euro 1.7 billion[16].

These economic costs, combined with the need to protect the health of the population, continue to push government organisations and manufacturing companies to take steps to combat this phenomenon, such as the introduction of regulations and the implementation of new technologies.

If by 2020 60% of the countries in the world have already planned or implemented forms of regulation for the traceability of pharmaceutical products, the adoption of these solutions is still being expanded, even to those developing countries where cases of counterfeiting are most frequent. [17]

Furthermore, alongside the offer of solutions to satisfy the regulations, Track & Trace platforms are implemented to manage government hubs. As happened in Bahrain, thanks to a dedicated solution developed by rfxcel, Antares Vision Group foresees a potential evolution in the implementation of new government hubs around the world, committed to the fight against counterfeiting of medicines and other products.

- existing businesses of each company within the Group, which will continue to be supported and strengthened in each business area.

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[12] *Source: Gartner, Serialization Regulatory Outlook for Anticounterfeiting and Fake Medicines Across the Healthcare Value Chain, March 2020*
[13] *Source: OECD/EUIPO, Trade in Counterfeit Pharmaceutical Products, Illicit Trade, 2020*
[14] *Source: OECD/EUIPO, Global Trade in Fakes, 2021*
[15] *Source: OECD, Illicit Trade, Trade in Counterfeit Pharmaceutical Products made available in May 2020*
[16] *Source: OECD, Illicit Trade, Trade in Counterfeit Pharmaceutical Products made available in May 2020*
[17] *Source: Gartner, Serialization Regulatory Outlook for Anticounterfeiting and Fake Medicines Across the Healthcare Value Chain, March 2020*

- innovation and partnership that continue on a commercial level, above all the partnership with IMA that sees us engaged in several innovative projects, also with the application of artificial intelligence. In addition, the development of the Brand Protection area continues, through strategic partnerships, which will allow it to position itself on the market with a complete portfolio of hardware and software solutions.

- synergies and intra-group cross selling. Currently already underway and in 2022 they will be further strengthened with the implementation of the new internal organisation by business area and product unit. Continuing to pursue the entrepreneurial vision that sees the enabling of digitalization paths and an integrated and transversal management of data along the supply chain, today our value proposition to guarantee TRUSTPARENCY is a valid solution to the new demands of the markets, supply chains and consumers, after the pandemic crisis, consistent with technological and consumer macro-trends.

Technology and consumer trends - in short

Results from multiple research sources (from Gartner, to Deloitte, to digital observatories) have shown how those who have been able to react quickly and change their approach have been able to seize opportunities for growth and innovation.

In short, some figures on the new paradigm and how the pandemic has changed perceptions, actions and behaviours:

- **79% of the population** is changing its shopping preferences based on criteria such as **social responsibility, inclusiveness or environmental impact** (Deloitte)
- **39% of the most mature companies in their digital transformation process have been able to successfully react to the changes brought about by the pandemic**, compared with 12% of the less advanced ones (Deloitte)
- **92% of supply chain executives expect to adopt new business models within 5 years**, with the challenge of mitigating the risks associated with low **visibility, collaboration and sharing** of resources with its commercial partners (Gartner)

According to Gartner, 2022 will be the year of redemption: if 2020 was the year of resilience and 2021 the struggle for survival, this year companies are finally ready with a plan of attack to return to growth. This plan will rely on investments in innovation and digitalization:Gartner predicts for 2022 the fastest growth rate of IT budgets in the last decade, 3.6% up on 2021 levels.

In this context, the role of IT managers becomes crucial, called upon increasingly to decide the company's fate with an IT strategy that considers the main technological trends that will become imperatives for growth in the coming years.

Some of the 12 trends isolated by Gartner as strategic for 2022 are a confirmation of the trends already identified in recent years, others have just appeared on the horizon and may appear disconnected from the concrete reality of companies, but it is important for those who work in the IT sector to know and recognize them. Failing to understand the impact these trends will have on business in the long-term could lead to failure in terms of IT strategy, which is now an essential part of a company's business strategy. The pandemic and the surge in digital services have made the cloud the fulcrum of new digital experiences.

Regulations in the Pharmaceutical sector - in-depth analysis

This is a summary of the implementations - announced and ongoing - of Serialization and Aggregation regulations in some important regions:

- in 2022, the adoption of a "complete" regulation (Serialization and Aggregation) is expected in Brazil, China, Bahrain, United Arab Emirates and India (in this case only as regards exports of pharmaceutical products), except for extensions announced during the year, and the start of the application process in Ethiopia (which provides for "complete" regulation by 2027);
- in 2023, the adoption of aggregation is expected in the United States of America (where only serialization is currently required) and of serialization in Malaysia, Kazakhstan (with a possible postponement to 2024) and Qatar (with a possible postponement to 2025);
- in 2025, the adoption of serialization is expected in Algeria and Pakistan, the adoption of a "complete" regulation in Nigeria, the start of the application process of a "complete" regulation in Indonesia (expiring in 2027).

In the same way as was explained for the Life Sciences sector, the need to ensure TRUSTPARENCY and guarantee the dissemination of products that are safer, traceable and certified for their origin can be extended to all production chains in the world.

With this in mind, Antares Vision has already started diversifying the business through strategic acquisitions, such as those of FT System, Applied Vision, Pen-Tec and Tecnel, which are active in Inspection Solutions in the Food & Beverage sectors.

Borrowing from its experience in the Life Sciences sector, Antares Vision has therefore been able to respond to consumers' growing sensitivity about the quality and genuineness of food and respect for the environment, tracing the entire life cycle of the product "from field to fork", up to the time that the packaging is disposed of and, hopefully, recycled. Concrete examples are the track & trace project for Agrifood, already explained in the section on research and development, and the signing of a partnership for the launch of RurAll S.p.A., described more fully in the section on significant events of the year. In both cases, 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 whole national economy and, consequently, for all consumers.

On the other hand, the rationale behind the acquisition of rfXcel in March 2021 and the very recent acquisition of Acsis in February 2022 is to further strengthen innovative end-to-end software solutions. The latter in particular offers innovative software solutions and services to multinationals with particularly complex and regulated supply chains with an important business in managing the traceability of reusable packaging (used several times in the life cycle in the supply chain), such as baskets, crates and pallets.

Going concern

Based on the economic results and cash generation achieved in recent years, as well as the financial resources available at 31 December 2021, 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.

Conclusions

Dear Shareholders,

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

Travagliato, 7 March 2022

The Board of Directors

Emidio Zorzella	Massimo Bonardi	Alioscia Berto
Marco Claudio Vitale	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 and
- the effective application of the administrative and accounting procedures for the preparation of the financial report during 2021.

No significant aspects emerged in this regard.

They also confirm that:

- 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 important events that took place during the year and their impact on the consolidated financial statements.

Travagliato (Brescia), 7 March 2022

Chairman of the Board of Directors

Emidio Zorzella

Manager in charge of preparing the accounting and corporate documents

Alioscia Berto

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 169,453
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2021

EXPLANATORY NOTES

Statement of financial position	Notes	31/12/2021	31/12/2020 (*)
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	1	26,538,178	21,491,805
Goodwill	2	145,859,266	71,674,404
Other intangible assets	3	83,489,469	35,499,850
Investments in associates, joint ventures and other companies	4	7,341,702	3,971,479
Non-current financial assets	5	235,277	157,857
Deferred tax assets	6	14,964,705	7,024,224
Total non-current assets		**278,428,597**	**139,819,619**
Current assets			
Inventories	7	38,182,503	32,290,540
Trade receivables	8	61,785,590	46,499,287
of which related parties		*1,995,151*	*869,193*
Other receivables	9	10,730,526	16,429,757
Other current financial assets	10	40,145,623	33,144,228
Cash and banks	11	78,332,432	96,044,433
Total current assets		**229,176,674**	**224,408,245**
Total Assets		**507,605,271**	**364,227,864**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	169,451	143,074
Other reserves	12	260,533,370	129,829,967
FTA reserve	12	(15,250,613)	(15,250,613)
Retained earnings	12	14,479,590	2,391,647
Profit/(loss) for the year	12	12,395,990	18,159,313
Total shareholders' equity	**12**	**272,327,788**	**135,273,388**
Capital and reserves attributable to minority interests	12	119,960	375,077
Profit/(loss) attributable to minority interests	12	(48,730)	(43,762)
Total minority interests	**12**	**71,230**	**331,315**
Total shareholders' equity	**12**	**272,399,018**	**135,604,703**
Non-current liabilities			
Non-current loans and borrowings	13	128,150,631	120,077,078
Non-current lease liabilities	14	9,376,073	6,856,513
Other non-current financial liabilities	15	566,764	1,497,331
Retirement benefit obligations	16	8,633,983	6,916,880
Deferred tax liabilities	17	17,583,213	4,688,127
Other non-current liabilities	18	329,207	136,592
Total non-current liabilities		**164,639,871**	**140,172,521**
Current liabilities			
Current loans and borrowings	19	5,989,703	33,915,953
Current lease liabilities	20	1,683,232	1,812,104
Other current financial liabilities	21	459,780	
Current provisions for risks and charges	22	964,618	628,364
Contract liabilities	23	2,721,242	10,769,569
Trade payables	24	18,674,613	14,281,461
of which related parties		*833,425*	*1,036,196*
Other payables	25	40,073,194	27,043,189
Total current liabilities		**70,566,382**	**88,450,640**
Total shareholders' equity and liabilities		**507,605,271**	**364,227,864**

(*) comparative figure restated following recognition of the Purchase Price Allocation of Applied Vision

Income statement		Notes	31/12/2021	31/12/2020
Revenue		26	178,957,767	121,106,130
	of which related parties		*1,438,090*	*355,208*
Other income		27	2,628,602	2,804,788
Changes in finished and semi-finished products		28	(2,061,101)	(3,839,175)
Raw materials and consumables		29	(40,426,341)	(23,951,418)
	of which related parties		*(563,258)*	*(1,714,807)*
Personnel costs		30	(62,658,058)	(41,308,852)
Amortisation and depreciation		31	(15,504,450)	(5,413,442)
Capitalised development costs		32	8,307,482	4,720,792
Sales and marketing costs		33	(6,700,712)	(5,055,134)
	of which related parties		*(106,601)*	*(136,784)*
Service costs		34	(42,040,393)	(26,558,750)
	of which related parties		*(403,140)*	*(365,359)*
Other operating expenses		35	(2,783,222)	(2,585,030)
Operating profit			**17,719,574**	**19,919,909**
Financial charges		36	(7,037,985)	(2,806,470)
Financial income		37	1,347,624	414,340
Foreign exchange gains and losses		38	1,511,365	(2,770,768)
Income (charges) on investments		39	(84,900)	(86,365)
Profit/(loss) before taxes			**13,455,678**	**14,670,646**
Income taxes		**40**	**(1,108,418)**	**3,444,905**
Profit/(loss) after taxes			**12,347,260**	**18,115,551**
Profit/(loss) attributable to minority interests			(48,730)	(43,762)
Profit/(loss) of the year			**12,395,990**	**18,159,313**

Earnings per share			
- Basic, profit attributable to the ordinary shareholders of the Parent Company	41	0.19	0.31
- Diluted, profit attributable to the ordinary shareholders of the Parent Company	41	0.19	0.31

Statement of other comprehensive income	31/12/2021	31/12/2020
Profit/(loss)	**12,347,260**	**18,115,551**
Other comprehensive income		
Other components of comprehensive income that will subsequently be reclassified to profit/(loss):		
Differences on translation of foreign financial statements	7,688,312	(426,318)
Total other components of comprehensive income that will subsequently be reclassified to profit/(loss) after tax	**7,688,312**	**(426,318)**
Items that will not be reclassified subsequently to profit/loss for the year		
Revaluation of defined-benefit plans	(146,944)	(7,354)
Tax effect	35,266	1,765
(Loss)/profit from cash flow hedging	175,206	
Tax effect	(42,049)	
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) after tax	**21,479**	**(5,589)**
Total other comprehensive income after tax	**7,709,791**	**(431,907)**
Total comprehensive profit/(loss) after tax	**20,057,051**	**17,683,644**
Attributable to:		
Shareholders of the Parent Company	20,135,897	17,726,260
Minority shareholders	(78,846)	(42,616)

Statement of cash flows	31/12/2021	31/12/2020
PROFIT/(LOSS)	**12,347,260**	**18,115,551**
Income tax	1,303,702	(3,444,905)
Financial income	(1,347,624)	(414,340)
Financial charges	7,037,985	2,806,470
Depreciation and impairment loss on property, plant and equipment	2,913,663	1,557,087
Amortisation and impairment loss on intangible assets	9,952,001	3,579,111
Employee severance indemnities	(546,076)	(557,158)
Other non-monetary movements	5,973,538	5,536,346
Income taxes paid	(677,229)	(1,770,801)
(Increase)/decrease in inventories	(4,729,256)	(2,790,199)
(Increase)/decrease in trade receivables	(1,138,239)	15,221,124
(Increase)/decrease in other non-financial assets	(281,334)	(1,460,093)
Increase/decrease in trade payables	2,519,300	(5,946,464)
Increase/decrease in other non-financial liabilities	(3,504,008)	(14,375,151)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**29,823,683**	**16,056,578**
Investing activities:		
Purchases of property, plant and equipment, net of disposals	(3,074,273)	(621,899)
Purchases of intangible assets, net of disposals	(13,429,422)	(6,316,708)
Purchases of investments in associates, joint ventures and other companies	(2,330,122)	(244,255)
Purchases of current financial assets	(5,653,771)	(12,000)
Business combinations, net of cash and banks acquired	(112,273,281)	(47,643,478)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(136,760,869)**	**(54,838,340)**
Financing activities:		
New loans and borrowings	218,729,493	71,000,000
Repayments of loans and borrowings	(245,197,428)	(17,916,200)
Interest paid	(1,299,043)	(1,265,194)
Repayments of other financial liabilities	(2,016,230)	(1,708,055)
Other increases in capital	118,148,599	19,501
CASH FLOWS FROM FINANCING ACTIVITIES	**88,365,391.0**	**50,130,052**
NET CHANGE IN CASH AND BANKS	**(18,571,795)**	**11,348,290**
EXCHANGE DIFFERENCE ON CASH AND BANKS	**859,794**	**(503,658)**
Cash and banks at beginning of period	96,044,433	85,199,801
Cash and banks at the end of period	78,332,432	96,044,433

Statement of changes in consolidated shareholders' equity

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	Business combinations	Stock options	Other comprehensive income	Other changes	Profit/(loss)	31/12/2021
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**

Shareholders' equity	31/12/2019	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Price net of ancillary charges	Other increases in capital	Share buyback	Business combinations	Stock options	Other comprehensive income	Other changes	Profit/(loss)	31/12/2020 (*)
Share capital	142,606	-	468	-	-	-	-	-	-	-	-	143,074
Other reserves	109,888,374	19,277,983	19,033	-	-	-	-	-	(431,907)	1,076,484	-	129,829,967
Share premium reserve	*90,983,361*	-	*19,033*	-	-	-	-	-	-	-	-	*91,002,394*
Legal reserve	*98,798*	-	-	-	-	-	-	-	-	-	-	*98,798*
Extraordinary reserve	*30,095,166*	*13,795,450*	-	-	-	-	-	-	-	-	-	*43,890,616*
Reserve for translation of current year's equity	*(1,198,937)*	-	-	-	-	-	-	-	*(426,318)*	*365,284*	-	*(1,259,971)*
OCI reserve	*(1,040,014)*	-	-	-	-	-	-	-	*(5,589)*	-	-	*(1,045,603)*
Stock option plan reserve	-	-	-	-	-	-	-	-	-	*100,410*	-	*100,410*
Other reserves	*(9,050,000)*	*5,482,533*	-	-	-	-	-	-	-	*610,790*	-	*(2,956,677)*
FTA reserve	(15,250,613)	-	-	-	-	-	-	-	-	-	-	(15,250,613)
Retained earnings	287,421	2,639,740	-	-	-	-	-	-	-	(535,515)	-	2,391,647
Profit/(loss) for the year	21,917,723	(21,917,723)	-	-	-	-	-	-	-	-	18,159,313	18,159,313
Total shareholders' equity	**116,985,510**	**-**	**19,501**	**-**	**-**	**-**	**-**	**-**	**(431,907)**	**540,969**	**18,159,313**	**135,273,388**
Capital and reserves attributable to minority interests	179,903	409,619	-	-	-	-	-	-	-	(214,446)	-	375,077
Profit/(loss) attributable to minority interests	409,619	(409,619)	-	-	-	-	-	-	-	-	(43,762)	(43,762)
Total minority interests	**589,522**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(214,446)**	**(43,762)**	**331,315**
Total shareholders' equity	**117,575,033**	**-**	**19,501**	**-**	**-**	**-**	**-**	**-**	**(431,907)**	**326,523**	**18,115,551**	**135,604,703**

(*) comparative figure restated following recognition of the *Purchase Price Allocation* of Applied Vision

EXPLANATORY NOTES

Corporate information

The core business of Antares Vision and its subsidiaries (referred to jointly as “**Antares Vision**” 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, trading in the Parent Company's ordinary shares and warrants began on the STAR segment of the Mercato Telematico Azionario (MTA, Euronext Milan), the screen-based equity market 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 S.p.A. 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 registration number and VAT number 00434000584, REA of Milan 606158, 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[18], all Consolidated Annual Financial Reports of listed companies shall be drawn up in a single electronic reporting format[19] 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 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 the amounts are expressed in Euro units.

<u>Financial Statements</u>

Antares Vision has adopted the following financial statements:

- a statement of financial position that shows current and non-current assets and current and non-current liabilities separately;
- an income statement that classifies costs based on their nature;
- a statement of other comprehensive income, that shows revenue and cost items that are not recognised in the profit or loss for the 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:

*[18] 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.*

[19] 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 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.

Consolidation principles

The consolidated financial statements include the financial statements of Antares Vision S.p.A. and its subsidiaries at 31 December 2021.

Control occurs when Antares Vision is exposed or entitled to variable returns, deriving from its relationship with the entity it has invested in and, at the same time, it has the ability to affect these returns by exercising its power over the entity.
Specifically, Antares Vision controls a subsidiary if, and only if, Antares Vision has:

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

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

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

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

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

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

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 2021 are as follows:

SCOPE OF CONSOLIDATION								
Name	Headquarters	Currency	Direct parent company	Direct investment	Indirect investment	Shareholders' equity (in euro)	Profit/(loss) (in euro)	Consolidation method
Antares Vision Inc.	New York, USA	USD	Antares Vision S.p.A.	100.00%		164,531,416	15,632,643	Line-by-line consolidation
Antares Vision North America LLC	New Jersey, USA	USD	Antares Vision Inc.	100.00%	100.00%	2,006,089	1,228,566	Line-by-line consolidation
Imago Technologies GmbH	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%		7,066,064	770,213	Line-by-line consolidation
Antares Vision do Brasil Ltda	Sao Paulo, Brazil	BRL	Antares Vision S.p.A.	99.99%		(1,229,287)	279,754	Line-by-line consolidation
Legg System Ltda	Sao Paulo, Brazil	BRL	Antares Vision do Brasil Ltda	99.99%	99.99%	13,124	18,230	Line-by-line consolidation
T2 SOFTWARE	Sao Paulo, Brazil	BRL	Antares Vision do Brasil Ltda	51.00%	50.99%	339,971	(66,143)	Line-by-line consolidation
Pharmatrack Sistemas Ltda	Sao Paulo, Brazil	BRL	T2 SOFTWARE	73.00%	37.23%	66,170	(1,592)	Line-by-line consolidation
Antares Vision France Sas	Rillieux-la-Pape, France	EUR	Antares Vision S.p.A.	100.00%		845,410	302,571	Line-by-line consolidation
Antares Vision Ireland Ltd	Galway, Ireland	EUR	Antares Vision S.p.A.	100.00%		8,060	11,988	Line-by-line consolidation
Antares Vision Rus OOO	Moscow, Russia	RUB	Antares Vision S.p.A.	100.00%		40,496	92,059	Line-by-line consolidation
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100.00%		(520,195)	505,980	Line-by-line consolidation
Antares Vision (Shenzhen) International Trading Co., LTD	Shenzhen, China	CNY	Antares Vision Asia Pacific Ltd	100.00%	100.00%	548,721	(26,669)	Line-by-line consolidation
FT System S.r.l.	Piacenza, Italy	EUR	Antares Vision S.p.A.	100.00%		20,898,508	2,756,830	Line-by-line consolidation
FT System North America LLC	Massachusetts, USA	USD	FT System S.r.l.	100.00%	100.00%	820,509	380,023	Line-by-line consolidation
FT Hexagon	Challes les Eaux, France	EUR	FT System S.r.l.	100.00%	100.00%	238,438	(28,579)	Line-by-line consolidation
Pen-Tec S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	100.00%	3,343,417	700,648	Line-by-line consolidation
Tecnel S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	100.00%	2,041,527	128,068	Line-by-line consolidation
Tradeticity d.o.o	Zagreb, Croatia	HRK	Antares Vision S.p.A.	82.80%		145,971	(20,186)	Line-by-line consolidation
Tradeticity Service d.o.o	Belgrade, Serbia	RSD	Tradeticity d.o.o	100.00%	82.80%	(194,577)	19,878	Line-by-line consolidation
Convel S.r.l.	Vicenza, Italy	EUR	Antares Vision S.p.A.	100.00%		4,352,359	1,013,436	Line-by-line consolidation
Antares Vision Germany	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%		180,246	146,508	Line-by-line consolidation
Innovative Marking Digital Solutions	London, UK	GBP	Antares Vision S.p.A.	70.00%		(8,500)	(8,426)	Line-by-line consolidation
Applied Vision Corporation *	Ohio, USA	USD	Antares Vision Inc.	100.00%	100.00%	47,121,390	5,126,191	Line-by-line consolidation
rfXcel Corporation	Delaware, USA	USD	Antares Vision Inc.	100.00%	100.00%	30,904,095 **	11,800,965 **	Line-by-line consolidation
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%		287,836	(54,087)	Line-by-line consolidation
			FT System S.r.l.	0.002%				
Markirovka As a Service	Russia	RUB	Innovative Marketing Digital Solutions (IMDS) UK Ltd	100.00%	70.00%	(51,244)	(50,270)	Line-by-line consolidation

** The merger between Applied Vision Holdings Corporation, Applied Vision Corporation and Applied Vision Services Corporation took effect during the first half of 2021.*

*** Value of the sub-consolidation headed up by rfXcel Corporation*

The scope of consolidation at 31 December 2021 has changed compared with the same period of last year due to the transactions explained below.

The acquisition of Applied Vision Holdings Corporation and its subsidiaries ("Applied Vision") was finalised on 16 December 2020 through Antares Vision Inc. During the first half of 2021, the merger between Applied Vision Holdings Corporation and its subsidiaries took effect and the PPA recognised retroactively at the acquisition date was completed, resulting in the need to restate the comparative figures at 31 December 2020, as explained more fully in the section on Business Combinations. Those comparative figures exclusively include the balance sheet figures of Applied Vision.

On 4 March 2021, FT System S.r.l., a wholly owned subsidiary of Antares Vision S.p.A., acquired 100% of Pen-Tec S.r.l. and 100% of Tecnel S.r.l.

Tecnel specialises in the creation of customised electronics for packaging and filling systems, developing fully customised hardware and software solutions as an effective alternative to traditional technologies linked to certain operating systems, such as PC and PLC. Pen-Tec, which was set up in 2001 by the founder of Tecnel, was created with the aim of extending the know-how and experience gained in the electronics sector to the control and inspection instruments sector.

The purchase price, equal to an initial Euro 11,651 thousand, was paid in cash and entailed an adjustment increasing the price by Euro 460 thousand, as the pre-set targets for 2021 turnover defined in the contracts were achieved. The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan. The purchase price adjustment will be disbursed in 2022. In these consolidated financial statements, it had an effect on the income statement of Euro 317 thousand (net of the financial liabilities previously recognised on the PPA of Pentec, as an estimate for that case).

On 31 March 2021, Antares Vision Inc. finalised the purchase of 100% of rfXcel Corporation ("rfXcel"), which was previously announced to the market on 16 February 2021. rfXcel specialises in developing software for the Life Sciences and Food & Beverage sectors, to guarantee the safety of medicines and products throughout the distribution chain, compliance with the applicable regulations on the matter, and real-time data acquisition and processing. rfXcel operates at government level (known as Level 5), corporate level (known as Level 4), and manages the supply chain through a fully SaaS ("Software-as-a-service") business model, with a significant portion of its revenue deriving from long-term subscriptions, largely recurring.

Given the purchase price of US$ 121,091 thousand[20], (Euro 101,501 thousand at the implicit exchange rate of the foreign exchange hedging transaction[21]), offset by a net financial position of the acquired entity of US$ 1,712 thousand (Euro 1,460 thousand at the exchange rate on the date of acquisition), Mediobanca S.p.A. provided the Parent Company with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market (now Euronext Growth) to the Mercato Telematico Azionario (MTA, now Euronext Milan). The funds were then transferred from the Parent Company to Antares Vision Inc. by the former subscribing an increase in capital of the American holding company.

An additional deferred consideration of up to 30 million dollars may be payable by the Group to the sellers in cash in the first quarter of 2023, subject to the achievement of certain target receipts. Payment of the earn-out is in fact linked to the receipt by 31 December 2022 of up to 19 million dollars under specific contracts, already in existence, which are the basis of recurring revenues but not included in rfXcel's current business plan. Based on current forecasts, it is considered unlikely that this earn-out will be due.

Certain key members of rfXcel's management, including CEO and founder Glenn Abood, have reinvested in Antares Vision 40% of the net proceeds from the sale of their holdings, approximately 8 million dollars. The equivalent of this amount in euro was paid into Antares Vision's coffers as the subscription price of a capital increase reserved

[20] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*
[21] *Euro 103,276 thousand at the exchange rate on the date of acquisition.*

for the managers and approved by the Company's Board of Directors on 29 March 2021 in partial exercise of the mandate to increase the share capital granted by the Shareholders' Meeting on 22 February 2021.

March 2021 also saw the purchase of the minority interest in Antares Vision India, a joint venture set up on 20 April 2019 with the Indian company Jay Instruments and Systems Private Limited. Even though the Parent Company holds a majority stake (51%) in the share capital, up until 31 December 2020 this investment was valued according to the equity method as there were shareholders' agreements that constituted joint control. Following the acquisition of the minority interest, as a result of which Antares Vision S.p.A. now holds 99.998% and FT System the remaining 0.002%, in this consolidated financial report Antares Vision India is included in the scope of consolidation.

On 19 November 2021, the purchase option to buy 30% of Antares Vision North America ("AVNA") was exercised, which allowed Antares Vision Inc. (AV US) to hold the entire share capital of AVNA.

The consideration of Euro 1,900 thousand was offset in part (Euro 356 thousand) against AVNA's receivables from the minority shareholder and in part (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by the Parent Company to AV US through an intragroup loan.

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	3,033,811
SIEMPHARMA SRL	APRILIA (LT), ITALY	30.0%	Joint Venture	2,014,977
RURALL S.P.A.	MILANO, ITALY	25.0%	Associate	1,500,000
SHENZHEN ANTARUIXIN LLC	SHENZHEN, CHINA	40.0%	Joint Venture	398,642
NEURALA	BOSTON (USA)	0.4%	Other companies	244,255
HUMANS GARDEN	ADRO (BS), ITALY	10.0%	Other companies	150,000
OTHER INVESTMENTS	n.a.	n.a.	Other companies	17
Total				**7,341,702**

The main changes that took place during 2021 are reported below. See Note 4 for a more detailed discussion of them.

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 company jointly owned by the partners in equal shares. The investment is recorded in these consolidated financial statements for Euro 1,500 thousand, of which Euro 1,125 thousand not yet called up and therefore recorded under Other payables.

The purpose of this initiative is to create a project to increase the efficiency, ensure the quality and protect from counterfeiting the entire Italian Agro-Food sector, which is crucial for the entire domestic economy and, as a result, for all consumers.

In September 2021, the Parent Company exercised its option to purchase a further shareholding in Siempharma S.r.l., which therefore went from the 10% acquired in January 2019 to 30% with a cash outlay of Euro 1,500 thousand.

Lastly, Shenzhen Antaruixin Limited Liability Company was established to provide greater oversight in China. It is 40%-owned by AV (Shenzhen) International Trading Co., Ltd, which is in turn 100%-owned by Antares Vision Asia Pacific.

Subsidiaries with significant minority interests

As specified in the above section, on 19 November 2021, Antares Vision Inc. exercised the call option on 30% of Antares Vision North America, thus obtaining control over that company. So unlike previous years, 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 31/12/2021	Average exchange rate 2021	Actual exchange rate at 31/12/2020	Average exchange rate 2020
Euro	1	1	1	1
US Dollar	1.1326	1.1827	1.2271	1.1422
Brazilian Real	6.3101	6.3779	6.3735	5.8943
Russian Rouble	85.3004	87.1527	91.4671	82.7248
Indian rupee	84.2292	87.4392	n.a.	84.6392
Hong Kong Dollar	8.8333	9.1932	9.5142	8.8587
Croatian kuna	7.5156	7.5284	7.5519	7.5501
Serbian dinar	117.6165	117.5497	117.4097	117.6524
Chinese yuan	7.1947	7.6282	n.a.	n.a.
British pound	0.8403	0.8596	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 defines whether to measure the minority interest in the acquired company at fair value or in proportion to the minority interest in the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified as administrative expenses.

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

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

Fair value measurement

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

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

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

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

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

Specifically:

- the warrants issued by the Parent Company at the time of the Parent Company's 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 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 in these consolidated financial statements fall under the Level 3 hierarchy as their fair value is determined with reference to variables that are not observable on the market.

Non-current assets held for sale

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

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

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

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

Property, plant and equipment 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 consideration received and the net carrying amount of the asset) 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 assets

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

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

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

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

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

Goodwill

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

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

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

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

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

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

As explained in greater detail in the section on Business Combinations, the following PPAs were carried out during 2021:

- for the acquisition of Applied Vision, completed on 16 December 2020 through Antares Vision Inc. The effects of the allocation were recognised retroactively on the acquisition date with consequent restatement of the statement of financial position at 31 December 2020;
- for the acquisition of Pen-Tec and Tecnel by FT System, completed on 4 March 2021;
- for the acquisition of rfXcel completed on 31 March 2021 through Antares Vision Inc.

Other intangible assets

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

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

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

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

- the technical possibility that the intangible asset will be completed, making it available for use or sale;
- the company's intention to complete the asset and its ability and intention to use or sell it;

- the way in which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to reliably assess the cost attributable to the asset during development.

After initial recognition, development activities are valued at cost less accumulated amortisation or impairment losses. Development activities are amortised over the period of expected benefits.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible asset. The amortisation rates applied, which are the same as 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 cease to apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the income statement. Goodwill is never written up.

Investments in associates, joint ventures and other companies

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

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 objective of carrying out projects aimed at making the entire Italian Agro-

Food sector more efficient, guaranteeing quality and protecting from counterfeiting. 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.

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 include:

- the investment in Shenzhen Antaruixin Limited Liability Company, 40%-owned by AV (Shenzhen) International Trading Co., Ltd, 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 to 30% during the course of 2021.

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

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

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

The statement of profit or loss for the 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 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 assesses whether there is objective evidence that the investments in associates or joint ventures have suffered an impairment. In this case, Antares Vision calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and its carrying amount in the financial statements, recording this difference in the income statement.

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

- the investment in the associate Orobix is recorded for an amount of Euro 3,033,811 following the recognition of the portion of the result of the period pertaining to Antares Vision, negative for Euro 83,936;
- the investment in the joint venture Siempharma is recorded for an amount of Euro 2,014,977; The effect on the income statement was negative for Euro 20,156, represented by the portion of the profit for the period attributable to Antares Vision;
- the investment in the joint venture Shenzhen Antaruixin Limited Liability Company is recorded in the financial statements of AV (Shenzhen) International Trading Co., Ltd at a value of Euro 398,642, following the recognition of the portion of the result of the period pertaining to Antares Vision, a negative Euro 148,383 and the exchange rate effect, also negative, for Euro 8,940.

Deferred tax assets and liabilities

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

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

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

Inventories

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

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

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

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

Trade receivables, other receivables and other financial assets

Initial recognition

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

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

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

Subsequent measurement

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

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

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

Derecognition

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

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

Impairment

Antares Vision records a write-down for expected 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.

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

Trade payables and other financial liabilities

Initial recognition

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

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

Subsequent measurement

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

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

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

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

Derecognition

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

Provisions for risks and charges

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

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

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

Severance indemnity

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

The Italian companies 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 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 below.

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

Antares Vision 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, which involves offering complete software solutions in the form of services.

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 recognized for an amount that reflects the consideration that Antares Vision expects to receive on fulfilment of the performance obligation.

Supply of goods

In the event that two performance obligations are recognized 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 recognized 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.

SaaS

SaaS contracts provide for a commitment by Antares Vision to make proprietary software available to the customer and to provide implementation services, subscription support and maintenance and other professional services.

With regard to the implementation and professional services, the revenue is recognized 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 recognized 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 recognized at a point in time when the service has been completed.

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 in the countries where Antares Vision operates and generates its taxable income.

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

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

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

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

Earnings per share

Basic earnings per share is obtained as the ratio between the Group's profit reported in the consolidated financial 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.

Use of estimates

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

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

<u>Accounting standards issued and entered into force in 2021</u>

Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform, Phase 2

The changes include a temporary easing of the requirements with reference to the effects on the financial statements when the interest rate offered on the interbank market (IBOR) is replaced by an alternative, essentially risk-free rate (RFR):

The changes include the following practical expedients:

- a practical expedient that allows entities to consider contractual changes, or changes in cash flows that are directly required by the reform, to be treated as changes in a floating interest rate, equivalent to a movement in an interest rate on the market;
- to allow the changes required by the IBOR reform to be made as part of the hedging designation and hedging documentation without the hedging relationship having to be discontinued;
- it gives entities temporary relief from having to comply with separate identification requirements when an RFR is designated as hedging a risk component.

These changes have no impact on these consolidated financial statements.

Amendments to IFRS 16 "Leases: Covid-19-Related Rent Concessions beyond 30 June 2021"

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

The changes were to be applicable until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the application period of the practical expedient until 30 June 2022.

The amendments apply to financial years starting on or after 1 April 2021. The Group has not received any concessions on lease payments related to Covid-19, but plans to apply the practical expedient should this situation occur within the permitted application period.

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 is currently evaluating the impact that the amendments will have on the current situation if renegotiation of existing loan agreements becomes necessary.

Amendments to IFRS 3 - “Business Combinations”

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

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

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

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

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

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

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

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

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

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

Annual Improvements 2018-2020 Cycle

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

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

The amendment will be effective for financial years starting on or after 1 January 2022 and early application is permitted. Antares Vision will apply this amendment to financial liabilities that are modified or exchanged subsequently or on the date of the first financial year in which the entity applies this amendment for the first time. No material impacts are expected for Antares Vision with respect to this amendment.

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.

The Group is currently evaluating the impact of the changes to determine the impact they will have on the disclosure of the Group's accounting policies.

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 the Group.

Amendments to "IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

On 7 May 2021 the IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on particular transactions which, at the time of initial recognition, give rise to equivalent temporary differences (taxable and deductible) - transactions relating to leasing contracts are one example.

The amendment will be effective for financial years starting on 1 January 2023 and early application is permitted.

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.

Recoverable amount of non-current assets

Non-current assets include property, plant and equipment, intangible assets, goodwill and other financial assets. Management periodically reviews the carrying amount of the non-current assets held and used and of any assets that have to be disposed of, when facts and circumstances require such a review. This activity is carried out using the estimated cash flows expected from the use or sale of the asset and adequate discount rates to calculate the current value. When the book value of a non-current asset has suffered impairment, Antares Vision records a write-down for the difference between the carrying amount of the asset and the amount that should be recoverable by using or selling it.

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 model for discounting cash flows, which in turn derive from the budgets of the individual cash-generating units and do not include restructuring activities for 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.

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

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").

Refer to the section on Share-based payments for information on the options assigned and their subsequent changes.

Income taxes

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

Deferred tax assets can be used to offset future taxable income, in some cases without time limits, in others within a maximum of 5 years. In light of analyses and the Business Plan, the directors estimate that it will be possible to make full use of the deferred tax assets within the time limit set by each local legislation.

Contingent liabilities

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. In the event that a financial outlay becomes possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

[22] *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 t4he Shareholders' Meeting of Antares Vision S.p.A. held on 24 March 2021.*

For the assessment of contingent liabilities, management can make use of experts and consultants in legal and tax matters.

Disclosure on business combinations

During the course of the year, the PPA relating to the acquisition of Applied Vision Holdings Corporation[23] on 16 December 2020 through Antares Vision Inc. was completed.

On 4 March 2021, FT System S.r.l., a wholly owned subsidiary of Antares Vision S.p.A., acquired 100% of Pen-Tec S.r.l. and 31% of Tecnel S.r.l. and on 31 March 2021 Antares Vision Inc. completed the acquisition of 100% of rfXcel Corporation. For both of these acquisitions, the PPA process was finalised during the year, as explained in the following paragraphs, allocating only the residual part of the difference between the net equity of the companies acquired and the price paid to goodwill.

Acquisition of Applied Vision

The price paid for the acquisition, was US$ 46.6 million[24] (equal to Euro 38 million at the exchange rate ruling on 31 December 2020, the date of the transaction), excluding ancillary charges related to the transaction, which have all been expensed in accordance with IFRS 3.

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

During the year, Antares Vision identified the current values of the acquired assets and liabilities, including potential liabilities. The valuation resulted in the following retroactive allocation in the statement of financial position of Applied Vision at the acquisition date:

- recognition of intangible fixed assets represented by technology for US$ 5.3 million (Euro 4.3 million) with an estimated useful life of 10 years. This recognition did not entail the allocation of deferred taxes as the statutory amortisation recorded periodically by Applied Vision is tax deductible under local legislation;

[23] *On 30 June 2021, the merger between Applied Vision Corporation as the merging company and Applied Vision Holdings Corporation and Applied Vision Services Corporation as the merged companies took effect.*
[24] *The price of US$ 46.6 million includes the US$ 1.1 million price adjustment paid in cash in April 2021.*

- recognition of intangible fixed assets represented by relationships with customers for US$ 7.9 million (Euro 6.4 million) with an estimated useful life of 10 years. This recognition did not entail the allocation of deferred taxes as the statutory amortisation recorded periodically by Applied Vision is tax deductible under local legislation;
- recognition of the portion of goodwill of US$ 15.7 million (Euro 12.8 million) that is tax deductible under local legislation;

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

Statement of financial position	APPLIED VISION 16/12/2020	PPA	APPLIED VISION 16/12/2020 restated
Assets			
Non-current assets			
Fixed assets	5,498,893	23,569,209	29,068,102
Non-current financial assets	119,965	-	119,965
Total non-current assets	**5,618,857**	**23,569,209**	**29,188,066**
Current assets			
Inventories	3,507,110	-	3,507,110
Trade receivables	4,772,414	-	4,772,414
Other receivables	94,098	-	94,098
Cash and banks	2,712,081	-	2,712,081
Total current assets	**11,085,704**	**-**	**11,085,704**
Total assets	**16,704,561**	**23,569,209**	**40,273,770**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	489	-	489
Other reserves	5,127,465	23,569,209	28,696,674
Retained earnings	9,311,524	-	9,311,524
Total shareholders' equity	**14,439,478**	**23,569,209**	**38,008,687**
Current liabilities			
Current loans and borrowings	47,563	-	47,563
Current provisions for risks and charges	152,882	-	152,882
Trade payables	711,913	-	711,913
Other payables	1,352,726	-	1,352,726
Total current liabilities	**2,265,084**	**-**	**2,265,084**
Total shareholders' equity and liabilities	**16,704,561**	**23,569,209**	**40,273,770**

Following these adjustments, the difference between the consideration paid and the net balance between the fair value of the assets acquired and the liabilities assumed with the transaction, as identified and recognised in accordance with IFRS 3, is recognised under goodwill and amounts to US$ 15.7 million (Euro 12.8 million at 31 December 2020 and Euro 13.9 million at 31 December 2021).

The effects of the PPA were acknowledged retroactively at the acquisition date, resulting in the need to restate the comparative figures in the consolidated financial statements at 31 December 2020.

Acquisition of Pen-Tec and Tecnel

With regard to the acquisition of 100% of Pen-Tec and 100% of Tecnel by FT System, the purchase price totalled Euro 11,651 thousand (Euro 8,767 thousand, net of cash acquired) and was paid in cash.

The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.

More specifically, the difference between Pen-Tec's equity and the price paid is as follows:

Pen-Tec	28/02/2021
Consideration paid	8,394,479
Shareholders' equity	2,737,878
Difference	**5,656,602**

This differential was allocated at the acquisition date as follows:

Difference	**5,656,602**
Customer list	2,447,700
Deferred tax provision for the customer list (at 27.9%)	- 682,908
Financial liabilities	- 142,500
Residual goodwill	**4,034,310**

The useful life of the customer list has been estimated at 10 years.

The purchase agreement provided for an increase or decrease in the price based on specific pre-agreed sales targets for 2021. At the time of PPA, a financial liability of Euro 142.5 thousand was recorded. At 31 December 2021, once it had been ascertained that the contractual conditions had been fulfilled, the financial liability was increased by an additional Euro 228 thousand, with the contra-entry going to Financial charges in the income statement.

Similarly, the difference between Tecnel's net equity and the price paid is as follows:

TECNEL	28/02/2021
Consideration paid	3,256,929
Shareholders' equity	1,874,169
Difference	**1,382,759**

This differential was allocated at the acquisition date as follows:

Difference	1,382,759
Customer list	351,600
Deferred tax provision for the customer list (at 27.9%)	- 98,096
Residual goodwill	**1,129,256**

The useful life of the customer list has been estimated at 10 years. The purchase agreement provided for an increase or decrease in the price based on specific pre-agreed sales targets for 2021. After achieving these targets, FT System posted a financial liability of Euro 89 thousand, with the contra-entry going to Financial charges in the income statement.

Acquisition of rfXcel

On 31 March 2021 Antares Vision Inc., 100% controlled by Antares Vision S.p.A., completed the acquisition of 100% of rfXcel, as already announced to the market on 16 February 2021.

Given the purchase price of US$ 121.1 thousand[25] (approximately Euro 101.5 million[26] at the implicit exchange rate of the foreign exchange hedging transaction taken out), Mediobanca S.p.A. provided the Parent Company with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM, now Euronext Growth, to the MTA (now Euronext Milan). The funds were then transferred from the Parent Company to Antares Vision Inc. by the former subscribing an increase in capital of the American holding company. The cash acquired in the transaction was US$ 2,715 thousand (Euro 2,316 thousand).

An additional deferred consideration of up to US$ 30 million may be payable by the Group to the sellers in cash in the first quarter of 2023, subject to the achievement of certain target receipts. Payment of the earn-out is linked to the receipt by 31 December 2022 of up to US$ 19 million under specific contracts, already in existence, which are the basis of recurring revenues but not yet accounted for according to IFRS and therefore not included in rfXcel's current business plan. Based on current forecasts, it is considered unlikely that this earn-out will be due.

[25] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*
[26] *Euro 103.3 million at the spot exchange rate on the acquisition date*

On first-time consolidation, the differential between the rfXcel's net equity and the price paid was:

rfXcel	31/03/2021
Consideration paid	121,091,488
Shareholders' equity	10,179,685
Difference	**110,911,803**

The amounts in the following table are shown in US$

More specifically, the PPA led to:

- recognition of intangible fixed assets represented by relationships with customers for US$ 34.3 million (Euro 29.3 million at the exchange rate on the date of acquisition) with an estimated useful life of 10 years;
- recognition of intangible fixed assets represented by technology for US$ 14.6 million (Euro 12.4 million at the exchange rate on the date of acquisition) with an estimated useful life of 10 years;
- recognition of deferred tax liabilities at the local tax rate of 27%, linked to recognition of the intangible fixed assets referred to in the previous points for US$ 13.2 million (Euro 11.3 million at the exchange rate on the date of acquisition);
- reversal of the net carrying amount of the portion of goodwill already present in the balance sheet of rfXcel for US$ 1.4 million (Euro 1.2 million at the exchange rate on the date of acquisition);
- recognition of the residual portion of goodwill for US$ 76.7 million (Euro 65.4 million at the exchange rate on the date of acquisition).

Acquisition of the minority interest in Antares Vision India

In March 2021, the minority interest in Antares Vision India was purchased. As a result, the Parent Company now holds 99.998% of the share capital and FT System the other 0.002% for a total outlay of Euro 232,310.

Acquisition of the minority interest in Antares Vision North America

On 19 November 2021, the option to buy 30% of Antares Vision North America (AVNA) was exercised, which resulted in Antares Vision Inc. (AV US) holding the entire share capital of AVNA.

The consideration of Euro 1,900 thousand was offset in part (Euro 356 thousand) against AVNA's receivables from the minority shareholder and in part (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by the Parent Company to AV US through an intragroup loan.

Reconciliation of business combinations, net of the cash and cash equivalents acquired

	Pen-tec	Tecnel	rfXcel	India	AVNA	Applied Vision (*)	Total
Consideration paid	8,394,479	3,256,929	103,276,294	232,300	1,900,000	867,900	117,927,902
Cash and cash equivalents acquired	- 1,760,740	- 1,123,030	- 2,315,884	- 101,392	- 353,575	-	- 5,654,621
Business combinations net of cash and banks acquired	**6,633,739**	**2,133,899**	**100,960,410**	**130,908**	**1,546,425**	**867,900**	**112,273,281**

(*) this is the adjustment of the price paid for the acquisition of Applied Vision, the balance sheet effects of which were retroactively incorporated into the Statement of Financial Position, but the actual disbursement took place during 2021

Segment reporting

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

Capital management

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

CAPITAL MANAGEMENT		
Description	**31/12/2021**	**31/12/2020 (*)**
Interest-bearing loans and other loans	145,198,584	162,661,648
Other non-current financial liabilities	566,764	1,497,331
Other current financial liabilities	459,780	0
Cash and cash equivalents	-78,332,432	-96,044,433
Current securities available for sale	-40,145,623	-33,144,228
Net medium and long-term financial position	**27,747,073**	**34,970,317**
Trade and other payables	58,747,807	40,456,705
Net debt	**86,494,880**	**75,427,022**
Shareholders' equity	272,327,788	135,273,388
Total capital	**272,327,788**	**135,273,388**
Capital and net debt	**358,822,668**	**210,700,410**
Gearing ratio	*24.1%*	*35.8%*

(*) comparative figure restated following recognition of the *Purchase Price Allocation* of Applied Vision

The gearing ratio came to 24.1%, compared with 35.8% in the comparative period, which was restated following recognition of Applied Vision's PPA in 2021. The careful refinancing of bank debt finalised by the Parent Company in the second half of 2021, described in greater detail in Note 13, the translisting from the AIM market, now Euronext Growth, to the MTA, now Euronext Milan and the share capital increase resolved as part of the rfXcel operation described in greater detail in Note 11 and Note 12 all contributed to this result.

Note that, in line with market practice, the bank loans held by the Parent Company have financial covenants, which were all met in full at the date of preparing this document.

STATEMENT OF FINANCIAL POSITION

Non-current assets

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

During 2021, Antares Vision's investments in property, plant and machinery and right-of-use assets totalled Euro 26,538,178, for the most part relating to the Italian entities of Antares Vision. These investments amounted to Euro 21,491,805 at 31 December 2020.

Land and buildings, for an amount of Euro 18,424,557, 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. Antares Vision adopted IFRS 16 from 1 January 2019, taking advantage of the exemption granted by the standard with regard to lease contracts for which the duration is less than 12 months or the unit value of the underlying assets does not exceed Euro 5,000 when new.

Plant and machinery show a net carrying amount of Euro 169,303, mainly belonging to FT System, which compares with the balance of Euro 156,768 at 31 December 2020.

Industrial and commercial equipment shows a balance of Euro 1,782,701, of which Euro 1,615,666 for Applied Vision. The previous year's balance is Euro 1,484,349.

Other fixed assets, which at 31 December 2021 have a balance of Euro 1,033,923, include vehicles and cars, furniture and furnishings and electronic and office machines. The increase on the previous year is largely attributable to the Parent Company.

Assets under construction and advances, an amount of 122,852, include advances paid to suppliers for the upgrade and extension of buildings still in progress.

2. Goodwill

Goodwill amounts to Euro 145,859,266, is made up as follows:

GOODWILL		
Company acquired	**31/12/2021**	**31/12/2020 (*)**
FT System	45,297,868	45,297,868
T2 Software	72,983	72,257
Tradeticity	1,073,329	1,073,329
Convel	12,322,155	12,322,155
Applied Vision	13,881,138	12,812,140
rfXcel	67,689,959	-
Pen-tec	4,034,310	-
Tecnel	1,129,256	-
Antares Vision India	253,549	-
Others	104,719	96,656
Total	**145,859,266**	**71,674,404**

(*) comparative figure restated following recognition of the *Purchase Price Allocation* of Applied Vision

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 Purchase Price Allocation process and represents the excess of the acquisition cost incurred over the current value of the assets and liabilities acquired.

As regards the acquisition of Applied Vision on 16 December 2020 through Antares Vision Inc., the Group applied the option to determine the definitive values of the Purchase Price Allocation within 12 months from the acquisition. The comparative figure at 31 December 2020 has therefore been restated.

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.

The Board of Directors of Antares Vision has carried out specific procedures for checking the recoverable value of intangible assets with an indefinite useful life (only goodwill) recognised in the consolidated statement of financial position of Antares Vision at 31 December 2021 ("Reference date").

The scope of analysis includes all intangible assets with an indefinite useful life recorded in Antares Vision's consolidated financial statements.

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

Grouping of assets

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

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

- each acquisition made by Antares Vision provides for the subsequent integration of the business acquired from a strategic and commercial point of view.

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

Measurement approach

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

The set of documents underlying the impairment test carried out by the Directors with the support of an independent external expert and approved by the Board of Directors on 28 February 2022 consists of (i) the preliminary consolidated statement of financial position at 31 December 2021, from which the Net Invested Capital subject to testing has been taken and (ii) the Business Plan of Antares Vision approved by the Board of Directors on 24 January 2022, 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 2022-2024;
- the residual value of the subsequent period calculated with the synthetic perpetual annuity algorithm and based on the figures expected for 2024, 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 8.5% 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 3-month average of yields at 18 January 2022 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 and was determined on the basis of the prices of some listed companies operating in the same sector as Antares Vision;
- size premium (1.5%): based on the market data depending on the stock market capitalisation of Antares Vision;
- additional premium for plan execution risk (2%) applied for countries where the average revenue growth rate for 2023-2024 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 financial debt estimated based on the conditions of the Group's loans (minimum spread 1.5% - maximum 2.9%);
- the expected tax rate, equal to 24%.

Long-term growth rate ("g rate")

the g rate was estimated as equal to the expected long-term inflation in the Eurozone (1.9%), in line with the currency of denomination of the forecast data and the discount rate.

Outcome

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 2021, identifying a "headroom" of 246% 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 232% of the recoverable amount;
- Assuming a decrease in the g rate of 0.25 percentage points, the headroom would have been 235% 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 221% of the recoverable amount.
- In light of the conflict between Russia and Ukraine, the directors carried out sensitivity analyses on the Business Plan (reducing its profitability by up to 5% per year) and on the discount rate (increasing it up to one percentage point) to take into account possible negative effects deriving from this crisis. Even as a result of this sensitivity test, the headroom would have been 199% 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 and from the multipliers expressed by the prices of other companies in the sector. These analyses show that at 31 December 2021 the recoverable amount of the Group of assets under review is considerably higher (in the same order of magnitude as determined by the value in use) than its carrying amount in the consolidated financial statements of Antares Vision.

3. Other intangible assets

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

OTHER INTANGIBLE ASSETS								
Description	**Development costs**	**Industrial patent rights and use of intellectual property**	**Concessions, licences, trademarks and similar rights**	**Customer list**	**Know-how**	**Other intangible assets**	**Fixed assets under construction and advances**	**TOTAL**
Historical cost 31/12/2020	9,472,012	286,032	2,492,578	10,693,700	6,206,600	666,970	140,580	29,958,472
Accumulated amortisation 31/12/2020	- 2,176,982	- 213,098	- 622,681	- 1,336,713	- 501,616	- 364,602	-	- 5,215,692
Carrying amount 31/12/2020	**7,295,031**	**72,934**	**1,869,897**	**9,356,987**	**5,704,984**	**302,368**	**140,580**	**24,742,781**
Adjustments to *fair value* generated by PPAs	-	-	-	6,437,943	4,319,126	-	-	10,757,069
Carrying amount at 31/12/2020 restated	**7,295,031**	**72,934**	**1,869,897**	**15,794,930**	**10,024,110**	**302,368**	**140,580**	**35,499,850**
Increases	7,604,394	113,552	285,532	-	-	-	3,251,226	11,254,704
Increases in historical cost due to expansion of the scope of consolidation	-	-	20,890	-	-	-	-	20,890
Increases in accumulated amortisation due to expansion of the scope of consolidation	-	-	- 20,890	-	-	-	-	- 20,890
Adjustments to *fair value* generated by PPAs	-	-		32,051,326	12,422,175	-	-	44,473,500
Exchange rate effect (historical cost)	-	-	-	1,567,669	797,989	-	123,803	2,489,460
Exchange rate effect (accumulated depr./amort.)	-	-	-	- 125,756	- 60,679	-	-	- 186,435
Elimination of historical cost	-	- 24,447	- 3,874	-	-	- 258,392	-	- 286,713
Elimination of accumulated depr./amort.	-	24,447	3,874	-	-	168,782	-	197,103
Amortisation for the period	- 3,364,511	- 98,149	- 455,714	- 4,145,587	- 1,795,694	- 92,345	-	- 9,952,001
Total changes	**4,239,883**	**15,403**	**- 170,182**	**29,347,651**	**11,363,791**	**- 181,955**	**3,375,029**	**47,989,619**
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**

Other intangible assets only include assets with a finite life and amount to Euro 83,489,469 at 31 December 2021.

The balance at 31 December 2020 was appropriately restated to take into account the effects of Applied Vision's PPA, completed in 2021, which resulted in an overall restatement of Euro 10,757,069 comprising adjustments of Euro 6,437,943 to the amount of the customer list and Euro 4,319,126 to the technologies, both with a useful life of 10 years.

During 2021, the PPAs of Pen-Tec, Tecnel and rfXcel were also carried out, which resulted in a further increase in the customer list of Euro 32,051,326 and in technologies of Euro 12,422,175.

Development costs amount to Euro 11,534,914 already net of accumulated amortisation. In addition to the investments made in previous years, in 2021 development costs were capitalised for Euro 7,604,394, of which Euro 6,624,531 attributable to the Parent Company and Euro 976,863 attributable to FT System. Additional costs of Euro 3,074,723 (net of the relevant exchange rate effect), of which Euro 946,831 relating to Applied Vision, Euro 1,938,960 relating to rfXcel and Euro 188,932 relating to FT System, were capitalised to assets under construction, as they are linked to projects that are still under way and therefore not amortised. 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.

Industrial patent rights and intellectual property rights have a net carrying amount of Euro 88,337, while that of concessions, licences, trademarks and similar rights has gone from Euro 1,869,897 at 31 December 2020 to Euro 1,699,715 at 31 December 2021 mainly represented by software licences.

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

The Investments shown in the consolidated financial statements at 31 December 2021 amount to Euro 7,341,702. Their composition and changes are as follows:

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES									
	ASSOCIATES		JOINT VENTURE		OTHER COMPANIES			RICLASSIFICHE	
Description	OROBIX	RURALL	SIEMPHARMA	SHENZHEN ANTARUIXIN	NEURALA	HUMANS GARDEN	OTHERS	ANTARES VISION INDIA	TOTAL
Value as at 31/12/2020	3,117,747	-	535,133	-	244,255	-	128	74,216	3,971,479
Acquisitions	-	1,500,000	1,500,000	555,965	-	150,000	-	232,310	3,938,275
Disposals	-	-	-		-	-	111		111
Fair value adjustment (*)	- 83,936	-	- 20,156	- 148,383	-	-	-	167,575	- 84,900
Exchange rate effect	-	-	-	- 8,940	-	-	-	-	- 8,940
Other changes	-	-	-	-	-	-	-	- 474,101	- 474,101
Value as at 31/12/2021	3,033,811	1,500,000	2,014,977	398,642	244,255	150,000	17	-	7,341,702

(*) in the case of financial statements in foreign currencies, the fair value adjustment is translated into euro at the year-end exchange rate. The effects on the income statement are shown in Note 39.Income/(charges) on investments are translated at the average exchange rate for the year.

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 3,033,811 following the recognition of the portion of the result for the year pertaining to Antares Vision, negative for Euro 83,936.

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 2021 RurAll was still in the start-up phase and not operational, so no adjustments were made to the fair value.

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 first bought 10% of its share capital on 28 January 2019 and then an additional 20% on 27 September 2021. Already recorded at 31 December 2020 according to the equity method, due to the existing shareholders' agreements that resulted in joint control, the effect generated on the Income Statement for 2021 was a negative Euro 20,156, represented by the portion of the loss for the period pertaining to Antares Vision.

The joint ventures also include Shenzhen Antaruixin Limited Liability Company, 40% owned by AV (Shenzhen) International Trading Co., Ltd., which is in turn 100% controlled by Antares Vision Asia Pacific. This investment is measured according to the equity method and is recorded at an amount of Euro 398,642 following the recognition of the portion of profit for the period attributable to Antares Vision of Euro 157,323 (of which Euro 148,383 included in Income/(charges) on investments commented on in Note 39 and Euro 8,940 relating to the exchange rate effect generated by the different translation of the balance sheet items at the year-end exchange rate as opposed to the income statement items translated at the average exchange rate for the year).

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.

Humans Garden is an agricultural company based in Adro, of which Antares Vision acquired 10% of the share capital in March 2021. It is an entrepreneurial project of sustainable agriculture that values social and economic cooperation, enhancement of the territory and innovation as the driving force of its ideas through the construction of high-tech greenhouses to produce genuine food with a low environmental impact.

As regards the investment in Antares Vision India, the acquisition of the minority interest was finalised in March 2021. Even though the Parent Company held a majority stake (51%) in the share capital, up until 31 December 2020 this investment was measured according to the equity method as there were shareholders' agreements that constituted joint control. Following the acquisition of the residual minority interest, Antares Vision S.p.A. now holds 99.998% and FT System the remaining 0.002%. Against a total outlay of Euro 232,310, the amount of the investment was first adjusted to fair value, resulting in a positive effect on the income statement of Euro 167,575 and subsequently reclassified to investments in subsidiaries to be included in the scope of consolidation.

5. <u>Non-current financial assets</u>

Non-current financial assets amount to Euro 235,277 (Euro 157,857 at 31 December 2020) and relate to security deposits paid to guarantee contracts in force for Euro 228,971 and derivatives for Euro 6,306. The effects of the change in the scope during the year are immaterial.

6. <u>Deferred tax assets</u>

Deferred tax assets amount to Euro 14,964,705 (Euro 7,024,224 at 31 December 2020) and represent 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, including the effects on non-current taxes deriving from first-time adoption of IFRS.

The composition and nature of this item is as follows:

DEFERRED TAX ASSETS										
Description	Temporary differences separate financial statements	Deferred tax assets on tax losses	Tax effect of elimination of unrealised profits	Deferred tax assets IFRS 15	Deferred tax assets IFRS 16	Deferred tax assets IAS 19	Deferred tax assets IAS 38	Deferred tax assets IFRS 2	Other deferred tax assets	Total
Value as at 31/12/2020	**361,993**	**1,834,032**	**560,023**	**3,042,499**	**6,961**	**426,048**	**229,795**	**28,014**	**534,858**	**7,024,224**
Change during the period	-1,785	3,852,637	6,105	-1,186,275	20,422	124,248	-104,855	140,945	555,466	3,406,908
Effect of the change in the scope of consolidation - Pen-Tec	63,989	-	-	-	-	5,112	-	-	-	69,101
Effect of the change in the scope of consolidation - Tecnel	25,672	-	-	-	-	3,951	-	-	-	29,623
Effect of the change in the scope of consolidation - rfXcel	420,462	-	-	4,014,387	-		-	-	-	4,434,849
Value as at 31/12/2021	**870,331**	**5,686,669**	**566,128**	**5,870,612**	**27,383**	**559,359**	**124,940**	**168,959**	**1,090,324**	**14,964,705**

The application of IFRS has entailed the recognition of deferred tax assets, which at 31 December 2021 amounted to Euro 6,751,252. This figure is attributable for Euro 5,870,612 to the application of IFRS 15, of which Euro 4,014,387 refers to rfXcel, Euro 124,940 to the reversal of plant costs that cannot be capitalised, for Euro 559,359 to the entry relating to IAS, Euro 168,959 to the application of IFRS 2 relating to stock options and Euro 27,383 to the application of IFRS 16.

The deferred tax assets on the losses made by Antares Vision Group companies are attributable to the Parent Company for Euro 4,075,861, Antares Vision do Brasil for Euro 639,520 and Antares Vision Asia Pacific for Euro 110,455.

The Board of Directors considers this loss to be temporary, so the conditions for recognising deferred tax assets are deemed to have been met. The valuation was carried out following the general principle of prudence and is based on a Business Plan that suggests that it will be possible to make full use of the deferred tax assets to offset future taxable income in the next three years.

To be more specific, the tax loss recorded by Antares Vision S.p.A. in 2021 was mainly generated by the effects of FTA of IAS/IFRS. These include the decreases linked to the deferral of revenue (IFRS 15) already taxed in previous years for Euro 12.6 million and the costs incurred for the translisting, which were accounted for as a reduction of shareholders' equity as required by IAS 32 for Euro 5.6 million. The ACE and Super ACE deductions, on the other hand, resulted in a decrease of Euro 3.2 million. So it is clear that the tax loss was generated by a series of extraordinary items.

Note that on 28 February 2022 the option was exercised for the national tax consolidation, which will involve FT System and Convel, in addition to the Parent Company as the consolidating company and takes effect from the 2021 tax year. This decision was taken with a view to ever greater integration of Group companies, which will also be able to exploit synergies and maximize economic and financial benefits through tax planning and organisation policies.

As regards the Antares Vision do Brasil, the health situation that sadly saw Brazil among the worst-hit countries did not undermine the forecast of full recovery of the company's financial equilibrium. Encouraging signs came from the positive trend that started at the end of 2020, gaining strength in 2021.

This item also includes the temporary differences generated by the elimination of unrealised intra-group profits, which at the end of the year generated deferred tax assets of Euro 566,128, as well as the temporary differences for Euro 870,331 generated by the application of local tax provisions and implemented in the separate financial statements of the individual Group companies.

Lastly, in Other deferred tax assets, there is an amount of Euro 476,553 that refers to the temporary difference between the tax value and the carrying amount of the implicit goodwill generated by the acquisition of the minority interest in AVNA.

Current assets

7. Inventories

Inventories at 31 December 2021 came to Euro 38,182,503 (Euro 32,290,540 at 31 December 2020), 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
Value as at 31/12/2020	**21,785,972**	**3,694,226**	**6,254,284**	**556,058**	**32,290,540**
Change during the period	1,383,153	3,357,857	24,432	51,202	4,816,645
Effect of the change in the scope of consolidation - Pen-Tec	819,126	-	131,983	-	951,108
Effect of the change in the scope of consolidation - Tecnel	124,210	-	-	-	124,210
Value as at 31/12/2021	**24,112,461**	**7,052,083**	**6,410,699**	**607,261**	**38,182,503**

This value is recognised net of the inventory provision for obsolete and slow-moving goods. During the year, the following changes occurred in the provision:

INVENTORY PROVISION			
Description	**Raw materials, ancillary and consumables**	**Finished products and goods**	**Total Inventory provision**
Value as at 31/12/2020	528,357	287,623	815,981
Provisions	377,868	495,366	873,234
Uses/releases	- 35,999	- 265,111	- 301,110
Value as at 31/12/2021	**870,226**	**517,878**	**1,388,104**

8. Trade receivables

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

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

The changes in Trade receivables are shown below:

TRADE RECEIVABLES			
Description	**Trade receivables**	**Provision for credit risks**	**Total trade receivables**
Value as at 31/12/2020	**47,533,842**	**1,034,555**	**46,499,287**
Change during the period	4,413,402	- 276,023	4,689,425
Effect of the change in the scope of consolidation - Pen-Tec	1,141,715	77,322	1,064,393
Effect of the change in the scope of consolidation - Tecnel	364,427	27,222	337,206
Effect of the change in the scope of consolidation - rfXcel	10,479,961	1,284,682	9,195,279
Value as at 31/12/2021	**63,933,347**	**2,147,757**	**61,785,590**

At 31 December 2021, this item amounts to Euro 61,785,590 (net of a provision for doubtful accounts of Euro 2,147,757) and compares with a balance of Euro 46,499,287 the previous year (net of a provision of Euro 1,034,555).

The increase recorded during 2021 is due to the enlargement of the scope of consolidation for Euro 10,596,878.

The following is an ageing analysis of trade receivables:

	2021	% Incidence	2020	% Incidence
Not yet past due	43,430,120	68%	31,018,063	65%
Past due between 0-30 days	9,659,903	15%	3,855,099	8%
Past due between 31-60 days	4,192,468	7%	2,943,262	6%
Past due between 61-90 days	731,282	1%	1,892,257	4%
Past due between 91-180 days	1,567,079	2%	2,862,703	6%
Past due between 181-365 days	2,774,511	4%	2,591,544	5%
Past due over 180 days	1,577,983	2%	2,370,914	5%
Total gross of the provision for doubtful accou	63,933,347	100%	47,533,842	100%
Provision for doubtful accounts	(2,147,757)		(1,034,555)	
Total trade receivables	61,785,590		46,499,287	

Antares Vision carefully evaluates the solvency of its customers, constantly monitors credit exposure and immediately activates debt collection procedures for past due accounts.

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 10,730,526 and compare with Euro 16,429,757 at 31 December 2020. This item is made up as follows:

OTHER RECEIVABLES				
Description	**Tax receivables**	**Advances to suppliers**	**Other**	**Total other receivables**
Value as at 31/12/2020	11,255,139	2,375,097	2,799,522	16,429,757
Change during the period	- 6,361,726	- 960,954	922,469	- 6,400,210
Effect of the change in the scope of consolidation - Pen-Tec	120,442	-	32,214	152,656
Effect of the change in the scope of consolidation - Tecnel	-	-	10,536	10,536
Effect of the change in the scope of consolidation - rfXcel	-	-	537,787	537,787
Value as at 31/12/2021	**5,013,855**	**1,414,143**	**4,302,528**	**10,730,526**

Tax receivables have gone from Euro 11,255,139 on 31 December 2020 to Euro 5,013,855 on 31 December 2021. This amount is strongly influenced by the tax benefit from the "Patent Box" tax regime for the years 2016-2019, which, in the previous year, led the Parent Company to record tax receivables for Euro 7,783,448, of which Euro

6,709,273 relating to IRES and Euro 1,074,175 to IRAP. During 2021 the credit was assigned without recourse to a leading bank for Euro 6,000,000 and used to offset tax payables for a residual amount.

Advances include advances paid to suppliers, largely attributable to the Parent Company.

Other receivables go from Euro 2,799,522 at 31 December 2020 to Euro 4,302,528 at 31 December 2021. This item mainly consists of accrued income and prepaid expenses, including Euro 580,537 the wider scope of consolidation.

10. Other current financial assets

Other current financial assets amount to Euro 40,145,623 (Euro 33,144,228 at 31 December 2020, attributable to the Parent Company for Euro 34,042,956 and to FT System for Euro 6,102,667).

The increases for the year, equal to Euro 7,001,394, are due:

- for Euro 892,728 to the fair value adjustment to securities and insurance policies held by the Parent Company and recorded under financial income for Euro 896,743 and under financial charges for Euro 4,015;
- for Euro 6,102,667 to the investment by FT System in bonds measured at fair value at the reporting date;
- for Euro 6,000 to periodic payments by the Parent Company for insurance policies.

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 78,332,432 which compares with Euro 96,044,433 in the same period last year.

The composition of this item is shown below:

CASH EQUIVALENTS AND SHORT TERM DEPOSITS				
Description	**Bank and postal deposits**	**Cash and cash equivalents**	**Prepaid payment cards**	**Total**
Value as at 31/12/2020	**95,523,627**	**394,413**	**126,393**	**96,044,433**
Changes during the period	- 22,836,529	- 37,251	- 37,876	- 22,911,655
Effect of the change in the scope of consolidation - Pen-Tec	1,759,891	849	-	1,760,740
Effect of the change in the scope of consolidation - Tecnel	1,121,103	1,927	-	1,123,030
Effect of the change in the scope of consolidation - rfXcel	2,315,884	-	-	2,315,884
Value as at 31/12/2021	**77,883,976**	**359,939**	**88,517**	**78,332,432**

The change in this item is linked, among other things, to the joint effect:

- of the acquisitions of Pen-Tec and Tecnel on 4 March 2021 by FT System for Euro 11,651 thousand (Euro 8,767 thousand, net of the Euro 2,884 thousand of cash acquired). The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.
- the acquisition of rfXcel on 31 March 2021 by Antares Vision Inc. for US$ 121,091 thousand [27] (Euro 101,501 thousand at the implicit exchange rate of the foreign exchange hedge), offset by a net financial position of the acquired entity of US$ 1,712 thousand (Euro 1,460 thousand at the spot exchange rate on the acquisition date).[28] For this transaction, Mediobanca S.p.A. provided the Parent Company with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market, now Euronext Growth, to the Mercato Telematico Azionario (MTA, now Euronext Milan). The funds were then transferred from the Parent Company to Antares Vision Inc. by the former subscribing an increase in capital of the American holding company;
- the increase in capital approved as part of the rfXcel operation through the issue of 668,198 ordinary shares for an amount of Euro 1,604 as higher share capital and Euro 6,807,334 as a higher share premium reserve.
- the translisting from the AIM, now Euronext Growth, to the MTA, now Euronext Milan, which, through the issue of 10,200,000 new shares, led to an increase in share capital of Euro 24,480 and in the share premium reserve of Euro 117,275,520. As a result of this transaction, a negative reserve of Euro 5,598,114 was also recognised to include the costs incurred by the Parent Company on successful completion of

[27] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*
[28] *Euro 103,276 thousand at the spot exchange rate on the acquisition date*

the listing process in proportion to the ratio of newly issued shares through the increase in capital to the total number of listed shares. of the extraordinary costs incurred for the acquisitions and the listing for a total of Euro 8,194 thousand;

- of the assignment without recourse of Euro 6,000,000 relating to a portion of the receivable from Patent Box recorded by the Parent Company at 31 December 2020 (total of Euro 7,783,448, of which Euro 6,709,273 for IRES and Euro 1,074,175 for IRAP);
- of the placement by the Parent Company of non-convertible unsecured bonds (US Private Placement) with Pricoa Capital Group for Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. On that bond loan, 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.
- the operation conducted by the Parent Company to refinance the existing bank debt by taking out new bank loans with an average duration of around 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of 1.7%. For some of these loans, Antares Vision Group is required to comply with financial covenants in line with market practice, which were fully met at the date of preparation of this document.
- of the investments:
    - for the exercise of the call option on 30% of Antares Vision North America ("AVNA"), which resulted in Antares Vision Inc. ("AV US")holding 100% of the share capital of AVNA. The consideration of Euro 1,900 thousand was offset in part (Euro 356 thousand) against AVNA's receivables from the minority shareholder and in part (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by Antares Vision to AV US through an intragroup loan.
    - for the exercise of the call option on an additional stake (from 10% to 30%) in Siempharma, with an outlay of Euro 1,500 thousand;
    - for the purchase of a minority share of Antares Vision India, with an outlay of Euro 232 thousand;
    - for the establishment of RurAll, in which the Parent Company holds 25% of share capital, equal to Euro 1,500 thousand, of which Euro 375 thousand paid in;
    - for the purchase of 40% of Shenzhen Antaruixin Limited Liability Company, which entailed an outlay of Yuan 4 million (equal to Euro 523,443), made available to AV (Shenzhen) International Trading Co. Ltd by Antares Vision Asia Pacific.

Assets held for sale

At 31 December 2021 there were no assets held for sale.

Shareholders' equity

12. **Share capital and reserves**

Shareholders' equity at 31 December 2021 amounts to Euro 272,399,018, compared with Euro 135,604,703 the previous year.

The share capital at 31 December 2021 amounts to Euro 169,451, of which Euro 168,144 paid in (Euro 143,074 at 31 December 2020, fully paid in), divided into 69,118,563 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value.

The share premium reserve shown under Other reserves had a value at the end of the year of Euro 209,466,890 (Euro 91,002,394 at 31 December 2020).

During the year, the following corporate events affected this item:

- the translisting from the AIM market, now Euronext Growth, to the MTA, now Euronext Milan, which, through the issue of 10,200,000 new shares, led to an increase in share capital of Euro 24,480 and in the share premium reserve of Euro 117,275,520. As a result of this transaction, a negative reserve of Euro 5,598,114 was also recognised to include the costs incurred by the Parent Company on successful completion of the listing process in proportion to the ratio of newly issued shares through the increase in capital to the total number of listed shares. This approach reflects the provisions of IAS 32 and led to the determination of the following proportion:

Ordinary shares outstanding	Ordinary shares newly issued	Ordinary shares after listing
58,798,140	10,200,000	68,998,140
85.22%	*14.78%*	*100.00%*

Note that the commissions paid to the banks that coordinated the offer have all been deducted from equity as the commissions on the existing shares sold as part of the offer were borne by the selling shareholders and the listing costs charged to the Parent Company only included the commissions on the new shares issued;

- the increase in capital approved as part of the rfXcel operation through the issue of 668,198 ordinary shares for an amount of Euro 1,604 as higher share capital and Euro 6,807,334 as a higher share premium reserve. The increase in capital formed part of the execution of the agreements signed on 16 February 2021 for the acquisition by Antares Vision Inc., a company wholly owned by Antares Vision S.p.A., of 100% of rfXcel. It was reserved for subscription by certain shareholders and key members of rfXcel's management for them to reinvest in the Antares Vision Group 40% of the net proceeds received by them on selling their shares in rfXcel;
- the exercise during the year of 578,953 warrants issued in April 2019 at the time of the business combination between the Parent Company and Alp.I S.p.A. in favour of the latter's shareholders with a view to the listing of Antares Vision S.p.A. on the AIM, now Euronext Growth, which increased the share capital by Euro 293 and the share premium reserve by Euro 11,915.

The extraordinary reserve increased due to the allocation of the profit made by the Parent Company at 31 December 2020. The other reserves also include the negative reserve for treasury shares of Euro 342,272, set up during the year on the purchase of 33,916 own shares in accordance with IAS 32 and the reserve set up as a contra-entry to the cost of the Stock Option Plans for the period. For more information, please refer to the summary statement of changes in consolidated shareholders' equity included in the consolidated accounting schedules.

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

	31/12/2021		31/12/2020 *	
	Shareholders' equity	of which: Result for the year	Shareholders' equity	of which: Result for the year
Shareholders' equity and profit for the year of the Parent Company (IFRS)	**249,890,810**	**(280,428)**	**131,444,637**	**17,785,876**
Surplus of shareholders' equity in the financial statements, including the results for the year, compared with the book value of investments in consolidated companies	31,413,427	18,178,690	7,504,046	59,970
Foreign currency translation reserve	6,428,341	-	(1,228,535)	-
Elimination of the effects of transactions carried out between consolidated companies	(1,570,811)	(202,003)	(1,368,805)	941,232
Effect of the application of international accounting standards in the financial statement of consolidated companies	(13,833,979)	(5,300,268)	(1,077,956)	(627,765)
Effect of application of IFRS 15	(14,903,034)	(5,652,308)	(948,460)	(629,288)
Effect of application of IFRS 16/IAS 17	1,599,423	420,372	281,376	31,588
Employee Severance Fund discounting effect	(530,368)	(68,332)	(410,871)	(30,065)
Effect of application of IFRS 3	(439,378)	(439,378)	-	-
Shareholders' equity and result for the year as reported in the Group's financial statements	272,327,788	12,395,990	135,273,388	18,159,313
Minority interest in shareholders' equity and result	71,230	(48,730)	331,314	(43,762)
Consolidated shareholders' equity and result	**272,399,018**	**12,347,260**	**135,604,702**	**18,115,551**

(*) comparative figure restated following the Purchase Price Allocation of Applied Vision as explained in the Business Combinations section and on FTA of IAS/IFRS by the Parent Company Antares Vision S.p.A.

Non-current liabilities

13. Non-current loans and borrowings

At 31 December 2021, non-current loans and borrowings amount to Euro 128,150,631 (Euro 120,077,078 at 31 December 2020), almost entirely attributable to the Parent Company. The composition is shown below:

NON-CURRENT LOANS AND BORROWINGS			
Description	**Medium/long-term loans (share over 12 months)**	**Warrants**	**Total non-current loans and financing**
Value as at 31/12/2020	**115,865,821**	**4,211,257**	**120,077,078**
Change during the period	4,798,592	3,274,961	8,073,553
Value as at 31/12/2021	**120,664,413**	**7,486,218**	**128,150,631**
of which: over 5 years	*75,435,151*	*-*	*75,435,151*

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) and the financial liability generated by the issue of warrants in conjunction with the listing of Antares Vision S.p.A. on the AIM, now Euronext Growth.

During the second half of 2021, Antares Vision Group fully refinanced its existing bank debt, paying off the outstanding bank loans and contracting new ones with an average duration of around 5 years, a maturity of 7-8 years and an average fixed cost (post-hedging) of around 1.7%.

In September 2021, the placement of unsecured and non-convertible bonds (US Private Placement) was finalised at Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the main players in the private placement market, for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued do not have a rating and are not intended for listing on regulated markets. The issue is not backed by collateral.

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.

During 2021, two tranches of a loan were also disbursed under the Sustainable Growth Fund - Digital Agenda for Euro 3,729,493, of which Euro 474,473 maturing beyond 5 years.

Non-current loans and borrowings also include the adjustment of 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.

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

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

The table below shows the changes in this item. The change of Euro 3,274,961 was recorded under Financial charges:

NON-CURRENT LOANS AND BORROWINGS			
Description	**no. Warrants**	**Price**	**Financial liabilities**
Value as at 31/12/2020	**3,074,359**	**1.3698**	**4,211,257**
Changes during the period	- 578,953		3,274,961
Value as at 31/12/2021	**2,495,406**	**3.0000**	**7,486,218**

14. Non-current lease liabilities

Non-current lease liabilities amount to Euro 9,376,073 (Euro 6,856,513 at 31 December 2020). The increase is linked for Euro 1,036,197 to the rental contract for the new registered office of Antares Vision France, for Euro

103,507 to the lease contract stipulated by FT System for IT equipment and for Euro 621,956 for long-term rental agreements for cars supplied to Group employees.

The change in scope led to higher financial liabilities for Euro 565,774, of which Euro 303,983 relating to rfXcel and Euro 261,792 relating to Pen-Tec.

Antares Vision Group has adopted IFRS 16 for the accounting treatment of leases and rental contracts. The application of this new standard did not generate significant effects on the consolidated income statement as Antares Vision Group was already making use of the opportunity provided by Legislative Decree 127/91 by accounting for leases using the financial method.

At the time of signing a contract, Antares Vision Group 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 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. At 31 December 2021 the amount of these fees was equal to Euro 165,056.

15. Other non-current financial liabilities

At 31 December 2021 Other non-current financial liabilities amount to Euro 566,764 (Euro 1,497,331 at 31 December 2020) almost completely attributable to the Parent Company and linked to derivatives that the Parent Company subscribed to hedge fluctuations in the interest rates of several bank loans

16. Retirement benefit obligations

Retirement benefit obligations are shown in the consolidated financial statements at 31 December 2021 for Euro 8,633,983 which compares with the balance of Euro 6,916,880 at 31 December 2020.

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 and the effect of discounting the liability that existed at the reference date.

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

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

The individual demographic assumptions adopted were as follows:

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

The technical bases used are listed below:

ECONOMIC ASSUMPTIONS		
Description	**31/12/2021**	**31/12/2020**
Annual discount rate	0.98%	0.53%
Annual inflation rate	1.75%	0.80%
Annual rate of increase in severance	2.81%	2.10%
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	**31/12/2021**	**31/12/2020**
Frequency of advances	1.50%	1.50%
Frequency of turnover	2.50%	2.50%

The following is a reconciliation of the IAS 19 valuations between the beginning of the period and at 31 December 2021:

IAS 19 EVALUATIONS RECONCILIATION						
Description	**ANTARES VISION**	**FT SYSTEM**	**CONVEL**	**PEN-TEC**	**TECNEL**	**TOTAL**
Defined Benefit Obligation (DBO)	**4,822,016**	**1,973,522**	**97,309**	**141,144**	**184,680**	**7,218,672**
Service Cost	1,021,434	389,900	32,959	25,139	16,417	1,485,849
Interest Cost	26,984	11,145	507	705	989	40,330
Benefits paid	- 91,951	- 103,665	- 19,862	- 22,998	- 19,613	- 258,090
Adjustments	-	-	-	-	-	-
Expected DBO end of period	**5,778,482**	**2,270,902**	**110,913**	**143,991**	**182,473**	**8,486,761**
A(G)/L from experience	- 42,214	- 44,781	80	3,305	- 1,482	- 85,093
A(G)/L from change of demographic	-	-	-	2	4	6
A(G)/L from discount rate exchange	152,608	44,840	3,479	3,900	641	205,467
Defined Benefit Obligation (DBO) end of	**5,888,876**	**2,270,960**	**114,472**	**151,197**	**181,636**	**8,607,141**

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS					
Description	**ANTARES VISION DBO 31/12/2021**	**FT SYSTEM DBO 31/12/2021**	**CONVEL DBO 31/12/2021**	**PEN-TEC DBO 31/12/2021**	**TECNEL DBO 31/12/2021**
Turnover rate +1%	5,718,230	2,205,280	111,171	147,843	180,018
Turnover rate -1%	6,092,182	2,349,377	118,449	155,106	183,437
Inflation rate +0.25%	6,087,827	2,349,375	118,624	155,635	184,384
Inflation rate -0.25%	5,698,725	2,196,054	110,515	146,937	178,955
Discount rate +0.25%	5,649,100	2,177,503	109,671	146,059	178,198
Discount rate -0.25%	6,143,594	2,370,271	119,582	156,611	185,182

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

SERVICE COST AND DURATION					
Description	**ANTARES VISION**	**FT SYSTEM**	**CONVEL**	**PEN-TEC**	**TECNEL**
Service cost in the future	1,120,380	374,637	42,672	29,067	15,573
Duration	23.9	23.7	23.3	20.7	12.5

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**
1	210,478	86,002	4,307	14,026	7,831
2	234,518	86,551	5,683	6,110	8,330
3	267,454	97,108	7,023	6,967	8,820
4	356,755	107,369	8,325	7,813	9,303
5	367,703	130,572	9,596	8,643	9,806

17. Deferred tax liabilities

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

At 31 December 2021 the deferred taxes recognised under liabilities in the statement of financial position amounted to Euro 17,583,213. The balance at 31 December 2020 of Euro 4,688,127 has been restated to take into account the effect of Applied Vision's Purchase Price Allocation (PPA).

The PPA conducted during the year resulted in the recognition of deferred tax liabilities at the date of inclusion in the scope of consolidation:

- Euro 682,908 for Pen-Tec;
- Euro 98,096 for Tecnel;
- Euro 11,252,034 for rfXcel (at a local tax rate of 27%).

18. Other non-current liabilities

At 31 December 2021, other non-current liabilities amounted to Euro 329,207, compared with the balance of Euro 136,592 at 31 December 2020. Euro 166,572 refers to FT North America and Euro 84,790 to rfXcel.

Current liabilities

19. Current loans and borrowings

Current loans and borrowings amount to Euro 5,989,703 compared with Euro 33,915,953 last year.

The movements and composition of this item are shown below:

CURRENT LOANS AND BORROWINGS				
Description	**Medium/long-term loans (share within 12 months)**	**Credit cards**	**Other current loans**	**Total current loans and financing**
Value as at 31/12/2020	**28,803,870**	**112,083**	**5,000,000**	**33,915,953**
Change during the period	- 23,912,532	100,811	- 5,000,000	- 28,811,721
Effect of the change in the scope of consolidation - rfXcel	855,449	30,022	-	885,471
Value as at 31/12/2021	**5,746,787**	**242,917**	**-**	**5,989,703**

This item includes the portion within 12 months of medium/long-term loans that the Parent Company has with leading banks. As described in greater detail in Note 13, in the second half of 2021, 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. As a result of that refinancing, Antares Vision Group was able to benefit from a new pre-amortisation period, resulting in the significant decrease in this item.

The amount of Euro 242,917 refers to the balance due on corporate credit cards.

Other current loans at 31 December 2020 included a short-term loan received from the Parent Company and repaid in July 2021.

20. Current lease liabilities

Current lease liabilities amount to Euro 1,683,232 (Euro 1,812,104 at 31 December 2020), which is the portion due within twelve months of payables to lease companies following the application of IFRS 16. Please refer to the explanation of non-current lease liabilities given in *Note 14*.

21. Other current financial liabilities

At 31 December 2021, other current financial liabilities amount to Euro 459,780, comprised of financial liabilities recorded by FT System for the upwards adjustment of the price for the acquisition of 100% of Pen-tec and Tecnel. That adjustment was defined by contract, based on the pre-set targets for 2021 turnover and the related fair value at the acquisition date, equal to Euro 142,500, was recognised under financial liabilities upon PPA. The additional price to be paid to the sellers, equal to Euro 317,280, is shown under financial charges. The price adjustment will be paid during 2022.

22. Current provisions for risks and charges

At 31 December 2021, current provisions for risks and charges amount to Euro 964,618 and compare with the balance of Euro 628.364 at 31 December 2020. 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**
Value as at 31/12/2020	**552,792**	**50,254**	**25,319**	**628,364**
Uses of the period	- 486,424	- 38,022	-	- 524,446
Provisions for the period	797,492	-	18,580	816,071
Effect of the change in the scope of consolidation - Pen-Tec	-	44,628	-	44,628
Value as at 31/12/2021	**863,859**	**56,860**	**43,899**	**964,618**

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 involved adjusting the provision by Euro 797,492 after using Euro 486,424 during the year.

This item also includes the provision for agents' severance indemnity for Euro 43,899, as well as contingent liabilities related to legal disputes that FT System has with a customer estimated at Euro 56,860, being the probable costs of logistics and transport that the company will have to support for the return of the machinery.

In carrying out its analyses, management is advised by its consultants and experts in legal and tax matters. The Group ascertains a liability for 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 reflect the best current estimate.

23. Contract liabilities

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

This deferral generated an FTA Reserve at 1 January 2018 of Euro 15,250,613. The value recorded under Contract liabilities refers to contracts with customers for which there is a single performance obligation and reflects the value of the goods (net of their cost of sales) delivered to the customer, but for which installation has not yet been completed. The changes are reported below:

CONTRACTUAL LIABILITIES	
Description	Contract liabilities
Value as at 31/12/2020	**10,769,569**
Changes during the period	- 8,048,327
Value as at 31/12/2021	**2,721,242**

24. Trade payables

The balance of trade payables is equal to Euro 18,674,613 (Euro 14,281,461 at 31 December 2020), all with a duration of less than twelve months.

TRADE PAYABLES	
Description	Trade payables
Value as at 31/12/2020	**14,281,461**
Changes during the period	2,630,789
Effect of the change in the scope of consolidation - Pen-Tec	1,137,094
Effect of the change in the scope of consolidation - Tecnel	117,886
Effect of the change in the scope of consolidation - rfXcel	507,381
Value as at 31/12/2021	**18,674,613**

The increase during the year is attributable for Euro 1,762,361 to the change in the scope of consolidation. A further contribution to the increase in trade payables was caused by a review of the payment conditions with suppliers who agreed to extend the payment deadlines, given Antares Vision's high standing and its loyal relationship with them.

25. Other payables

Other payables amount to Euro 40,073,194 compared with Euro 27,043,189 at 31 December 2020.

The composition of this item is shown below:

OTHER PAYABLES							
Description	**Advances from customers**	**Payables to personnel**	**Payables to social security institutions**	**Tax payables**	**Accrued expenses and deferred income**	**Other payables**	**Total**
Value as at 31/12/2020	**14,750,277**	**4,852,065**	**2,459,075**	**1,792,152**	**2,248,429**	**941,191**	**27,043,189**
Changes during the period	- 588,307	502,709	542,897	4,239,781	785,382	- 864,306	4,618,156
Effect of the change in the scope of consolidation - Pen-Tec	144,303	15,520	9,522	19,623	-	-	188,968
Effect of the change in the scope of consolidation - Tecnel		11,962	26,841	61,187	14,251	16,419	130,661
Effect of the change in the scope of consolidation - rfXcel	5,724,915	846,006	-	1,521,298	-	-	8,092,220
Value as at 31/12/2021	**20,031,189**	**6,228,263**	**3,038,335**	**7,634,041**	**3,048,062**	**93,304**	**40,073,194**

Advances from customers relate to amounts collected from customers as an advance on sales still to be completed. The change during the year was impacted by the inclusion of rfXcel in the scope of consolidation for Euro 5,724,915.

Payables to personnel include payables for wages and salaries due at the end of the year. At 31 December 2021, these are impacted by the expansion of the scope of consolidation for Euro 873,489, of which Euro 846,006 for rfXcel, Euro 15,520 for Pen-Tec and Euro 11,962 for Tecnel.

Payables to social security institutions amount to Euro 3,038,335 (Euro 2,459,075 at 31 December 2020), comprising Euro 1,835,139 attributable to the Parent Company, Euro 392,817 to FT System and Euro 327,094 to Antares Vision France. This item includes payables to INPS and INAIL of Italian companies and those to local social security institutions of foreign companies.

Tax payables include direct taxes due, net of any advances paid, and the amounts withheld from employees' salaries. This item, which amounts to Euro 7,634,041 at 31 December 2021, comprised Euro 4,063,201 in tax payables recorded by rfXcel at the reporting date. Of this figure, Euro 1,521,298 was recorded at the date of rfXcel's inclusion in the scope of consolidation

Accrued expenses and deferred income include the portions of interest expenses on loans pertaining to the year, as well as the portions of revenues on service contracts that were already invoiced at the end of the year, but not pertaining to it.

INCOME STATEMENT

26. Revenue

Revenue at 31 December 2021 amounts to Euro 178,957,767. The figure was significantly affected by the change in the scope of consolidation during the year, illustrated in greater detail in the table below.

REVENUES	
Description	**Revenue**
Value as at 31/12/2020	121,106,130
Value as at 31/12/2021	178,957,767
of which relating to Applied Vision (*)	*26,166,672*
of which relating to Pen-Tec	*2,252,817*
of which relating to Tecnel	*369,091*
of which relating to rfXcel	*20,985,148*
of which relating to Antares Vision India	*17,484*
Change	57,851,637
Change on a like-for-like basis	*8,060,425*

** included in the scope of consolidation at 31 December 2020 for the statement of financial position only*

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

Revenue by geographical area	2021	2020
Italy	32,016,025	20,062,960
Europe	54,573,019	63,942,004
North & south America	61,784,286	23,819,718
Asia	20,154,084	8,951,808
Africa and the Middle East	10,430,353	4,329,640
Antares Vision Group	**178,957,767**	**121,106,130**

The breakdown of revenue by market is shown in the following table:

Revenue by market	2021	2020
Life Sciences	111,164,161	90,290,231
FMCG	67,793,607	30,815,899
Antares Vision Group	**178,957,767**	**121,106,130**

27. Other income

At 31 December 2021, other income amounts to Euro 2,628,602, mostly relating to the Parent Company, compared with Euro 2,804,788 the previous year.

The composition and changes of the item are shown below:

OTHER INCOME			
Description	**Operating grants**	**Other revenues**	**Total**
Value as at 31/12/2020	2,465,088	339,700	2,804,788
Value as at 31/12/2021	2,459,788	168,814	**2,628,602**
Change	-5,300	-170,886	-176,186

The effect on this item of changes in the scope of consolidation with respect to the comparative period is negligible.

Among operating grants, relating almost exclusively to the Parent Company, the following are recorded:

- Euro 1,845,203 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. Those grants will be collected during 2022, following completion of the required administrative procedure.
- Euro 515,352 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 negative Euro 2,061,101 (negative Euro 3,839,175 at 31 December 2020). Change in inventories of finished products is negative for Euro 5,344,778 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 40,426,341, compared with Euro 23,951,418 at 31 December 2020.

RAW MATERIALS AND CONSUMABLES				
Description	**Change in inventories of raw materials**	**Goods**	**Consumables**	**Total**
Value as at 31/12/2020	-2,369,858	25,016,809	1,304,467	23,951,418
Value as at 31/12/2021	-347,053	38,194,690	2,578,704	**40,426,341**
of which relating to Convel	*-45,370*	*414,016*	*16,521*	*385,167*
of which relating to Antares Vision GmbH	*-*	*38,572*	*-*	*38,572*
of which relating to Applied Vision	*-617,973*	*4,169,191*	*21,019*	*3,572,236*
of which relating to Pen-Tec	*-146,406*	*768,786*	*6,297*	*628,677*
of which relating to Tecnel	*-50,833*	*77,712*	*416*	*27,295*
of which relating to rfXcel	*-*	*0*	*-*	*-*
of which relating to Antares Vision India	*-12,733*	*40,206*	*-*	*27,473*
Change	2,022,805	13,177,881	1,274,237	16,474,923
Change on a like-for-like basis	*2,896,120*	*7,669,399*	*1,229,984*	*11,795,503*

The movements and composition of the item are summarised in the table below:

Similarly to the change in inventories of semi-finished products and work in progress commented on in Note 27, the increase in raw materials is attributable to the desire to acquire materials in view of the higher orders expected and therefore represents a conscious investment.

30. Personnel costs

Personnel costs amounted to Euro 62,658,058 compared with Euro 41,308,852 at 31 December 2020. Changes in this item are shown below:

TOTAL PERSONNEL COSTS	
Description	**TOTAL PERSONNEL COSTS**
Value as at 31/12/2020	41,308,852
Value as at 31/12/2021	**62,658,058**
of which relating to Applied Vision (*)	*5,712,989*
of which relating to Pen-Tec	*469,123*
of which relating to Tecnel	*273,542*
of which relating to rfXcel	*6,043,827*
of which relating to Antares Vision India	*231,924*
of which relating to others companies	*54,319*
Change	21,349,207
Change on a like-for-like basis	*8,563,482*

** included in the scope of consolidation at 31 December 2020 for the statement of financial position only*

The increase in personnel costs (51.7%) is attributable for 31% (i.e. 60% of the increase) to changes in the scope of consolidation. Excluding this, the increase comes to 20.7% (or 40% of the increase) compared with the figure at 31 December 2020 and is consistent with the hiring policy implemented by the Group to provide Antares Vision with the human capital needed to meet expected growth. The increase in human resources (714[29] at 31 December 2020, 835 at 31 December 2021 on a like-for-like basis) is therefore to be considered a conscious investment for the future, aimed at the fulfilment of the Antares Vision strategy.

31. Amortisation and depreciation

At 31 December 2021, the balance of amortisation and depreciation amounts to Euro 15,504,450 compared with Euro 5,413,443 at 31 December 2020.

AMORTISATION AND DEPRECIATION				
Description	**Amortisation intangible assets**	**Depreciation property, plant and equipment**	**Write-downs**	**Total**
Value as at 31/12/2020	3,579,111	1,557,087	277,245	5,413,443
Value as at 31/12/2021	9,952,001	2,913,663	2,638,786	**15,504,450**
of which relating to Applied Vision (*)	*1,116,090*	*443,336*	*-*	*1,559,426*
of which relating to Pen-Tec	*2,844*	*60,157*	*-*	*63,001*
of which relating to Tecnel	*577*	*28,892*	*-*	*29,469*
of which relating to rfXcel	*-*	*162,590*	*2,222,216*	*2,384,806*
of which relating to Antares Vision India	*188*	*24,941*	*-*	*25,128*
Change	6,372,890	1,356,576	2,361,541	10,091,007
Change on a like-for-like basis	*5,253,192*	*636,661*	*139,324*	*6,029,177*

** included in the scope of consolidation at 31 December 2020 for the statement of financial position only*

Amortisation amounts to Euro 9,952,001, compared with Euro 3,579,111 in the comparative period. 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 4,145,587 (Euro 1,069,370 at 31 December 2020) and for the technologies of Euro 1,795,693 (Euro 405,067 at 31 December 2020). As regards Applied Vision, this amortisation and depreciation is recognised directly in the company's income statement.

There is also higher amortisation as a result of the investments in development costs and proprietary software.

[29] *Excluding Applied Vision, which was included in the scope of consolidation at 31 December 2020, but whose personnel costs were included in the Group's income statement only from 2021.*

Depreciation is mostly on buildings for Euro 2,076,898 (Euro 1,306,511 at 31 December 2020) and on furniture and fittings and electronic office machines for a total of Euro 629,328 (Euro 86,569 at 31 December 2020). The increase on the comparative figure is attributable to the change in the scope of consolidation for Euro 719,915.

Write-downs include the write-down of trade receivables. The Group carefully evaluates the solvency of its customers, constantly monitors credit exposure and immediately activates debt collection procedures 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.

The amount of Euro 2,638,786 recorded at 31 December 2021 is almost fully attributable to rfXcel, as a result of write-downs of receivables. During 2021, efforts to recover this balance continued, but with results that got less and less optimistic until negotiations broke down entirely. This evolution has led to the belief that the risk of non-collection is probable and that the balance should be written off.

32. Capitalised development costs

Capitalised development costs amount to Euro 8,307,482, of which Euro 5,601,531 attributable to the Parent Company, Euro 1,056,308 to FT System, Euro 775,328 to Applied Vision and Euro 846,676 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'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, 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.

33. Sales and marketing costs

At 31 December 2021, sales and marketing costs amount to Euro 6,700,712.

SALES AND MARKETING COSTS	
Description	**Sales and marketing costs**
Value as at 31/12/2020	5,055,134
Value as at 31/12/2021	**6,700,712**
of which relating to Applied Vision (*)	*1,119,972*
of which relating to Pen-Tec	*128,385*
of which relating to Tecnel	*5,335*
of which relating to rfXcel	*230,176*
of which relating to Antares Vision India	*770*
Change	1,645,578
Change on a like-for-like basis	*160,940*

** included in the scope of consolidation at 31 December 2020 for the statement of financial position only*

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 on the value of Euro 5,055,134 in the previous year is sharply impacted by the extension of the scope of consolidation (90.2% of the total increase).

34. Service costs

At 31 December 2021 service costs amount to Euro 42,040,393 and compares with the balance of Euro 26,558,750 of last year.

Changes in this item are shown in the following table:

SERVICE COSTS	
Description	**SERVICE COSTS**
Value as at 31/12/2020	26,558,750
Value as at 31/12/2021	**42,040,393**
of which relating to Applied Vision (*)	*2,910,839*
of which relating to Pen-Tec	*490,508*
of which relating to Tecnel	*214,535*
of which relating to rfXcel	*4,426,670*
of which relating to Antares Vision India	*70,533*
of which relating to others companies	*26,607*
Change	15,481,643
Change on a like-for-like basis	*7,368,557*

** included in the scope of consolidation at 31 December 2020 for the statement of financial position only*

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**
Value as at 31/12/2020	1,323,156	4,155,213	4,097,733	3,698,356	2,247,090	5,588,092	2,553,372	2,034,285	861,453	**26,558,750**
Value as 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**
Change	-167,857	593,510	3,107,311	2,109,911	823,453	6,812,582	1,352,557	453,277	396,900	15,481,643

Net of the effect deriving from changes in the scope of consolidation, which have an impact on the increase in service costs for Euro 8,139,693 (52.6% of total increase), the costs involved in the acquisitions and the translisting to the MTA, now Euronext Milan, are included here as IFRS 3 does not allow them to be capitalised.

35. Other operating expenses

Other operating expenses amount to Euro 2,783,221 with the following changes during the year:

OTHER OPERATING EXPENSES	
Description	**OTHER OPERATING EXPENSES**
Value as at 31/12/2020	2,585,030
Value as at 31/12/2021	**2,783,221**
of which relating to Applied Vision (*)	*436,553*
of which relating to Pen-Tec	*10,226*
of which relating to Tecnel	*13,235*
of which relating to rfXcel	*135,771*
of which relating to Antares Vision India	*22,571*
Change	198,191
Change on a like-for-like basis	*-420,166*

** included in the scope of consolidation at 31 December 2020 for the statement of financial position only*

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	Losses and capital losses	Total
Value as at 31/12/2020	16,447	139,617	2,421,798	7,168	2,585,030
Value as at 31/12/2021	395,596	240,052	2,048,749	98,823	**2,783,221**
Change	379,149	100,435	- 373,049	91,655	198,191

The allocation for product warranties was recorded under provisions, and the increase on the previous year is mainly linked to the inclusion of Applied Vision in the scope of consolidation.

36. Financial charges

Financial charges amount to Euro 7,037,985, compared with Euro 2,806,470 the previous year.

The item includes the change in fair value of the warrants issued by the Parent Company at the same time as the listing and still in circulation at the end of the half year. As already explained in Note 13, since these are financial instruments which, when exercised, give a right to delivery of a variable number of shares, the difference of Euro 3,274,961 compared with the figure at 31 December 2020 has to be recognised in the income statement.

This item also includes interest expenses on loans of Euro 1,681,365, almost completely relating to the Parent Company, financial charges and subscription fees and organisation costs of Euro 1,131,344 incurred on obtaining the loan from Mediobanca of Euro 100 million and charged on full repayment, and the purchase price adjustment for the companies Pen-Tec and Tecnel net of the financial liability previously recorded during the PPA for Euro 317,280.

The effect on this item of changes in the scope of consolidation with respect to the comparative period is negligible.

37. Financial income

At 31 December 2021, financial income amounts to Euro 1,347,624, mainly referring to the Parent Company. The item includes the Euro 896,743 change in the *fair value* of the available-for-sale securities held by the Parent Company and the Euro 383,496 change in the fair value of the derivatives subscribed by it to hedge fluctuations in interest rates, as explained in *Note 21* on other current financial liabilities.

The effect on this item of changes in the scope of consolidation with respect to the comparative period is negligible.

38. Foreign exchange gains and losses

Foreign exchange gains and losses show a positive net balance of Euro 1,511,365 (negative by Euro 2,770,768 at 31 December 2020) and include the exchange differences generated on the payment of foreign currency assets and liabilities or by their translation at rates that are different from those at which they were translated at the time of initial recognition.

39. Income (charges) on investments

At 31 December 2021 this item has a negative balance of Euro 84,900 compared with a negative balance of Euro 86,365 in the comparative period and includes the adjustment of the value of the investments according to the equity method.

More specifically, the profit (loss) for the period attributable to the Group deriving from the investment of 37.5% in the share capital of Orobix was a loss of Euro 83,936 and that deriving from the investment of 30% in the share capital of Siempharma was a loss of Euro 20,156.

The share of profit (loss) attributable to the Group deriving from the investment of 40% that AV (Shenzhen) International Trading Co., Ltd holds in the share capital of Shenzhen Antaruixin Limited Liability Company was also included. The amount in local currency, a loss of Yuan 1,131,894, equals Euro 148,383[30] at the average exchange rate for 2021.

Lastly, this item includes the Euro 167,575 positive fair value adjustment of the investment in Antares Vision India at the date it acquired total control.

40. Income taxes

Income taxes at 31 December 2021 amounts to Euro 1,108,418. They were negative for 3,444,905 at 31 December 2020.

At 31 December 2021, there are no temporary differences or carry-forward tax losses on which deferred tax assets or liabilities have not been recognised. As previously illustrated 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.

[30] *As mentioned in Note 4, the corresponding fair value adjustment to Investments in associates, joint ventures and other companies is made at the spot exchange rate at the end of the year. This involved a negative exchange effect of Euro 8,940.*

41. **Earnings per share (basic and diluted)**

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

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

EARNINGS PER SHARE		
Description	**31/12/2021**	**31/12/2020**
Profit attributable to the ordinary shareholders of the Parent Company	12,395,990	18,159,313
Dilution	3,274,961	- 303,226
Total post-dilution profit	15,670,951	17,856,087
Weighted average number of ordinary shares	65,020,574	58,058,863
Weighted average potential ordinary shares	502,119	65,622
Weighted average potential ordinary shares	65,522,693	58,124,485
Earning per Share (EPS)	**0.19**	**0.31**
Earnings per Share (EPS) diluted (theoretical)	0.24	0.31
Earnings per Share (EPS) diluted	**0.19**	**0.31**

(*) as per IAS 33 EPS diluted cannot be lower then EPS

Dilution for the calculation of diluted earnings per share is brought about by eliminating the economic effect of the fair value measurement of the warrants.

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 role that they fill

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 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 executive directors, the vesting period is 48 months starting from the assignment of each cycle of each of the 3 annual tranches. For employees, the vesting period is 36 months starting from the assignment of each of the 3 annual tranches.

On 19 July, the executive directors of the Parent Company waived the options assigned to them when allocating the second tranche of options relating to the First Stock Option Plan for a total of 108,000 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 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").

The cost of share-based payment transactions amounts to Euro 450,943 for employees and Euro 54,414 for directors.

Changes during the year

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

	31/12/2021		31/12/2020	
Stock Option Plans	**Number**	**PMPE**	**Number**	**PMPE**
outstanding at the beginning of the period	333,000	2.24		
1st tranche of SOP I	*333,000*	*2.24*		
granted during the period	746,000	2.37	333,000	2.24
1st tranche of SOP I	333000		*333,000*	*2.24*
2nd tranche of SOP I	*333,000*	*2.48*		
1st tranche of SOP II	*425,000*	*2.22*		
cancelled during the period	28,000	2.23		
1st tranche of SOP I	*21,000*	*2.24*		
2nd tranche of SOP I	-			
1st tranche of SOP II	*7,000*	*2.22*		
exercised during the period	-	-		
expired during the period	-	-		
outstanding at the end 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*		
exercisable at the end of the period	-	-	-	-

The table below lists the information fed into the models used to develop the plans and the corresponding tranches. It is periodically updated for any failure of the service conditions of the assignees of the options.

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

OTHER INFORMATION

Guarantees given, commitments and other contingent liabilities

At 31 December 2021, the Group had provided guarantees to its customers consisting of Euro 425,356 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 2,008,336 in advance bonds on advances already received from customers.

Furthermore, as part of the acquisition of rfXcel, the Group could be required to pay a earn-out for an amount of up to US$ 30 million subject to the achievement of certain target receipts. Payment of the earn-out is linked to the receipt of up to US$ 19 million under specific contracts, already in existence, which are the basis of recurring revenues but not yet included in rfXcel's current business plan. Based on current forecasts, it is considered unlikely that this earn-out will be due.

Covid-19

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

It should be noted that none of the Antares Vision plants had to interrupt operations due to the restrictive measures to contain the pandemic as the Company's production falls within those considered essential, playing a key role in the supply chain of the pharmaceutical sector.

Furthermore, Antares Vision did not resort to social safety nets. The Parent Company managed the situation by encouraging staff to take holidays in arrears and making it possible for them to donate days off to colleagues whose activities were temporarily suspended, while Group companies in the United States and Hong Kong were able to benefit from government subsidies.

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 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. 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 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 Company's exposure, also through its subsidiaries, is currently limited both in terms of credit positions (close to zero) and in terms of turnover. However, it has to be said that, before this happened, the Russian market was of great interest for the implementation of tracking solutions, which will most likely slow down over the coming months.

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.

Liquidity risk

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

Starting from the second half of 2019, gross debt has significantly increased in proportion to the liquidity raised by taking out long-term loans stipulated by the Parent Company with leading credit institutions and used to pursue its strategy, also through a series of acquisition aimed at diversifying the business.

These loans were refinanced between September and December 2021. The new bank loans have an average duration of around 5 years, a maturity of 7-8 years and an average fixed cost (post-hedging) of around 1.7%.

In September 2021, the Parent Company, also, finalized the issue and placement of unsecured and non-convertible bonds (so-called "US Private Placement") at Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the main players in the private placement market, for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued do not have a rating and are not intended for listing on regulated markets. The issue is not backed by collateral.

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.

The Euro 100 million bridging loan from Mediobanca for the acquisition of rfXcel was paid off in May 2021 thanks to the liquidity generated by listing on the MTA.

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, is used solely for issuing advance bonds in favour of customers.

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.

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

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

The main exchange ratios affecting Antares Vision concern:

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

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. The guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) of Financial Stability Board 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 the so-called 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;
    - 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.

In this context, Antares Vision 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[31].

[31] *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.*

On the contrary, Antares Vision is actively engaged in pursuing a sustainable business model through implementation of its industrial strategy and thanks to its ecosystem of values. This approach is also reflected in a firm commitment to the United Nations 2030 Agenda and the Sustainable Development Goals (SDGs) which form an integral part of it. When drafting its first Sustainability Report (Non-Financial Report), Antares Vision performed at Group level 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's contribution and commitment, together with the underlying targets and actions.

The strategic guidelines of Antares Vision are consistent with the objective of providing a contribution to sustainable development with respect to the macro-trends and scenarios of the sector. These have also seen a legislative evolution in the direction of improving people's lives and reducing the impact of using natural resources. This in turn will make the production of essential goods such as food and pharmaceuticals more efficient.

The positive environmental impacts of the business model and solutions developed by Antares Vision concern, in particular, 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.

Management supervision and coordination activities

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

Related-party transactions

As regards dealings between Group companies and related parties, in accordance with IAS 24, we provide the following information on 2021:

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	682,665	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**	**1,072,999**	**1,438,090**

** entered the scope of consolidation in the first half of 2021 following the acquisition of 100% control by Antares Vision S.p.A. (for 99.998%) and FT System (for 0.002%)*

At 31 December 2020, related-party transactions were as follows:

TRANSACTIONS WITH RELATED PARTIES				
Related parties	**Trade payables at 31/12/2020**	**Trade receivables at 31/12/2020**	**Costs 2020**	**Revenue 2020**
Orobix	-	14,915	96,112	30,221
Siempharma	984,206	809,631	1,947,260	280,340
Antares Vision India (*)	51,990	44,647	173,578	44,647
Total	**1,036,196**	**869,193**	**2,216,950**	**355,208**

** entered the scope of consolidation in the first half of 2021 following the acquisition of 100% control by Antares Vision S.p.A. (for 99.998%) and FT System (for 0.002%)*

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 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 Governance section.

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 directors and statutory auditors

The total amount of the fees due to directors and statutory auditors is shown in the table below:

COMPENSATION TO DIRECTORS AND STATUTORY AUDITORS		
Description	**Directors (*)**	**Statutory auditors**
Compensation for the year	2,258,453	113,190

** 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 2021 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.	137,000
Audit Non-financial Report	EY S.p.A.	15,000
Other services	EY S.p.A.	15,000

** 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*

Subsequent Events

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 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 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 was financed using available liquidity. The acquired company will be consolidated in the Antares Vision Group's income statement from the acquisition date.

Lastly, it should be noted that January and February 2022 saw the exercise of 5,006 warrants[32], corresponding to 963 ordinary shares with a consequent increase in capital of Euro 2 and in the share premium reserve of Euro 94. As a result of this exercise, at the date of preparation of this document there are still 2,490,400 warrants outstanding.

Explanatory notes, final part

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

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

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

Travagliato, 7 March 2022

The Board of Directors

Emidio Zorzella
Massimo Bonardi
Alioscia Berto
Marco Claudio Vitale
Martina Monico
Fabio Forestelli
Cristina Spagna
Fiammetta Roccia
Fabiola Mascardi

[32] *The Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 resolved to increase the share capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the warrants, in a divisible manner, for a maximum nominal amount of Euro 3,255.60 through the issue of a maximum of 1,356,500 conversion shares.*

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

Authorised share capital Euro 171,806 subscribed and paid up for Euro 169,453
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

FINANCIAL STATEMENTS AT 31/12/2021

REPORT ON OPERATIONS

Dear Shareholders,

With this document, we submit the financial statements at 31 December 2021 of Antares Vision S.p.A. (hereinafter also referred to as "Antares Vision" or "the Company"). The financial statements of Antares Vision have been drawn up for the first time 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). They consist 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 this document we explain our business activities, show the results, financial position and cash flow and point out the most significant facts that characterised the operations of Antares Vision during 2021; we also provide you with information about the main events that took place after the end of the period.

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

Business activities

Antares Vision is incorporated and based in Italy, with registered office in Via del Ferro 16, Travagliato, Province of Brescia (BS). Production takes place at the local units in Travagliato (BS), Aprilia (LT) and Sorbolo (PR).

It heads up the group of the same name consisting of 28 companies in addition to Antares Vision itself.

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

The solutions and systems developed by Antares Vision, consisting of an integration and combination of hardware and software components, are scalable and can be added on to any type of automatic or manual production line to provide primary[33] and secondary[34] packaging**.**

The acquisitions carried out from 2019 onwards have also diversified the business which, thanks to the scalability of its solutions, has allowed the Company to develop synergies and reach important goals also in sectors other than Life Science.

Through its offices in Italy and its foreign subsidiaries and branches, the research centres in Italy and a network of over 40 partners worldwide, Antares Vision has a presence in over 60 countries with comprehensive and flexible solutions and related services. With 20 years of experience of the founder partners in vision technologies, Antares Vision supplies 10 of the world's 20 leading pharmaceutical companies (by turnover).

Corporate bodies

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 Mercato Telematico Azionario, now 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.

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

Board of Directors	
Office	**Name and surname**
Chairman and CEO	Emidio Zorzella*
CEO	Massimo Bonardi*
Director with powers	Alioscia Berto*
Director	Fabio Forestelli**
Director	Martina Paola Alessandra Monico***
Director	Marco Claudio Vitale****
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, now Euronext Star Milan) 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 Mercato Telematico Azionario, now 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	Marco Claudio Vitale**
Member	Cristina Spagna
Member	Fabiola Mascardi**

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

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

On 22 February 2021, subject to the starting date of trading on the Mercato Telematico Azionario, now 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	Marco Claudio Vitale
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

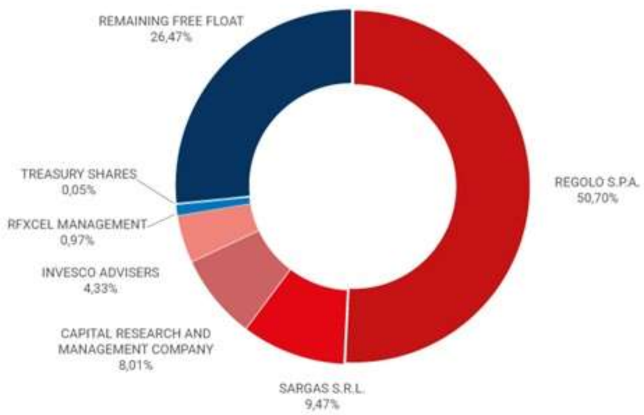
Independent auditors

On 22 February 2021 (with effect from the starting date of trading on the Mercato Telematico Azionario, now Euronext Star Milan) the Shareholders' Meeting of Antares Vision S.p.A. appointed EY S.p.A., with registered office in Via Meravigli 12, Milan, registered in the Companies Register of Milan, registration number and tax code 00434000584, R.E.A. 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.

Information on the shareholders and stock performance

The share capital at 31 December 2021 amounted to Euro 169,451, fully paid up, divided into 69,118,563 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value.

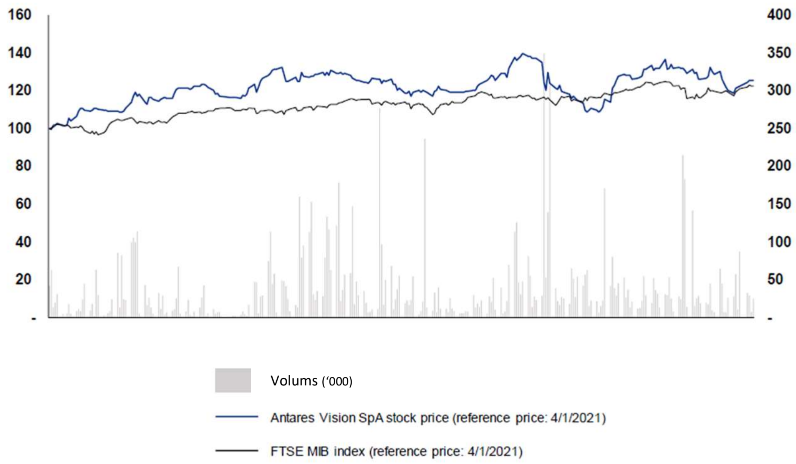
The shareholder structure is made up as follows:



After its initial debut and listing in 2019 on the AIM Italia multilateral trading system (now called Euronext Growth), since 14 May 2021, Antares Vision has been listed on the Euronext Star Milan market, 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.

In addition to FTSE All-Share Capped, FTSE Italia All-Share and FTSE Italia STAR indices, since 20 September 2021, its shares (ISIN IT000536660) have been included in the FTSE Italia Mid Cap index. This promotion into the index was decided by the FTSE Italia Index Series Technical Committee as part of the usual quarterly review of the basket and takes place in light of Antares Vision's compliance with rigorous free float and liquidity requirements. This index brings together the top 60 Italian companies by stock market capitalisation not included in the FTSE MIB index.

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



Operating performance

Despite the persistence of the pandemic, 2021 saw a further acceleration in our growth. In May we successfully completed the translisting to the main market of Borsa Italiana - the STAR segment, which allowed the Group to benefit from greater liquidity of the stock and, consequently, more interest from the market and institutional investors. This important operation will also give us more visibility on national and international markets with advantages in terms of competitive positioning and image, also thanks to the STAR's strict requirements in terms of transparency, disclosure and corporate governance. The translisting has also provided the financial resources needed to finance Euro 110 million of acquisitions. This will now allow the Group to offer an increasingly integrated and complete solution for the digital supply chain in the Life Sciences and Fast Moving Consumer Goods (FMCG) markets, enabling it to fully exploit future growth.

Emidio Zorzella, Chairman and Co-CEO of Antares Vision Group, commented: "*Despite the ever-changing scenario due to the pandemic and the ongoing state of emergency, 2021 was a year of significant growth in terms of results, expansion of the product range, brand awareness, and the scope, as well as strengthening of the financial structure; all of this was possible due to the day-to-day contributions of over 1,000 people, who represent the group's human capital. Track & Trace has evolved towards an integrated offer with higher margins (original equipment, Smart Data/SaaS and Services), offsetting the lower profitability of the latest acquisitions, which today benefit only partially from the expected synergies. For 2022, we expect double digit growth in revenue and an improvement in profitability. This will be achieved thanks to the continuing transformation of the Group into a business increasingly focused on digitalisation and the management of data and services and the evolution of Track & Trace also in the FMCG segment, which will lay a stronger foundation for developing recurring revenue and higher profitability, following the initial introduction of hardware.*"

Massimo Bonardi, Co-CEO of Antares Vision Group, commented: *“The Group will keep moving forward with its growth strategy, aimed at consolidating its leadership, also due to the group's new organisation and the unique, distinctive positioning of its ecosystem which, thanks to the integration and interconnection of technologies, manages all the data of the supply chains, from the origin to the end consumer, to guarantee transparency to all players”*.

Since April 2021 there has been a gradual acceleration of vaccination campaigns in Italy and the rest of Europe, which have boosted the prospects for global growth. The adoption of vaccines has led to an acceleration of economic activity, driven by an increase in consumer spending and supported by the favourable orientation of monetary policy. After the success of the worldwide vaccination campaigns that have helped to reduce and now contain the pandemic, the world economy seems to be heading towards a growth path, supported by economic policies and the positive reaction of the economy after it reopened. The recent conflict between Russia and Ukraine could well have a negative impact on growth prospects, but it is a common belief among politicians and analysts that it will not be such as to eliminate it altogether.

Two years after Covid-19 first appeared, the pandemic now seems to be under control. Hopefully, there will not be new waves of infections in the autumn and winter months of 2022, thanks to the massive spread of vaccinations.

In this context, it is difficult to isolate the effects that the pandemic has had on the Group's results, but there is no doubt that Antares Vision's business has proved resilient, especially in light of the 2021 results, which show significant growth.

At the time that restrictions were introduced, Antares Vision did not resort to social safety nets. The Parent Company managed its own resources by encouraging people to take any accrued holidays and making it possible for them to donate time off to colleagues whose activities were temporarily suspended.

Despite the problems involved in calculating the effects on Antares Vision's results, there is no doubt that the health emergency has created a sense of urgency that rigorous laws and regulations are needed to strengthen and guarantee everyone's safety, also in relation to the quality, originality and sustainability, not only of essential products such as drugs, food, beverages and cosmetics, but also of consumer goods in general, generating new opportunities for the Company.

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

From a work point of view, the Antares Vision resumed full operations in 2021: during the year there have not been any particularly significant trends in production, costs and selling prices, nor in sales and stocks that could have a severe impact on the Group's activities. From a production point of view, Antares Vision did not experience any critical issues in terms of continuity of the plants, which were promptly adapted to the safety protocols laid down by the authorities. The saturation of logistics activities and the shortage of electronic components linked to the strong global recovery, which are creating supply, production and delivery problems in some sectors and companies, have had a limited impact on Antares Vision. To manage possible cost increases and lack of availability of electronic components, the Company 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 requires more careful planning of production in order to avoid or manage potential delays in deliveries. Also from the logistical point of view, there are no significant cost impacts, as in most cases the transport costs are borne by the customers; however, greater attention is being paid to planning shipments following the saturation of logistics chains.

Alternative performance measures

Antares Vision 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 and do not provide any indication of future trends;
- the APMs are not required by IFRS and, even though they are derived from the consolidated financial statements of Antares Vision, they have not been audited;
- the APMs should not be considered as being in lieu of the indicators required by IFRS;
- these APMs must be interpreted jointly with Antares Vision’s financial information contained in the consolidated financial statements and accompanying notes;
- the definitions of the indicators used by Antares Vision, as they do not originate from the accounting principles of reference, may not be consistent with those adopted by other groups and hence may not be comparable;

- the APMs used by Antares Vision have been developed with a view to continuity, being defined and set out consistently for all periods for which financial information is provided in this report

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

- the Gross Profit, Value Added, EBITDA and EBIT, together with other profitability indicators, make it possible to show the changes in operating performance and provide useful information on Antares Vision's ability to sustain its indebtedness; these indicators are also commonly used by analysts and investors to assess company performance;
- net financial indebtedness, together with other indicators of the composition of assets and liabilities and of financial elasticity, lead to a better assessment of Antares Vision's overall financial strength and its ability to maintain a situation of structural equilibrium over time;
- the net trade working capital, net working capital and net invested capital make it easier to assess the Company's ability to meet short-term commercial obligations through current trade assets, as well as the consistency between the structure of its sources and applications of funds in terms of timing.

Main Income Statement figures

The consolidated income statement at 31 December 2021 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 31 December 2020 (in thousands of Euro).

Antares Vision Consolidated P&L ('000,€)	1221 YTD	1220 YTD	Delta %
Sales	81,870	86,238	-5.1%
Capitalization of R&D	5,602	3,939	42.2%
Other Tax Credit	1,930	381	406.7%
Tax Credit	515	1,195	-56.9%
Value of Production	**89,917**	**91,753**	**-2.0%**
Changes in Inventory Stock	6,338	3,988	58.9%
Purchase	17,152	18,048	-5.0%
Changes in work in progress	-2,174	-132	1543.7%
Cost of Goods Sold	**21,316**	**21,904**	**-2.7%**
Margin % on Sales	*26.0%*	*25.4%*	
Commissions for agents	2,659	3,249	-18.2%
Installation Expenses	968	1,320	-26.7%
First Margin	**64,974**	**65,280**	**-0.5%**
Margin % on Sales	*79.4%*	*75.7%*	
Third party assets	549	588	-6.7%
Operating expenses	119	114	4.7%
Services	23,032	17,805	29.4%
Added Value	**41,274**	**46,773**	**-11.8%**
Margin % on Sales	*50.4%*	*54.2%*	
Labour Cost	28,284	25,530	10.8%
Employees	24,459	22,094	10.7%
Professional Staff	3,825	3,436	11.3%
EBITDA	**12,991**	**21,243**	**-38.8%**
Margin % on Sales	*15.9%*	*24.6%*	
Provision	347	423	-18.1%
Depreciation	3,994	2,373	68.3%
R&D intangible assets	3,368	1,811	86.0%
Tangible assets	626	562	11.4%
EBIT_RICL	**8,650**	**18,447**	**-53.1%**
Margin % on Sales	*10.6%*	*21.4%*	
Financial expenses	4,867	1,012	380.7%
Financial interest & commissions	2,095	1,275	64.3%
Exchange rates profit & loss	-120	40	-398.4%
Derivatives	-383	0	0.0%
Warrants mark to market	3,275	-303	-1180.0%
Extraordinary expenses	5,636	3,598	56.6%
PPA-GW Amortization	0	0	0.0%
Altri Conti PL			0.0%
EBT_RICL	**-1,853**	**13,836**	**-113.4%**
Margin % on Sales	*-2.3%*	*16.0%*	
	0	0	
Taxation	-1,572	-3,950	-60.2%
Net profit/loss of thirds party			0.0%
NET PROFIT	**-280**	**17,786**	**-101.6%**
Margin % on Sales	*-0.3%*	*20.6%*	

First Margin Net of Capital	**56,927**	**59,765**	**-4.7%**
Margin % on Sales	*69.5%*	*69.3%*	

EBT_RICL	**-1,853**	**13,836**
PPA-GW Amortization	0	0
Extraordinary expenses	5,636	3,598
Exchange (gain)/loss	-131	40
Fees loan Mediobanca	951	
Warrant	3,275	303
EBT_RICL_ADJ	**7,879**	**17,778**
Beneficio Patent Box anni 2016-2019		-7,783
Taxation on adjusted EBT	1,769	4,847
Net profit/loss of thirds party	0	0
NET PROFIT ADJ	**6,110**	**20,714**

Turnover

In 2021, Antares Vision realised **net revenue**[35] of Euro 81.9 million, down by 5.1% compared with the 2020 results.

Revenue by geographical area - FY 2021 vs FY 2020

Revenue by geographical area (€m)	FY 2021	%	FY 2020	%	Changes %
Italy	18.9	23.1%	16.5	19.1%	14.5%
Europe	32.7	39.9%	54.2	62.9%	-39.7%
North & south America	14.9	18.2%	7.5	8.7%	98.2%
Asia	10.2	12.4%	5.0	5.8%	103.4%
Africa and Middle East	5.3	6.4%	3.0	3.5%	74.9%
Antares Vision Group	**81.9**	**100.0%**	**86.2**	**100.0%**	**-5.1%**

source: Antares Vision Group

As regards the evolution of **revenue on a geographical basis**, all areas recorded significant growth with the exception of Europe (excluding Italy), which suffered a sharp reduction in sales in Eastern Europe, which in 2020 had benefited from the entry into force of Russian tracking legislation for the pharmaceutical sector. Italy is growing thanks to inspection solutions for quality control and services, while the Americas, Asia and the Middle East and Africa are starting to benefit from the entry into force of tracking regulations for pharmaceutical products, in addition to the growth in the FMCG sector: Brazil aggregation and tracking in 2022, United States aggregation in 2023, Malaysia, Kazakhstan, Qatar and Indonesia tracking in 2024 and the “Made in China 2025” programme.

[35] *The difference with the revenues shown in the financial statements relates to a different classification of some items*

Revenue by sector - Life Sciences/FMCG - FY 2021 vs. FY 2020

	FY 2021	%	FY 2020	%	Changes %
Life Sciences (€m)					
Services	14.1	18.7%	13.4	16.5%	5.6%
Smart Data/SaaS	6.4	8.5%	5.2	6.4%	24.0%
Track & Trace (L1 - L3)	33.4	44.3%	48.6	59.8%	-31.3%
Total Track & Trace	**53.9**	**71.5%**	**67.2**	**82.7%**	**-19.7%**
Inspection	21.5	28.5%	14.1	17.3%	53.0%
Total	**75.4**	**100.0%**	**81.2**	**100.0%**	**-7.1%**
FMGC (€m)					
Services	0.1	1.2%	0.6	9.0%	-86.2%
Smart Data/SaaS	0.3	4.9%	0.0	0.2%	3706.8%
Track & Trace (L1 - L3)	2.7	41.7%	1.2	23.2%	130.5%
Total Track & Trace	**3.0**	**46.6%**	**1.2**	**23.4%**	**155.6%**
Inspection	3.4	52.2%	3.3	50.7%	2.9%
Total	**6.4**	**100.0%**	**5.0**	**100.0%**	**28.4%**
Antares Vision Group	**81.9**		**86.2**		**-5.1%**

source: Antares Vision Group.

In 2021, the **Life Sciences** sector decreases by 7.1% compared with the 2020 figures, exclusively as a result of the decrease in Track & Trace L1-L3 (i.e. original equipment activities) (-31.3%), which was not offset by the results of the Smart Data/SaaS (+24.0%) and Inspection product lines (+161.4%), even though they were excellent.

The slowdown in Track & Trace original equipment is due to the fact that, for the whole of last year, and particularly in Q4, there was a peak due to the entry into force of pharmaceutical tracking in Russia in December 2020. In any event, Track & Trace as a whole is undergoing a positive transformation (which can be better understood at consolidated level) from an original equipment business to a high margin recurring business (represented by Smart Data/S.a.a.S and Services), which in 2021 generated 27% of the Life Sciences sector's turnover (compared with 23% in 2020), up by 10.7%.

The Life Sciences sector generated 92% of Antares Vision's sales, down compared with 94% in 2020.

In FY2021, the **FMCG** sector shows an increase of 28.4%, due to the growth in inspections (+2.9%), but especially due to Track and Trace as a whole, increasing by 155.6% compared with the 2020 figures. With important projects in the pipeline, this sector is beginning to take on a tangible size. Services decrease by 86.2%, considering the fact that most of those activities were moved to the subsidiary FT System S.r.l., a Group company dedicated to the FMCG sector.

Revenue by Product - FY 2021 vs. FY 2020

Products	FY 2021	%	FY 2020	%	Changes %
Services	14.2	17.4%	14.0	16.2%	1.8%
Smart Data/SaaS	6.7	8.2%	5.2	6.0%	29.8%
Track & Trace (L1 - L3)	36.1	44.1%	49.8	57.7%	-27.5%
Inspection	24.9	30.4%	17.3	20.1%	43.6%
Antares Vision Group	**81.9**	**100.0%**	**86.2**	**100.0%**	**-5.1%**

source: Antares Vision Group

All the **product lines** are growing, with the exception of Track & Trace original equipment, due to the decrease in the Life Sciences sector, which still generates most of the revenue in that product line, and characterises the overall trend in turnover, which decreases by 5.1%.

Revenue exposure to the Russian market

Given the current situation in Eastern Europe, it is only reasonable that we give a complete picture of our exposure to the Russian and Belarusian market in terms of sales. In 2021, turnover was Euro 1.3 million (2% of revenue), a sharp decrease compared with Euro 20.6 million in 2020 (26% of revenue); the peak in 2020 was due to obligatory pharmaceutical tracking in those territories from December 2020.

Income statement results

The year 2021 closed with a **Value of Production** of Euro 89,917 thousand, down by 2% compared with the same period of the previous year (Euro 91,753 thousand), due to the trend in revenue described above, partially offset by the increase in capitalisations and grants/tax credits for Development activities.

The **Gross Profit** and **Value Added**, equal to Euro 64,974 thousand and Euro 41,274 thousand, respectively, have decreased by 0.5% and 11.8% compared with 31 December 2020.

Gross Profit improved as a percentage of turnover, rising from 75.7% last year to 79.4% in 2021.This improvement is mainly attributable to: i) Antares Vision's commitment to a constant rise in the portion of turnover generated by software and after-sales assistance, which have higher margins than original equipment sales, ii) less use of external resources in installation processes to the advantage of internal staff, and iii) the decrease in agents' commissions, benefiting the foreign subsidiaries.

On the other hand, at Value Added level, margins decrease (from 54.2% in 2020 to 50.4% in 2021), as well as in absolute value, due to the increase in service costs (+29.4%) paid to subsidiaries, which are increasingly taking over from Antares Vision in selling products on their local markets.

As a result, the **Adjusted Gross Profit** (ADJ EBITDA) was penalised by the trend in service costs, in addition to a 10.8% increase in labour, a decrease of 38.8% compared with the 2020 figure to Euro 12,991 thousand, which is 19.5% of turnover, compared with 24.6% in 2020.

The **Adjusted Operating Profit** (ADJ EBIT) is Euro 8,650 thousand at 31 December 2021, compared with Euro 18,447 thousand in the previous year. The decrease is also attributable to the higher amortisation and depreciation linked to the capitalisation of development costs and right-of-use assets (IFRS 16).

The above figures are shown without some extraordinary items that have been reclassified below EBIT, consisting of the costs that Antares Vision incurred for the translisting to the MTA (Euro 5.5 million euro).

Financial charges, equal to Euro 4,867 thousand compared with Euro 1,012 thousand in 2020, were significantly impacted by Euro 951 thousand of bank fees for a bridging loan taken out for the acquisition of rfXcel and repaid almost immediately with the proceeds of the listing, and by non-monetary items, represented by the effect of the fair value measurement of warrants issued in 2019 (IAS 32) for a negative value of Euro 3,275 thousand, only partially offset by the positive effects of Euro 120 thousand for exchange gains and Euro 383 thousand for the revaluation of investments.

So to provide a clearer view of the net profit, steps have been taken to normalise it (net of the theoretical tax effects): 1) extraordinary items Euro 5,547 thousand, 2) the effect of the warrants Euro 3,275 thousand, 3) positive exchange differences Euro 120 thousand, and 4) fees paid for the bridging loan Euro 951 thousand. Excluding these extraordinary items, the **Adjusted Net Profit** comes to Euro 6,143 thousand, compared with Euro 20,913 thousand in the same period of 2020, a decrease of 70.6%.

As regards **income tax**, in 2020 the Company benefited from a positive tax effect of Euro 7,783 thousand on recognition of the Patent Box for the period 2016-2019; in FY 2021, the Company did not benefit from any positive tax effect deriving from the Patent Box, having recorded a tax loss in Italy following the transition to IFRS and the extraordinary costs incurred in that period.

The **Profit (loss) before tax** and the **Profit/(loss) for the year** amount to Euro -1,763 thousand and Euro -191 thousand, respectively, mainly due to the extraordinary items and warrants.

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 foreign branches that generate their own turnover and profitability, indeed the results are very positive at consolidated level.

Main figures in the Statement of Financial Position

The statement of financial position is set out below, reclassified by sources and applications as at 31 December 2021 and 31 December 2020 (in thousands of Euro).

Antares Vision Consolidated BS ('000,€)	12.20 YTD	12.21 YTD	Delta %
Real Estate & Right of use	12,827	13,086	2.0%
Financial Assets	129,000	237,331	84.0%
Net Tangible Assets	30	527	1670.0%
Net Intangible Assets	8,465	11,977	41.5%
Total Fixed Assets	**150,322**	**262,921**	**74.9%**
% Incid. On NIC	*82.4%*	*89.3%*	
Inventory Raw Material	17,178	18,201	6.0%
Inventory Finished Goods	3,509	2,552	-27.3%
Inventory WIP	552	522	-5.4%
Total Inventory	**21,238**	**21,275**	**0.2%**
Trade Receivables	39,337	39,909	1.5%
Trade Payables	-12,799	-18,290	42.9%
Advances from Clients	-8,688	-5,909	-32.0%
Trade Net Working Capital	**39,089**	**36,986**	**-5.4%**
% Incid. On NIC	*21.4%*	*12.6%*	
Other Current Assets	18,356	14,365	-21.7%
Other Current Liabilities	-18,040	-12,389	-31.3%
Net Working Capital	**39,404**	**38,962**	**-1.1%**
% Incid. On NIC	*21.6%*	*13.2%*	
Severance Indemnity Fund (TFR)	-4,822	-5,889	22.1%
Other Funds	-220	-373	69.2%
Bad Debt	-2,327	-1,039	-55.3%
Net Invested Capital	**182,357**	**294,582**	**61.5%**
% Incid. On NIC	*100.0%*	*100.0%*	
Net Equity	131,445	249,891	90.1%
Net Equity	**131,445**	**249,891**	**90.1%**
% Incid. On TSoF	*72.1%*	*84.8%*	
	0	0	
Long Term loans + Leasing	151,919	121,228	-20.2%
Net Cash	-101,006	-76,537	-24.2%
Net Financial Debt	**50,913**	**44,691**	**-12.2%**
% Incid. On TSoF	*27.9%*	*15.2%*	
Total Source of Financing	**182,357**	**294,582**	**61.5%**
% Incid. On TSoF	*100.0%*	*100.0%*	

Net Financial Debt excl. Warrant	**46,701**	**37,205**

Total fixed assets show a significant increase (+74.9%) as the result of:

- the increase in the carrying amount of the investments in FT System S.r.l. and Antares Vision Inc., which benefited from increases in capital of Euro 3,000 thousand and Euro 101,559 thousand, respectively, to complete the acquisitions of 100% of Pen-Tec and Tecnel and 100% of rfXcel;

- investments in property, plant and equipment, above all at the Travagliato and Parma locations, for a total of Euro 908 thousand;
- right-of-use assets deriving from the application of IFRS 16 for a total of Euro 813 thousand;
- the purchase of minority stakes in RurAll and Siempharma for a total amount of Euro 3,000 thousand;
- purchases of intangible assets, net of disposals of Euro 6,932 thousand, deriving from the implementation of the new ERP programme (SAP) and capitalisations of development costs,

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. Based on the analyses carried out, no factors arose that indicate impairment of investments, considering the fact that the investees: (i) realised excellent results during 2021, in line with, or even exceeding the forecasts made at the time of their acquisition; and (ii) continue to see excellent forecasts of future development. As a result, based on international accounting standards, it is not necessary to estimate the recoverable amount of Investments.

Net working capital is substantially stable compared with 2020.

Provisions have increased due to the usual accruals for the period.

Shareholders' equity amounted to Euro 249,894 thousand, an increase of 90.1% compared with 31 December 2020, having benefited from:

- the translisting from the AIM to the MTA which, through the issue of 10,200,000 new shares, led to an increase in share capital of Euro 24,480 and in the share premium reserve of Euro 117.3 million. As a result of this transaction, a negative reserve of Euro 5.6 million was also recognised to include the costs incurred by the Company on successful completion of the listing process in proportion to the ratio of newly issued shares through the increase in capital to the total number of listed shares;
- the increase in capital approved as part of the rfXcel operation through the issue of 668,198 ordinary shares for an amount of Euro 1,604 as higher share capital and Euro 6.8 million as a higher share premium reserve;
- the exercise during the half year of 568,953 warrants issued in April 2019 at the time of the business combination between the Company and Alp.I S.p.A. in favour of the latter's shareholders with a view to

the listing of Antares Vision S.p.A. on the AIM, which increased the share capital by Euro 289 and the share premium reserve by Euro 11,753.

Main financial figures

The following is the net financial position at 31 December 2021 compared with 31 December 2020 (in thousands of Euro). The following prospectus complies with ESMA guidelines on financial reporting requirements.

Net financial position (Euro thousand)		**31/12/2021**	**31/12/2020 (**)**
Cash at banks		*42,421*	*67,736*
Cash on hand		*73*	*126*
Cash and banks	A	42,494	67,862
Cash equivalents	B	-	-
Other current financial assets	C	34,043	33,144
Cash and cash equivalents	**D=A+B+C**	**76,537**	**101,006**
Current financial debt*(including debt instruments, but excluding the current portion of non-current financial debt)*	E	-574	-2,210
Current portion of non-current financial debt	F	-5,138	-33,784
Current financial debt	**G=E+F**	**-5,712**	**-35,994**
Net current financial debt	**Hrs=G-D**	**70,825**	**65,012**
Non-current loans and borrowings		*-127,927*	*-120,010*
Non-current lease liabilities		*-6,282*	*-5,064*
Non-current financial payables	I	-134,209	-125,074
Debt instruments	J	-565	-1,490
Other non-current payables	K	-	-
Non-current financial debt	**L=I+J+K**	***-134,774***	***-126,564***
Financial debt (*)	**M=Hrs+L**	***-63,949***	***-61,552***
Financial receivables (beyond 12 months)	N	18,690	9,149
Net financial position	**Or=N+M**	**-45,259**	**-52,403**

Net financial position	**Or=N+M**	**-45,259**	**-52,403**
Derivative effect neutralisation		565	1,490
		-44,694	**-50,913**
Warrant fair value effect neutralisation		7,486	4,212
Adjusted financial debt		**-37,208**	**-46,700**

(*) 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(**) Comparative figure restated following the application of IAS/IFRS

Financial debt as defined on the basis of the ESMA approach is negative for Euro 63,949 thousand (negative for Euro 45,259 thousand if we only consider non-current financial receivables) compared with a negative amount of Euro 61,552 thousand (negative for Euro 52,403 thousand if we only consider non-current financial receivables) of 31 December 2020 (restated following the application of the international accounting standards).

Adjusted financial debt (normalised for the effect of measuring the warrants at market value as there will be no cash outflow) is negative for Euro 37,208 thousand compared with a negative amount of Euro 46,700 thousand at 31 December 2020.

The change in the normalised net financial position compared with the same period of the previous year has been influenced by the joint effect of:

- the acquisition of Pen-Tec and Tecnel on 4 March 2021 by FT System for Euro 11,651 thousand. The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.
- the acquisition of rfXcel on 31 March 2021 by Antares Vision Inc. for US$ 121,091 thousand[36]. For this transaction, Mediobanca S.p.A. provided the Company with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market to the Mercato Telematico Azionario (MTA). The funds were then transferred from the Company to Antares Vision Inc. by the former subscribing an increase in capital of the American holding company.
- the exercise of the purchase option of 30% of Antares Vision North America (AVNA) which allowed Antares Vision Inc. ("AV US") to hold the entire share capital of AVNA. The consideration of Euro 1,900 thousand was partially (Euro 356 thousand) offset against receivables held by AVNA from the minority shareholder and partially (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by the Company to AV US through an intragroup loan.

In addition, there are the investments in property, plant and equipment (mainly to expand the production facilities in Italy), intangible assets (capitalisation of development costs) and investments in associates or joint ventures.

As explained below, note that in the second half of 2021 the Company completed the issue and placement of unsecured and non-convertible bonds in a US Private Placement with Pricoa Capital Group for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. At the same time, it started refinancing existing bank debt taking out new bank loans with an average duration of more than 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of 1.7%. This made it possible to provide the Antares Vision with considerable liquidity (at a weighted average cost of 2% and a weighted average duration of 6.4 years) to invest in its future development plans.

[36] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*

Antares Vision is required to comply with financial covenants on a consolidated basis in line with market practice and there is full compliance at the date of preparation of this document.

Significant events

On 4 January 2021, Antares Vision launched the share buyback programme as approved by the Shareholders' Meeting on 20 May 2020. The aims and characteristics of the programme are detailed below in the section entitled “Own shares and shares in parent companies”, to which reference should be made.

On 4 March 2021, FT System S.r.l., a wholly owned subsidiary of Antares Vision S.p.A., acquired 100% of Pen-Tec S.r.l. and 100% of Tecnel S.r.l.

The purchase price, a total of Euro 11,651 thousand, was paid in cash. The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.

The agreement also provided for a price adjustment of Euro 460 thousand, based on specific pre-agreed sales targets for 2021, which will be paid to FT System in 2022.

On March 31, 2021, the subsidiary Antares Vision Inc. (“On 31 March 2021, Antares Vision Inc. finalised the purchase of 100% of rfXcel Corporation ("rfXcel"), which was previously announced to the market on 16 February 2021. rfXcel specialises in developing software for the Life Sciences and Food & Beverage sectors, to guarantee the safety of medicines and products throughout the distribution chain, compliance with the applicable regulations on the matter, and real-time data acquisition and processing. rfXcel operates at government level (known as Level 5), corporate level (known as Level 4), and manages the supply chain through a fully SaaS (“Software-as-a-service”) business model, with a significant portion of its revenue deriving from long-term subscriptions, largely recurring.

Given the purchase price of US$ 121,091 thousand[37], Mediobanca S.p.A. provided the Antares Vision with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market (now Euronext Growth) to the Mercato Telematico Azionario (now Euronext Milan). The funds were then transferred from the Antares Vision to AV US by the former subscribing an increase in capital of the American holding company.

An additional deferred consideration of up to US$ 30 million will be payable by the Group to the sellers in cash in the first quarter of 2023, subject to the achievement of certain target receipts. Payment of the earn-out is linked to the receipt of up to US$ 19 million under specific contracts, already in existence, which are the basis of recurring revenues but not included in rfXcel's current business plan.

[37] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*

Certain key members of rfXcel's management, including CEO and founder Glenn Abood, have reinvested in Antares Vision 40% of the net proceeds from the sale of their holdings, approximately US$ 8 million. The equivalent of this amount in euro was paid into Antares Vision's coffers as the subscription price of a capital increase reserved for the managers and approved by the Company's Board of Directors on 29 March 2021 in partial exercise of the mandate to increase the share capital granted by the Shareholders' Meeting on 22 February 2021.

March 2021 also saw the purchase of a minority stake in Antares Vision India Private Limited, a joint venture set up on 20 April 2019 with the Indian company Jay Instruments and Systems Private Limited in which the Company held 51%. As a result of this transaction, Antares Vision now holds 99.998% of the company after paying 20,028 thousand rupees, while FT System holds the other 0.002% after paying 0.8 thousand rupees.

On 14 May, trading of the Antares Vision's ordinary shares and warrants began on the STAR segment of the MTA, now Euronext STAR Milan. Based on the requests received as part of the Institutional Placement, 19,550,000 shares were placed as follows: (i) 10,200,000 shares resulting from an increase in capital without option rights approved by the Board of Directors of the Antares Vision on 3 May 2021, exercising the mandate granted for this purpose by the Shareholders' Meeting on 22 February 2021; (ii) 6,800,000 shares put up for sale by the shareholders of Regolo S.p.A. and Sargas S.r.l. (jointly, the “Selling Shareholders”); (iii) 2,550,000 shares underlying the over-allotment option (to service the possible exercise of the greenshoe option) granted by the Selling Shareholders as part of the global offer. The offer price of the shares was set at Euro 11.50 per share, which resulted in a capitalisation at the starting date of trading of Euro 793 million.

The translisting to Borsa Italiana's main market is an opportunity for Antares Vision to pursue its strategic objectives and is consistent with the path undertaken when it listed on the AIM Italia market, now Euronext Growth, in April 2019. In fact, this transition will allow Antares Vision to benefit from the stock's greater liquidity and, consequently, from greater interest on the part of the market and institutional investors. It will benefit as well from greater visibility on national and international markets, leading to further advantages in terms of competitive positioning and image, also because of the stringent requirements in terms of transparency, disclosure and corporate governance.

Admission to the STAR segment also meant Antares Vision S.p.A. having to adopt 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 adopted by the European Union. Up until 2020, these were only applied in the consolidation. For an explanation of the effects of the transition, please refer to the section on First Time Adoption (FTA) in the explanatory notes to the separate financial statements.

With the translisting, the market positioning was revised with the rebranding of Group companies and the launch of a new brand identity “Antares Vision Group”, a new mission and vision and a new visual language.

The new brand identity summarises the values of Antares Vision and of the entire Group, reflecting their aspiration to be an innovation facilitator, thanks to technology, to allow customers to protect their products and profits, as well as people and the planet, to improve the quality of life for everyone.

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 purpose of this initiative is to create:

a) a digital infrastructure of rural areas, exploiting digital technologies to improve the yield and the management of land on a large scale and/or to provide consultancy services dedicated to digitalization and/or the creation of DSS platforms and software and other systems dedicated to the analysis and dissemination of data, the so-called Agriculture 4.0 (the "Infrastructure Project");

b) a digital platform (the "Platform"), which through the use of emerging technologies such as IOT, AI, Big Data and Blockchain for the end-to-end traceability of agri-food products, from the origin of raw materials to their path along the supply chain, to the end-consumer, making it possible to introduce a "smart label" to certify authentic products "Made in Italy". It would also increase the sustainability of the entire supply chain and production and distribution processes from a social, economic and environmental point of view (with clear and pre-established criteria for the ingredients used and the main characteristics that the supply chain must have, above all in terms of value distribution and the use of labour in order to obtain the "Made in Italy" guarantee).

The entire project is geared to making the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeiting, which is fundamental for the entire national economic system and, consequently, for all consumers.

In August 2021, an increase in capital was approved for the subsidiary Antares Vision India and paid in for a total of 10 million Indian rupees (Euro 116 thousand), in order to provide the company with more financial resources to develop the local business.

From 20 September 2021, the Antares Vision's ordinary shares have been included in the FTSE Italia Mid Cap index together with the top 60 Italian companies by stock market capitalisation not included in the FTSE MIB index. Inclusion in the FTSE Italia Mid Cap index just a few months after entering the STAR segment is an important signal that places Antares Vision among the top hundred Italian listed companies by market value, helping to further expand the Company's shareholder base and visibility, for the benefit of all stakeholders.

In September 2021, Antares Vision exercised its option to purchase a further shareholding in Siempharma S.r.l., which therefore went from the 10% acquired in January 2019 to 30% with a cash outlay of Euro 1,500 thousand.

On 30 September 2021, Antares Vision finalized the issue and placement of unsecured and non-convertible bonds (so-called "US Private Placement") at Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the main players in the private placement market, for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued do not have a rating and are not intended for listing on regulated markets. The issue is not backed by collateral. Antares Vision 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.

At the same time as this operation, Antares Vision started refinancing existing bank debt taking out new bank loans with an average duration of around 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of 1.7%.

On 19 November 2021, the purchase option to buy 30% of Antares Vision North America (“AVNA”) was exercised, which allowed Antares Vision Inc. (“AV US”) to hold the entire share capital of AVNA. The consideration of Euro 1,900 thousand was partially (Euro 356 thousand) offset against receivables held by AVNA from the minority shareholder and partially (Euro 1,544 thousand) paid in cash thanks to the liquidity provided by the Company to AV US through an intragroup loan.

Information concerning the environment and personnel

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

As a further commitment to achieve, maintain and share concrete and transparent sustainability objectives, starting from 31 December 2021 will be prepared the first Consolidated Non-Financial Report, subject to review by an independent auditing firm, pursuant to Legislative Decree 254/2016.

Environment

Antares Vision has always been active in protecting the environment through Green campaigns to reduce the use of plastic; it has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and the "Join the Antares Vision Green Side" campaign launched in November 2019, it anticipated by a long time the ban on all disposable plastic products such as cutlery, plates, straws and containers. 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.

From a documentary point of view, starting from January 2020 the quality office has replaced the packaging of the documentation supplied with the machinery with an eco-sustainable version and the format of the new machine manuals will be designed specifically for digital consultation in such a way as to discourage, over time, the demand for the paper version by customers.

Subsequently, separate waste collection will be strengthened with the creation of a new equipped area and the definition of best recycling practices. Achievable margins for improvement have been identified; the adoption of adequate measures will make it possible to achieve 95% of separate waste collection. Furthermore, in collaboration with affiliated restaurateurs, the Antares Vision will promote the replacement of containers for take-out food with containers of eco-sustainable materials.

Lastly, it should be noted that, the 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.

Climate change

A first important step towards greater awareness of environmental issues and the fight against climate change is the Paris Agreement signed in 2015. It is the first global climate agreement to be ratified by the European Union and 188 countries, which has as its primary objective the containment of the average increase in world temperature and, at the same time, the adoption of measures aimed at achieving the objective in the medium-to-long term.

Also in 2015, the United Nations General Assembly adopted a new global framework for sustainable development, the 2030 Agenda, which focused on Sustainable Development Goals (SDGs) which have become an integral part of the European Union's strategic framework.

In the same year, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) which was given the task of drawing up recommendations on the reporting of risks and opportunities related to climate change. They were released in June 2017 and presented at the G20 summit in Hamburg.

Within the EU, in 2016 the European Commission established the High Level Expert Group on Sustainable Finance (HLEG), a working group with the task of supporting the Commission in defining an action plan to finance sustainable growth and a package of measures for its implementation, including the definition of a common taxonomy of sustainable investments. The working group, which included numerous representatives of the financial sector, academia and civil society, published its Final Report at the beginning of 2018 with recommendations addressed to the European Commission for the establishment of an action plan that included increasing the finance sector's contribution to sustainable growth and strengthening financial stability by integrating ESG factors into investment decision-making processes.

The so-called Green Deal is also part of this European Action Plan, an important package of measures, ranging from the reduction of greenhouse gas emissions, investments in research and innovation and the conservation of Europe's natural environment.

The European Commission believes that: "Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal aims to transform the European Union into a modern economy, resource-efficient and competitive, ensuring that:

- by 2050 net greenhouse gas emissions will no longer be generated
- economic growth is dissociated from the use of resources
- no person and no place are neglected.

The European Green Deal is also our lifeline for leaving the COVID-19 pandemic behind us. A third of the Euro 1.8 trillion of investments in the Next Generation EU recovery plan and the EU's seven-year budget will finance the European Green Deal[38]".

In fact, the impacts of the social and health emergency caused by the Covid-19 pandemic have monopolised the scenario for the last two years, further accelerating the debate on climate change and the huge pressures towards a green road that takes into account environmental impacts and commitments in the fight against climate change; also mindful of the effects of the post-financial crisis recovery of 2008, which, driven by energy-intensive activities, caused a significant increase in emissions, sacrificing the green cause at the altar of stimulating the economy.

In this context, companies cannot fail to acknowledge that issues related to climate change are a priority for the various stakeholders and an important driver in investment decisions.

[38] *Source: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_it*

As a result, there is more attention about having to respond to the market's need for new metrics, performance indicators and transparent disclosure with respect to the economic and financial repercussions of the risks associated with climate change, reporting the impact of climate risk in financial statements and ensuring a gradual convergence of financial and non-financial information ("comprehensive corporate reporting").

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 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 the so-called 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;
- 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.

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 [39].

On the contrary, Antares Vision Group is actively engaged in pursuing a sustainable business model through implementation of its industrial strategy and thanks to its ecosystem of values. This approach is also reflected in a firm commitment to the United Nations 2030 Agenda and the Sustainable Development Goals (SDGs) which form an integral part of it. 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 with respect to the macro-trends and scenarios of the sector. These have also seen a legislative evolution in the direction of improving people's lives and reducing the impact of using natural resources. This in turn will make the production of essential goods such as food and pharmaceuticals more efficient.

The positive environmental impacts of the business model and solutions developed by Antares Vision Group concern, in particular, 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,

[39] *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.*

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.

Personnel

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

During the year, the number of employees went up from 373 to 416, an increase of 12%.

Antares Vision S.p.A.	Apprentices	Production workers	Office workers	Middle managers	Executives	Total
Employees at 31/12/2021	19	-	367	24	6	**416**
Employees at 31/12/2020	22	-	329	19	3	**373**

At 31 December 2021, 98.56% of the Company's employees are subject to the national collective bargaining agreement for the metalworking industry, while the national collective labour agreement for industrial executives applies to 1.44%.

Being well aware that human capital increasingly represents a competitive advantage, the Shareholders' Meeting of 24 March 2021 approved a Stock Option Plan 2020-2022 reserved for executive directors, top management and key employees whose performance, given their roles and functions, is more likely to influence company results in line with the guidelines already approved by the Shareholders' Meeting of 20 May 2020.

The Plan aims to establish a level of remuneration that is 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 regard to the First Stock Option Plan:

- the first tranche was assigned during 2020, granting 108,000 options to executive directors and 225,000 options to top management and key employees, 7,000 of which were cancelled during the first half and 14,000 during the second half of 2021 due to the lack of service conditions.
- during the first half of 2021 the second tranche was assigned with 333,000 options, of which 251,000 going to top management and key employees of Antares Vision S.p.A. and 82,000 options to the key employees of the subsidiary FT System.

With regard to the Second Stock Option Plan:

- during the first half of 2021 the first tranche was assigned with 425,000 options going to employees and directors who have been delegated powers, consultants and similar persons of the Group companies other than Antares Vision. Of these, 7,000 options were cancelled due to the lack of service conditions.

The accounting effects on these Financial Statements can be summarised as follows:

- higher personnel costs for Euro 257 thousand;
- higher directors' fees for Euro 54 thousand recorded under service costs;
- increase in the worth of the investments for Euro 194 thousand for options assigned to employees, top management and directors of subsidiaries controlled by Antares Vision.

Antares Vision 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.

Equal consideration is given to laying down measures to manage any emergency situations. With regard to the health emergency caused by the spread of Covid-19, Antares Vision Group reacted immediately by following all of the updates by the competent Authorities in real time, applying them rigorously while guaranteeing 100% operations and business continuity. The efforts made to cope with the situation in the best possible way resulted in protecting the safety of staff and visitors from when they entered the premises through access management using Track My Health, the innovative solution developed by Antares Vision, which is integrated and scalable. In full respect for privacy, it checks everyone's body temperature on entry and ensures that they are wearing a face mask. It also counts how many people there are, making it possible to restrict the number automatically within a set limit.

Following the experience gained during the health emergency, the Parent Company 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. The corporate welfare project will continue, 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 2021, Antares Vision continued to pursue its R&D activities.

The Company concentrated on the following projects:

4. Smart Ward Platform (SWP)

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

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

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

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

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

5. **TFP Agrifood project**

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

With this project, Antares Vision seeks to evolve and extend its inspection, 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 respect for the environment. The platform in the works is consistent with the circular economy models that are currently being debated, to maintain high standards of living while fully respecting the environment.

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

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

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

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

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

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

6. Adapting serialisation solutions for the beverage market

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

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

The first Non Life Sciences sector that has shown the most interest for this type of solution is the beverage industry. The R&D team dedicated to the development of the Track & Trace platform from Level 1 to Level 4 in collaboration with the R&D team dedicated to Non Life Sciences applications, have directed their efforts in adapting this solution to the main requirements of the world of beverage, already reaching a first important milestone in the Russian market by supporting Baikalsea Co in a pilot project launched by the local government for the tracing of mineral water.

Baikalsea Co is one of the largest producers of mineral water in Russia and thanks to the technological contribution of Antares Vision Group it was the first to complete the serialisation process (printing a unique code on the label) which allowed it to meet the regulatory requirements required by CHESTNY ZNAK, the Russian national track and trace hub managed by CRPT, the exclusive operator of the system.

A customised solution has been developed for Baikalsea Co to maintain the integrity of the design and aesthetics of the water bottle, a distinctive and distinguishing feature for top-of-the-range products. A datamatrix code printed on the label is associated with an auxiliary code printed on the bottle cap with special inks that are not visible to the naked eye, but only with the help of ultraviolet (UV) light. The auxiliary code printed on the cap is associated with the datamatrix printed on the label, which is mandatory for serialisation, making it possible to aggregate the serialised product placed inside the packaging and trace it along the entire supply chain. A real success considering that the product's aesthetics are completely preserved and operating costs for each bottle are 10 times lower than the most common alternative, which involves applying a datamatrix adhesive on the cap. The low number of rejects has also become a benchmark for the sector.

To pursue these projects Antares Vision has incurred costs, most of which have been expensed. Those that were capitalised and recorded under capitalised development costs at 31 December 2021 amount to Euro 5,602 thousand in total. Management believes that these projects will have a successful outcome which should increase turnover and have a positive impact on the results of Antares Vision.

Own shares and shares in Parent Companies

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

The purpose of the buyback is to use treasury shares:

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

In accordance with the resolution of the Shareholders' Meeting:

- purchases may be made on one or more occasions, within 18 months from the date of the resolution, up to a maximum amount of treasury shares which overall is not higher than 2% of the Company's share capital, taking into account the shares held in the portfolio from time to time by the Company and its subsidiaries;
- purchases can be made at a price per share that is not more than 10% lower or 10% higher than the reference price posted by the stock at the end of the trading session on the day preceding each buyback;
- shares can be purchased - complying in any case with the concept of equal treatment for all shareholders - in any of the following ways: *(i)* a public purchase or exchange offer; *(ii)* purchases made on the AIM Italia market, now Euronext Growth, according to market practices that do not allow direct matching of purchase orders with specific sale orders, or *(iii)* in any other way permitted by law, i.e. through bulk or

block purchases or by auction, as assessed from time to time as the best way to implement the shareholders' mandate, specifying that the purchases made to support market liquidity will be carried out in accordance with current market practices; *(iv)* purchases, even in several tranches, must be made within the limits of the distributable profits and/or available reserves resulting from the latest financial statements approved by the shareholders at the time of the transaction, establishing a reserve for treasury shares and, in any case, proceeding with the necessary accounting entries in the manner and within the limits of the law.

Following these purchases, at the date of preparing this document, Antares Vision holds 33,916 treasury shares equal to 0.05% of the share capital for a total of Euro 342,272.

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

The Company has some Interest Rate Swap derivative contracts in place to limit the interest rate risk on current bank loans and two forward exchange rate contracts to hedge the exchange rate risk on the intragroup loan to AV US.

Please refer to the Notes for information on these financial instruments.

Business Outlook

The Traceability Regulations of medicines have always been one of the most important drivers in the growth of Antares Vision, especially in Life Sciences.

It is estimated that profits from the sale of counterfeit medicines are between Euro 150 and 200 billion globally[40] and that losses for the pharmaceutical industry are around Euro 10 billion in Europe alone[41]. Within the pandemic scenario, illicit trade has continued to grow with estimates of an increase of up to 25% between 2019 and 2020 globally[42].

The OECD reckons that this illicit market represents about 1% of global imports[43], entailing costs for European governments in terms of lost revenue of Euro 1.7 billion[44].

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[40] *Source: Gartner, Serialization Regulatory Outlook for Anticounterfeiting and Fake Medicines Across the Healthcare Value Chain, March 2020*
[41] *Source: OECD/EUIPO, Trade in Counterfeit Pharmaceutical Products, Illicit Trade, 2020*
[42] *Source: OECD/EUIPO, Global Trade in Fakes, 2021*
[43] *Source: OECD, Illicit Trade, Trade in Counterfeit Pharmaceutical Products made available in May 2020*
[44] *Source: OECD, Illicit Trade, Trade in Counterfeit Pharmaceutical Products made available in May 2020*

These economic costs, combined with the need to protect the health of the population, continue to push government organisations and manufacturing companies to take steps to combat this phenomenon, such as the introduction of regulations and the implementation of new technologies.

If by 2020 60% of the countries in the world have already planned or implemented forms of regulation for the traceability of pharmaceutical products, the adoption of these solutions is still being expanded, even to those developing countries where cases of counterfeiting are most frequent. [45]

This is a summary of the implementations - announced and ongoing - of Serialization and Aggregation regulations in some important regions:

- in 2022, the adoption of a "complete" regulation (Serialization and Aggregation) is expected in Brazil, China, Bahrain, United Arab Emirates and India (in this case only as regards exports of pharmaceutical products), except for extensions announced during the year, and the start of the application process in Ethiopia (which provides for "complete" regulation by 2027);
- in 2023, the adoption of aggregation is expected in the United States of America (where only serialization is currently required) and of serialization in Malaysia, Kazakhstan (with a possible postponement to 2024) and Qatar (with a possible postponement to 2025);
- in 2025, the adoption of serialization is expected in Algeria and Pakistan, the adoption of a "complete" regulation in Nigeria, the start of the application process of a "complete" regulation in Indonesia (expiring in 2027).

Alongside the offer of solutions to satisfy the regulations, Track & Trace platforms are implemented to manage government hubs. As happened in Bahrain, thanks to a dedicated solution developed by rfxcel, Antares Vision Group foresees a potential evolution in the implementation of new government hubs around the world, committed to the fight against counterfeiting (of medicines and other products).

In the same way as was explained for the Life Sciences sector, the need to ensure TRUSTPARENCY and guarantee the dissemination of products that are safer, traceable and certified for their origin can be extended to all production chains in the world.

With this in mind, Antares Vision has already started diversifying the business through strategic acquisitions, such as those of FT System, Applied Vision, Pen-Tec and Tecnel, which are active in Inspection Solutions in the Food & Beverage sectors.

[45] *Source: Gartner, Serialization Regulatory Outlook for Anticounterfeiting and Fake Medicines Across the Healthcare Value Chain, March 2020*

Borrowing from its experience in the Life Sciences sector, Antares Vision has therefore been able to respond to consumers' growing sensitivity about the quality and genuineness of food and respect for the environment, tracing the entire life cycle of the product "from field to fork", up to the time that the packaging is disposed of and, hopefully, recycled. Concrete examples are the track & trace project for Agrifood, already explained in the section on research and development, and the signing of a partnership for the launch of RurAll S.p.A., described more fully in the section on significant events of the year. In both cases, 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 whole national economy and, consequently, for all consumers.

On the other hand, the rationale behind the acquisition of rfXcel in March 2021 and the very recent acquisition of Acsis in February 2022 is to further strengthen innovative end-to-end software solutions. The latter in particular offers innovative software solutions and services to multinationals with particularly complex and regulated supply chains with an important business in managing the traceability of reusable packaging (used several times in the life cycle in the supply chain), such as baskets, crates and pallets.

Going concern

Based on the economic results and cash generation achieved in recent years, as well as the financial resources available at 31 December 2021, management believe that, as things stand, there are no significant uncertainties, such as to raise doubts about the Company's capacity to continue in business as a going concern.

Conclusions

Shareholders,

Thanking you for the trust placed in us, we hereby submit for your approval the Financial Statements for the year ended 31 December 2021, which show a loss of Euro 280,428.

We would remind you that the legal reserve has already reached the limit set by the Italian Civil Code and that available reserves largely cover the development costs shown under non-current assets.

We therefore submit for your approval a proposal to allocate the entire loss for the year 2021 as a deduction from the Extraordinary reserve.

Travagliato, 7 March 2022

The Board of Directors

Emidio Zorzella	Massimo Bonardi	Alioscia Berto
Marco Claudio Vitale	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
- the effective application of the administrative and accounting procedures for the preparation of the financial statements closed on 31 December 2021.

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 report on operations includes a reliable analysis of important events that took place during the year and their impact on the financial statements.

Travagliato (Brescia), 7 March 2022

Chairman of the Board of Directors

Emidio Zorzella

Manager in charge of preparing the accounting and corporate documents

Alioscia Berto

ANTARES VISION S.P.A.
Registered office: Via del Ferro 16, Travagliato (Brescia), Italy
Authorised share capital Euro 171,806 subscribed and paid up for Euro 169,453
Brescia Companies Register, Tax Code and VAT no. 02890871201
Chamber of Commerce REA no. 000000523277

FINANCIAL STATEMENTS AT 31/12/2021

EXPLANATORY NOTES

Statement of financial position	Notes	31/12/2021	31/12/2020 (*)	01/01/2020
Assets				
Non-current assets				
Property, plant and equipment and right-of-use assets	1	13,613,307	12,857,106	11,471,106
Other intangible assets	2	11,976,801	8,465,498	4,608,545
Investments	3	237,330,698	128,999,829	75,000,498
Non-current financial receivables from Group Companies	4	10,896,931	4,049,327	3,525,317
of which with relates parties		*10,896,931*	*4,049,327*	*3,525,317*
Non-current financial assets	5	16,763	23,457	76,564
Deferred tax assets	6	5,937,902	4,123,182	7,627,978
Total non-current assets		**279,772,403**	**158,518,398**	**102,310,008**
Current assets				
Inventories	7	21,895,239	21,425,286	18,489,250
Trade receivables	8	39,434,137	38,500,679	52,976,543
of which with relates parties		*21,629,446*	*13,917,422*	*13,549,729*
Current financial receivables from Group Companies	9	7,795,651	5,099,658	0
of which with relates parties		*7,795,651*	*5,099,658*	*0*
Other receivables	10	7,807,386	14,022,079	4,989,957
Other current financial assets	11	34,042,956	33,144,228	33,132,228
Cash and banks	12	42,492,793	67,861,871	65,730,714
Total current assets		**153,468,162**	**180,053,802**	**175,318,693**
Total assets		**433,240,565**	**338,572,200**	**277,628,701**
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	13	169,451	143,074	142,606
Other reserves	13	253,266,795	128,495,201	110,148,127
FTA reserve	13	-14,931,441	-14,931,441	-14,931,441
Retained earnings	13	11,666,433	-48,073	-3,088,169
Profit/(loss) for the year	13	-280,428	17,785,876	21,340,276
Total shareholders' equity		**249,890,810**	**131,444,637**	**113,611,399**
Non-current liabilities				
Non-current loans and borrowings	14	127,926,781	120,009,513	84,409,815
Non-current lease liabilities	15	6,282,191	5,064,193	6,173,907
Other non-current financial liabilities	16	564,773	1,490,486	568,648
Retirement benefit obligations	17	5,888,876	4,822,036	3,719,272
Deferred tax liabilities	18	446,270	292,499	207,393
Total non-current liabilities		**141,108,891**	**131,678,727**	**95,079,035**
Current liabilities				
Current loans and borrowings	19	5,200,985	33,824,185	15,527,667
Current lease liabilities	20	573,867	2,210,268	263,160
Current provisions for risks and charges	21	372,788	220,371	0
Contract liabilities	22	1,405,329	9,833,351	25,245,862
Trade payables	23	18,289,544	12,798,979	15,526,538
of which with relates parties		*9,069,355*	*4,126,518*	*2,119,481*
Other payables	24	16,398,351	16,561,682	12,375,039
Total current liabilities		**42,240,864**	**75,448,836**	**68,938,267**
Total shareholders' equity and liabilities		**433,240,565**	**338,572,200**	**277,628,701**

(*) comparative figure restated in compliance with IAS/IFRS

Income Statement	Notes	31/12/2021	31/12/2020 (*)
Revenue	25	81,635,608	86,015,478
of which with related parties		*12,480,983*	*6,075,918*
Other income	26	2,680,732	1,980,391
Changes in finished and semi-finished products	27	-2,982,874	-6,785,177
Raw materials and consumables	28	-18,506,544	-15,283,688
of which with relates parties		*-3,018,921*	*-2,113,403*
Personnel costs	29	-24,459,119	-22,094,310
Amortisation and depreciation	30	-4,181,507	-2,575,676
Capitalised development costs	31	5,601,531	3,938,770
Sales and marketing costs	32	-3,687,389	-4,207,906
Service costs	33	-32,224,999	-22,884,005
of which with relates parties		*-10,635,640*	*-7,779,369*
Other operating expenses	34	-1,109,076	-2,107,976
Operating profit		**2,766,362**	**15,995,901**
Financial charges	35	-6,594,947	-2,747,667
Financial income	36	1,777,688	627,965
of which with relates parties		*447,689*	*223,214*
Foreign exchange gains and losses	37	120,039	-40,222
Income (charges) on investments	38	78,329	0
Profit before taxes		**-1,852,529**	**13,835,978**
Income taxes	**39**	**1,572,101**	**3,949,898**
Current taxes		0	79,759
Deferred tax assets		1,782,611	-3,505,867
Deferred tax liabilities		141,656	127,299
Prior year income taxes		68,855	-7,662,823
Result net of income taxes		**-280,428**	**17,785,876**

(*) comparative figure restated in compliance with IAS/IFRS

Statement of other comprehensive income	December 2021	December 2020
Profit/(loss) for the year	**-280,428**	**17,785,876**
Other components of comprehensive income that will not subsequently be reclassified to profit/loss:		
Revaluation of defined-benefit plans	-79,622	-95,459
Tax effect	19,109	22,910
(Loss)/profit from cash flow hedging	175,206	
Tax effect	-42,049	
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) after tax	**72,644**	**-72,549**
Total other comprehensive income after tax	**72,644**	**-72,549**
Total comprehensive profit/(loss) after tax	**-207,784**	**17,713,327**

Cash flow statement (indirect method)	31/12/2021	31/12/2020 (*)
PROFIT/(LOSS)	**-280,428**	**17,785,876**
Income tax	-1,572,101	-3,949,898
Financial income	-1,777,688	-627,965
Financial charges	6,594,947	2,747,667
Depreciation and impairment loss on property, plant and equipment	625,587	20,977
Amortisation and impairment loss on intangible assets	3,368,193	2,410,486
Employee severance indemnities	-379,938	-71,590
Other non-monetary movements	1,387,710	917,851
Income taxes paid	-105,610	0
(Increase)/decrease in inventories	-469,953	-2,936,036
(Increase)/decrease in trade receivables	-1,121,185	14,292,033
(Increase)/decrease in other non-financial assets	6,326,998	287,393
Increase/decrease in trade payables	5,490,565	-2,727,449
Increase/decrease in other non-financial liabilities	-7,914,434	-12,075,716
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,172,662	16,073,629
Investing activities:		
Purchases of property, plant and equipment, net of disposals	-1,381,789	-9,000
Purchases of intangible assets, net of disposals	-6,879,496	-5,772,026
Purchases of investments and loans to subsidiaries	-117,709,772	-60,302,105
Purchases of current financial assets	0	-12,000
NET CASH FLOWS FROM INVESTING ACTIVITIES	-125,971,057	-66,095,131
Financing activities:		
New loans and borrowings	218,729,493	71,000,000
Repayments of loans and borrowings	-244,731,329	-16,764,255
Interest paid	-1,299,043	-1,265,194
Repayments of other financial liabilities	-418,403	-837,394
Other increases in capital	118,148,599	19,501
CASH FLOWS FROM FINANCING ACTIVITIES	90,429,318	52,152,658
NET CHANGE IN CASH AND BANKS	-25,369,078	2,131,156
Cash and banks at beginning of period	67,861,871	65,730,714
Cash and banks at end of year	42,492,793	67,861,871

(*) restated in accordance with IAS/IFRS

Statement of changes in consolidated shareholders' equity

Shareholders' equity	31/12/2020	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Price net of ancillary charges	Increase in capital rfXcel	Share buyback	Stock options	Other comprehensive income	Other changes	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**

Shareholders' equity	01/01/2020	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Business combinations	Other increases in capital	Share buyback	Stock options	Other comprehensive income	Other changes	Profit/(loss) for the year	31/12/2020
Share capital	142,606	-	468	-	-	-	-	-	-	-	143,074
Other reserves	110,148,127	18,300,180	19,033	-	-	-	100,410	(72,549)	-	-	128,495,201
Share premium reserve	*90,983,361*	-	*19,033*	-	-	-	-	-	-	-	*91,002,394*
Legal reserve	*98,798*	-	-	-	-	-	-	-	-	-	*98,798*
Extraordinary reserve	*25,590,437*	*18,300,180*	-	-	-	-	-	-	-	-	*43,890,616*
OCI reserve	*(601,606)*	-	-	-	-	-	-	*(72,549)*	-	-	*(674,155)*
Stock option plan reserve	-	-	-	-	-	-	*100,410*	-	-	-	*100,410*
Other reserves	*(5,922,862)*	-	-	-	-	-	-	-	-	-	*(5,922,862)*
FTA reserve	(14,931,441)	-	-	-	-	-	-	-	-	-	(14,931,441)
Retained earnings	(3,088,169)	3,040,096	-	-	-	-	-	-	-	-	(48,073)
Profit/(loss) for the year	21,340,276	(21,340,276)	-	-	-	-	-	-	-	17,785,876	17,785,876
Total shareholders' equity	**113,611,399**	**-**	**19,501**	**-**	**-**	**-**	**100,410**	**(72,549)**	**-**	**17,785,876**	**131,444,637**

EXPLANATORY NOTES

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, trading in the Antares Vision's ordinary shares and warrants began on the STAR segment of the Mercato Telematico Azionario (MTA, now called Euronext Milan), the screen-based equity market 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 2021 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 registration number and VAT number 00434000584, REA of Milan 606158, 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.

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 an additional alignment with the best practices of disclosure and transparency to stakeholders, the transition to IFRS was necessary as a result of the translisting from the Alternative Capital Market (“AIM”, now Euronext Growth) where the Company had been listed since April 18, 2019, to the Mercato

Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA", now Euronext Milan), STAR segment.

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 prior year figures that are provided for comparison purposes have been reclassified according to the new accounting standards. For an analysis of this reclassification and the effects of the transition to IFRS, please refer to the section of these notes on First Time Adoption (**FTA**).

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 the 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.

First Time Adoption (FTA)

1. **Reconciliation between Italian GAAP (OIC) and IFRS**

1.1. Introduction

Antares Vision prepared its first financial statements according to IFRS at 31 December 2021. The transition date to the international accounting standards was set at 1 January 2018, the date of FTA of the Consolidated Financial Statements, for which Antares Vision is the consolidating company.

In view of the above and taking into account the Recommendation of the Committee of European Securities Regulators (CESR) published on 30 December 2003, in order to explain the effects of the transition to the new accounting rules for financial statements, the information required by IFRS 1 “First Time Adoption of International Financial Reporting Standards” is provided below, especially the reconciliations required by paragraphs 39 and 40 of the standard, together with the relevant notes to explain the basis of preparation and the individual items shown in the financial statements. This information concerns the impact of the transition to IFRS on the assets and liabilities, results and cash flows in 2020.

The following have been prepared for this purpose:

- notes concerning the FTA rules laid down in IFRS 1 - *First Time Adoption* and in the other selected IFRS, including the directors’ assumptions on the IFRS standards and interpretations that have come into force and on the accounting policies adopted when preparing the Company's first set of financial statements prepared according to IFRS at 31 December 2021;

- a reconciliation of shareholders' equity according to the previous accounting principles with equity according to IFRS at the following dates:
  - opening date of the financial year at 1 January 2020;
  - closing date of the financial year at 31 December 2020;
  - a reconciliation of the profit shown in the 2020 financial statements prepared according to the previous accounting principles with the profit based on the application of IFRS for the same year;
- comments on the reconciliations;
- detailed reconciliation of the statements of financial position at 1 January 2020 and 31 December 2020 and the 2020 income statement.

As explained below in greater detail, the IFRS balance sheet and income statement are obtained by restating the final figures prepared in accordance with Italian law by making the reclassifications and adjustments required by IFRS to reflect the new presentation, recognition and measurement criteria.

The information in this section is intended to provide an exhaustive picture of the transition to IFRS by Antares Vision.

1.2. Presentation of the figures restated according to IFRS at 31 December 2020

The aim of providing figures restated according to IFRS is to give a picture of the assets and liabilities, results and financial position of Antares Vision at 31 December 2020 in accordance with the measurement criteria laid down in the IFRS approved by the European Commission, as explained below.

The effects of the transition to IFRS derive from changes in accounting standards. As a consequence, as required by IFRS 1, they are reflected in the opening shareholders' equity at the date of transition (1 January 2018), net of the tax effect. The transition to IFRS involved maintaining the estimates previously made according to Italian accounting standards, unless the adoption of IFRS required making estimates with a different approach.

The adjustments were made in compliance with the IFRS in force at 31 December 2021, adopted by the International Accounting Standards Board (IASB) and approved by the European Commission, along with the interpretations of the International Financial Reporting Committee (IFRIC) and the Standing Interpretations Committee (SIC).

It is worth noting that the process of approval by the European Commission and the work carried out by the official bodies that have to adjust and interpret what is proposed to them is constantly evolving.

1.3. Rules for application, accounting options chosen when adopting IFRS.

With reference to the options available under IFRS, the following were chosen:

Methods of presentation of the financial statements

The “current/non-current” approach was adopted for the statement of financial position, while costs in the income statement were classified by nature; this entailed reclassification of previous year's financial statements prepared according to the formats envisaged by articles 2424 and 2425 of the Italian Civil Code.

Optional exemptions offered by IFRS on first time adoption of IFRS (1 January 2018)

- Employee benefits: the accumulated actuarial gains and losses since the start of the plans up to the date of transition to IFRS were charged directly to shareholders' equity at the transition date (1 January 2018).

Accounting treatments chosen from the accounting options offered by IFRS

- Valuation of property, plant and equipment and intangible assets: Antares Vision decided to continue accounting for these items at cost. So compared with the financial statements prepared according to Italian GAAP, the adjustments to the investment in Imago Technologies, previously accounted for using the equity method, have been reversed.

1.4. Main impacts of FTA of IFRS on the financial statements at 31 December 2020

Reconciliation of shareholders' equity at 31 December 2020 and profit for 2020

		2020						
		Shareholders' equity at 01/01/2020	Profit/(loss) for the year 2020	Share capital	Share premium reserve	OCI	Stock options	Shareholders' equity at 31/12/2020
Total shareholders' equity in accordance with ITA GAAP	**Notes**	**139,597,913**	**6,784,690**	**468**	**19,033**	**-**	**-**	**146,402,105**
IFRS 15 - Revenue recognition	1.5.1	(18,161,648)	11,112,420	-	-			(7,049,228)
IAS 19 - Severance Indemnities	1.5.2	(666,346)	(199,386)	-	-	(72,549)		(938,281)
IFRS 2 - Share-based payments	1.5.3	-	(72,395)	-	-		100,410	28,015
IAS 32 - Financial instruments	1.5.4	(4,514,483)	303,226	-	-			(4,211,257)
IAS 38 - Intangible assets	1.5.5	(868,223)	265,289	-	-			(602,934)
IFRS 16 - Leases	1.5.6	579,580	305,353	-	-			884,933
IAS 27 - Investments	1.5.7	(2,355,394)	(713,320)	-	-			(3,068,715)
Total shareholders' equity in accordance with IAS/IFRS		**113,611,399**	**17,785,877**	**468**	**19,033**	**(72,549)**	**100,410**	**131,444,637**

1.5. Explanatory notes to the reconciliations

The main IFRS adjustments made to the figures calculated according to Italian GAAP are commented on below.

The amounts shown below are to be considered net of tax.

1.5.1. Revenue from contracts with customers

According to Italian GAAP (prepared by OIC, the Italian Accounting Organisation), Antares Vision used to recognise revenue from the sale of machinery, together with the related revenue for manuals, training, software and installation activities, on shipment or delivery of the machinery, depending on the terms of the contract (Incoterms).

IFRS 15 - Revenue Recognition requires companies to analyse contracts according to the so-called 5-step model" which entails:

- 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.

Based on the above, two performance obligations have been identified in the contracts: delivery of the goods and installation. For some contracts the performance obligations are not distinguishable, so the revenue can only be recognised at the end of the installation. In the other cases, the revenue is recognised when each performance obligation is satisfied.

Compared with Italian GAAP, the application of IFRS 15 has therefore determined a deferral of revenue for those contracts where, in the absence of distinguishable performance obligations, the goods had been shipped but not yet installed at the FTA date.

This different accounting approach had the following impacts:

- at 1 January 2020: a decrease in shareholders' equity of Euro 18,161,648;
- on the result for 2020: an increase of Euro 11,112,420;
- at 31 January 2020: a decrease in shareholders' equity of Euro 7,049,228.

1.5.2. Discounting of Severance Indemnities

Italian GAAP require the recognition of a liability for severance indemnities (TFR) on the basis of the nominal amount due to individual employees according to the statutory provisions in force at the date of the financial statements; according to IFRS, the severance indemnities accrued up to 31 December 2006 should be classified as defined benefit plans subject to actuarial valuations (based on mortality, predictable salary changes, etc.) to express the present value of the benefit that employees have accrued up to the reporting date and payable at the end of the employment relationship. For IFRS purposes, all actuarial gains and losses were recognised at the date of transition to IFRS.

This different accounting approach had the following impacts:

- at 1 January 2020: a decrease in shareholders' equity of Euro 666,346;
- on the result for 2020: a negative net effect of Euro 199,386;
- at 31 January 2020: a decrease in shareholders' equity of Euro 938,281.

1.5.3. Share-based payments

Based on IFRS 2, the cost of transactions settled with equity instruments is determined by the fair value at the date on which the assignment is made. This cost, together with the corresponding increase in equity, is recognised over the period during which the conditions for achievement of the objectives and/or provision of the service are satisfied.

The application of IFRS 2 generated the following effects:

- on the profit for 2020: a negative net effect of Euro 72,395;
- at 31 December 2020: an increase in shareholders' equity of Euro 28,015.

1.5.4. Financial instruments

At the time of the listing on the AIM, now called the Euronext Growth, the Shareholders' Meeting of Antares Vision S.p.A. on 5 February 2019 resolved to increase the share capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the warrants, in a divisible manner, for a maximum nominal amount of Euro 3,255.60 through the issue of a maximum of 1,356,500 conversion shares. 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.

This accounting approach had the following impacts:

- at 1 January 2020: a decrease in shareholders' equity of Euro 4,514,483;
- on the result for 2020: a positive net effect of Euro 303,226;
- at 31 January 2020: a decrease in shareholders' equity of Euro 4,211,257.

1.5.5. Intangible assets

IAS 38 says that, to be capitalised, an intangible asset has to be identifiable, separable, controllable and able to generate future economic benefits. Start-up costs, extraordinary maintenance costs and other deferred charges did not meet these requirements, so they were reversed. This adjustment generated the following effects:

- at 1 January 2020: a decrease in shareholders' equity of Euro 868,223;
- on the result for 2020: a positive net effect of Euro 265,289;
- at 31 January 2020: a decrease in shareholders' equity of Euro 602,934.

1.5.6. Leases

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.

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, the present value of the payments due, including the price of any purchase option, is recorded 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.

This accounting generated the following effects:

- at 1 January 2020: an increase in shareholders' equity of Euro 579,580;
- on the result for 2020: a positive net effect of Euro 305,353;
- at 31 December 2020: an increase in shareholders' equity of Euro 884,933.
-

1.5.7. Investments

Based on IAS 27, paragraph 10, when an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

- at cost,
- in accordance with IFRS 9, or
- using the equity method as described in IAS 28.

The entity shall apply the same accounting for each category of investments.

In the financial statements drawn up according to the Italian GAAP, Antares Vision measured the investments at cost, except for the investment in Imago Technologies which was measured using the equity method. The need to apply the same measurement criterion for all investments held resulted in the reversal of the write-ups made at the date of FTA, with the following effects:

- at 1 January 2020: a decrease in shareholders' equity of Euro 2,355,394;
- on the result for 2020: a negative net effect of Euro 713,320;
- at 31 January 2020: a decrease in shareholders' equity of Euro 3,068,715.

Reconciliation of the Statement of financial position at 1 January 2020

Statement of financial position	ITA GAAP 01/01/2020	Adjustments IFRS	IFRS 01/01/2020
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	1,407,263	10,063,843	11,471,106
Other intangible assets	8,136,496	-3,527,952	4,608,545
Investments	77,355,892	-2,355,394	75,000,498
Non-current financial receivables from Group Companies	3,525,317		3,525,317
of which with relates parties	*3,525,317*		*3,525,317*
Non-current financial assets	76,564		76,564
Deferred tax assets	19,500	7,608,478	7,627,978
Total non-current assets	**90,521,033**	**11,788,975**	**102,310,008**
Current assets			
Inventories	18,489,250		18,489,250
Trade receivables	52,976,543		52,976,543
of which with relates parties	*13,549,729*		*13,549,729*
Other receivables	5,483,869	-493,913	4,989,958
Other current financial assets	33,132,228		33,132,228
Cash and banks	65,730,714		65,730,714
Total current assets	**175,812,606**	**-493,913**	**175,318,693**
Total assets	**266,333,638**	**11,295,062**	**277,628,701**
Shareholders’ equity and liabilities			
Shareholders’ equity			
Share capital	142,606		142,606
Other reserves	120,177,325	-10,029,197	110,148,127
FTA reserve		-14,931,441	-14,931,441
Retained earnings		-3,088,169	-3,088,169
Profit/(loss) for the year	19,277,983	2,062,293	21,340,276
Total shareholders’ equity	**139,597,913**	**-25,986,515**	**113,611,399**
Non-current liabilities			
Non-current loans and borrowings	79,895,332	4,514,483	84,409,815
Non-current lease liabilities		6,173,907	6,173,907
Other non-current financial liabilities	568,648		568,648
Retirement benefit obligations	2,842,501	876,771	3,719,272
Deferred tax liabilities		207,393	207,393
Total non-current liabilities	**83,306,481**	**11,772,554**	**95,079,035**
Current liabilities			
Current loans and borrowings	15,527,667		15,527,667
Current lease liabilities		263,160	263,160
Contract liabilities		25,245,862	25,245,862
Trade payables	15,526,538		15,526,538
of which with relates parties	*2,119,481*		*2,119,481*
Other payables	12,375,039		12,375,039
Total current liabilities	**43,429,244**	**25,509,022**	**68,938,267**
Total shareholders’ equity and liabilities	**266,333,639**	**11,295,062**	**277,628,701**

Reconciliation of the Statement of financial position at 31 December 2020

Statement of financial position	ITA GAAP 31/12/2020	Adjustments IFRS	IFRS 31/12/2020
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	932,547	11,924,558	12,857,106
Other intangible assets	11,960,775	-3,495,277	8,465,498
Investments	132,068,543	-3,068,714	128,999,829
Non-current financial receivables from Group Companies	4,049,327		4,049,327
of which with relates parties	*4,049,327*		*4,049,327*
Non-current financial assets	23,457		23,457
Deferred tax assets	847,833	3,275,349	4,123,182
Total non-current assets	**149,882,482**	**8,635,916**	**158,518,398**
Current assets			
Inventories	21,425,286		21,425,286
Trade receivables	38,500,679		38,500,679
of which with relates parties	*13,917,422*		*13,917,422*
Non-current financial receivables from Group Companies	5,099,658		5,099,658
of which with relates parties	*5,099,658*		*5,099,658*
Other receivables	14,769,313	-747,234	14,022,079
Other current financial assets	33,144,228		33,144,228
Cash and banks	67,861,871		67,861,871
Total current assets	**180,801,036**	**-747,234**	**180,053,802**
Total assets	**330,683,518**	**7,888,682**	**338,572,200**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	143,074		143,074
Other reserves	139,474,341	-10,979,140	128,495,201
FTA reserve		-14,931,441	-14,931,441
Retained earnings		-48,073	-48,073
Profit/(loss) for the year	6,784,690	11,001,186	17,785,876
Total shareholders' equity	**146,402,104**	**-14,957,467**	**131,444,637**
Non-current liabilities			
Non-current loans and borrowings	115,798,256	4,211,257	120,009,513
Non-current lease liabilities		5,064,193	5,064,193
Other non-current financial liabilities	1,490,486		1,490,486
Retirement benefit obligations	3,587,455	1,234,581	4,822,036
Deferred tax liabilities		292,499	292,499
Total non-current liabilities	**120,876,197**	**10,802,530**	**131,678,727**
Current liabilities			
Current loans and borrowings	33,824,185		33,824,185
Current lease liabilities		2,210,268	2,210,268
Current provisions for risks and charges	220,371		220,371
Contract liabilities		9,833,351	9,833,351
Trade payables	12,798,979		12,798,979
of which with relates parties	*4,126,518*		*4,126,518*
Other payables	16,561,682		16,561,682
Total current liabilities	**63,405,217**	**12,043,619**	**75,448,836**
Total shareholders' equity and liabilities	**330,683,518**	**7,888,682**	**338,572,200**

Reconciliation of the income statement at 31 December 2020

Income Statement	ITA GAAP 31/12/2020	Adjustments IFRS	IFRS 31/12/2020
Revenue	63,671,482	22,343,996	86,015,478
of which with relates parties	*6,075,918*		*6,075,918*
Other income	1,976,533	3,858	1,980,391
Changes in finished and semi-finished products	146,308	-6,931,485	-6,785,177
Raw materials and consumables	-15,283,688		-15,283,688
of which with relates parties	*-2,113,403*		*-2,113,403*
Personnel costs	-21,785,899	-308,411	-22,094,310
Amortisation and depreciation	-2,634,187	58,511	-2,575,676
Capitalised development costs	3,938,770		3,938,770
Sales and marketing costs	-4,207,906		-4,207,906
Service costs	-23,616,589	732,584	-22,884,005
of which with relates parties	*-7,779,369*		*-7,779,369*
Other operating expenses	-2,107,976		-2,107,976
Operating profit	**96,849**	**15,899,053**	**15,995,901**
Financial charges	-2,701,041	-46,627	-2,747,667
Financial income	324,740	303,226	627,965
of which with relates parties	*223,214*		*223,214*
Foreign exchange gains and losses	-40,222		-40,222
Income (charges) on investments	713,320	-713,320	
Profit before taxes	**-1,606,354**	**15,442,332**	**13,835,978**
Income taxes	**8,391,044**	**-4,441,146**	**3,949,898**
Current taxes	-79,759		79,759
Deferred tax assets	812,733	4,318,600	3,505,867
Deferred tax liabilities	-4,754	-122,545	-127,299
Prior year income taxes	-7,662,823		-7,662,823
Result net of income taxes	**6,784,690**	**11,001,186**	**17,785,876**

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.

Non-current assets held for sale

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

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

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

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

Property, plant and equipment 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 assets

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, 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. Development activities are amortised over the period of expected benefits.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible asset. The amortisation rates applied, which are the same as 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 impairments losses of the subsidiary exceed 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 production overheads, defined on the basis of normal production capacity, excluding financial charges.

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

Trade receivables, other receivables and other financial assets

Initial recognition

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

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

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

Subsequent measurement

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

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

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

Derecognition

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

In cases where Antares Vision has transferred the rights to receive cash flows from an asset but has neither transferred nor retained substantially all the risks and benefits or has not lost control over it, the asset continues to be recognised in the 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 recognized 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.

Use of estimates

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

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

Accounting standards issued and entered into force in 2021

Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform, Phase 2

The changes include a temporary easing of the requirements with reference to the effects on the financial statements when the interest rate offered on the interbank market (IBOR) is replaced by an alternative, essentially risk-free rate (RFR):

The changes include the following practical expedients:

- a practical expedient that allows entities to consider contractual changes, or changes in cash flows that are directly required by the reform, to be treated as changes in a floating interest rate, equivalent to a movement in an interest rate on the market;
- to allow the changes required by the IBOR reform to be made as part of the hedging designation and hedging documentation without the hedging relationship having to be discontinued;
- it gives entities temporary relief from having to comply with separate identification requirements when an RFR is designated as hedging a risk component.

These changes have no impact on this financial report.

Amendments to IFRS 16 "Leases: Covid-19-Related Rent Concessions beyond 30 June 2021"

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

The changes were to be applicable until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the application period of the practical expedient until 30 June 2022.

The amendments apply to financial years starting on or after 1 April 2021. Antares Vision has not received any concessions on lease payments related to Covid-19, but plans to apply the practical expedient should this situation occur within the permitted application period.

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 is currently evaluating the impact that the amendments will have on the current situation if renegotiation of existing loan agreements becomes necessary.

Amendments to IFRS 3 - "Business Combinations"

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

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

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

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

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

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

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

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

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

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

Annual Improvements 2018-2020 Cycle

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

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

The amendment will be effective for financial years starting on or after 1 January 2022 and early application is permitted. Antares Vision will apply this amendment to financial liabilities that are modified or exchanged subsequently or on the date of the first financial year in which the entity applies this amendment for the first time. No material impacts are expected for Antares Vision with respect to this amendment.

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.

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

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 the financial statements of Antares Vision.

Amendments to “IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

On 7 May 2021 the IASB published an amendment to this standard, which requires companies to recognize deferred tax assets and liabilities on particular transactions which, at the time of initial recognition, give rise to equivalent temporary differences (taxable and deductible) - transactions relating to leasing contracts are one example.

The amendment will be effective for financial years starting on 1 January 2023 and early application is permitted.

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.

Recoverable amount of non-current assets

Non-current assets include property, plant and equipment, intangible assets 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.

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.

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[46] (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

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.

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

[46] *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.*

For the purposes of managing the capital of Antares Vision, it was decided that this includes the issued share capital, special shares, the share premium reserve, *Warrants* and all capital reserves attributable to the shareholders of the 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

CAPITAL MANAGEMENT		
Description	**31/12/2021**	**31/12/2020**
Interest-bearing loans and other loans	139,983,824	161,108,159
Other non-current financial liabilities	564,773	1,490,486
Cash and cash equivalents	-42,492,793	-67,861,871
Current securities available for sale	-34,042,956	-33,144,228
Net medium and long-term financial position	**64,012,849**	**61,592,546**
Trade and other payables	34,687,894	29,360,661
Net debt	**98,700,743**	**90,953,207**
Shareholders' equity	249,890,810	131,444,637
Total capital	**249,890,810**	**131,444,637**
Capital and net debt	**348,591,553**	**222,397,844**
Gearing ratio	*28.3%*	*40.9%*

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.

The gearing ratio is 28.3%, compared with 40.9% in the comparison period. That result derives from the joint effect of various factors, the most significant of which are: the translisting from the AIM market, now Euronext Growth, to the MTA, now Euronext Milan, the increase in capital approved as part of the rfXcel operation, described in greater detail in Note 12 and Note 13 and the assignment without recourse of the receivable due from Patent Box, recognised at 31 December 2021 (Euro 6 million out of a total of Euro 7.8 million).

During the second half of 2021, the Company started an operation to refinance its bank debt, described in greater detail in Note 13, which entailed the subscription of new bank loans with an average duration of around 5 years, maturity from 7 to 8 years and an average fixed cost (post-hedging) of around 1.7%.

At the same time, Antares Vision finalised the issue and placement of unsecured and non-convertible bonds (US Private Placement) with Pricoa Capital Group for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%.

On the bond loan and some other loans, Antares Vision is required to comply with financial covenants in line with market practice, which were fully met at the date of preparation of this document.

STATEMENT OF FINANCIAL POSITION

Non-current assets

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

During 2021, Antares Vision's investments in property, plant and equipment and right-of-use assets totalled Euro 13,613,307 (Euro 12,857,106 at 31 December 2020 and Euro 10,897,350 at 1 January 2020).

This item shows the following changes:

PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS				
Description	**Land and buildings**	**Industrial and commercial equipment**	**Other fixed assets**	**Total**
Historical cost 01/01/2020	10,862,174	135,907	1,695,117	12,693,199
Accumulated depreciation 01/01/2020	- 642,464	- 120,161	- 459,468	- 1,222,092
Carrying amount 01/01/2020	**10,219,710**	**15,747**	**1,235,649**	**11,471,106**
Increases	1,792,914	-	154,698	1,947,612
Decreases	-	-	- 143,071	- 143,071
Depreciation for the period	- 271,796	- 8,589	- 281,227	- 561,613
Decreases in accumulated depreciation	-	-	143,071	143,071
Total changes	**1,521,118**	**- 8,589**	**- 126,529**	**1,385,999**
Historical cost 31/12/2020	12,655,088	135,907	1,706,744	14,497,739
Accumulated depreciation 31/12/2020	- 914,260	- 128,750	- 597,624	- 1,640,634
Carrying amount 31/12/2020	**11,740,828**	**7,158**	**1,109,120**	**12,857,106**
Increases	875,929	41,712	527,548	1,445,189
Decreases	-	-	- 74,940	- 74,940
Depreciation for the period	- 336,494	- 13,414	- 275,679	- 625,587
Decreases in accumulated depreciation	-	-	11,541	11,541
Total changes	**539,435**	**28,298**	**188,469**	**756,202**
Historical cost 31/12/2021	13,531,017	177,619	2,159,352	15,867,988
Accumulated depreciation 31/12/2021	- 1,250,754	- 142,164	- 861,763	- 2,254,681
Carrying amount 31/12/2021	**12,280,263**	**35,455**	**1,297,589**	**13,613,307**

Land and buildings, for an amount of Euro 12,280,263 (Euro 11,740,828 at 31 December 2020 and Euro 10.219.710 at 1 January 2020), 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 recorded in this item refers to the expansion and renovation works at the Travagliato and Sorbolo locations.

Industrial and commercial equipment is Euro 35,455, compared with the balances of Euro 7,158 in the previous year and Euro 15,747 at 1 January 2020.

Other fixed assets amount to Euro 1,297,589 at 31 December 2021, compared with the value of Euro 1,109,120 at 31 December 2020 and Euro 1,235,649 at 1 January 2020. The increase is linked to investments in electronic office machines during the year and, to a lesser extent, to furniture and furnishings for the new wing of the building where the Company's registered office is located.

3. Other intangible assets

Other intangible assets only include assets with a finite life and amount to Euro 11,976,801 at 1 December 2021 (Euro 8,465,498 at 31 December 2020 and Euro 5,182,301 at 1 January 2020).

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 01/01/2020	1,696,501	145,988	210,778	3,495,703	5,548,971
Accumulated amortisation 01/01/2020	- 706,067	- 116,790	- 117,569	-	- 940,426
Carrying amount 01/01/2020	**990,435**	**29,198**	**93,209**	**3,495,703**	**4,608,545**
Increases	3,938,770	-	1,440,000	-	5,378,770
Decreases	- 458,457	-	-	-	- 458,457
Reclassifications	3,495,703	-	-	- 3,495,703	
Amortisation for the period	- 1,734,503	- 29,198	- 47,638	-	- 1,811,339
Decreases in accumulated amortisation	458,458	-	-	-	
Total changes	**5,699,971**	**- 29,198**	**1,392,362**	**- 3,495,703**	**3,108,974**
Historical cost 31/12/2020	8,672,517	145,988	1,650,778	289,522	10,758,805
Accumulated amortisation 31/12/2020	- 1,982,112	- 145,988	- 165,207	-	- 2,293,308
Carrying amount 31/12/2020	**6,690,405**		**1,485,571**	**289,522**	**8,465,498**
Increases	6,624,531	-	237,403	17,562	6,879,496
Decreases		-	-	-	-
Amortisation for the period	- 3,009,410	-	- 358,783	-	- 3,368,193
Total changes	**3,615,121**	**-**	**- 121,380**	**17,562**	**3,511,304**
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**

Development costs amount to Euro 10,305,526, net of accumulated amortisation. These include Euro 6,690,405 of costs capitalised in previous years, in addition to other capitalisations for Euro 6,624,531, deriving from internal costs (personnel costs) and external costs.

During the year, 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 1,364,191, already net of accumulated amortisation.

Lastly, fixed assets in process of formation and advances included capitalised costs for development projects at 1 January 2020 that were amortised during 2020 and therefore transferred to development costs. The subsequent increases up to the balance of Euro 307,084 at 31 December 2021 relate to implementation of the new company ERP.

4. Investments

The Investments shown in the financial statements at 31 December 2021 amount to Euro 237,330,698 (Euro 128,999,829 at 31 December 2020 and Euro 75,000,498 at 1 January 2020). 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 01/01/2020	**71,350,498**	**3,650,000**	**75,000,498**
Increases for new acquisitions or constitutions	16,687,531	244,255	16,931,786
Disposals or impairment losses	-	-	-
Increases in capital	37,067,545	-	37,067,545
Other changes	-	-	-
Increase for costs related to Stock Option Plans	-	-	-
Amount at 31/12/2020	**125,105,574**	**3,894,255**	**128,999,829**
Increases for new acquisitions or constitutions	232,301	3,150,000	3,382,301
Disposals or impairment losses	-	-	-
Increases in capital	104,675,842	-	104,675,842
Other changes	78,330	-	78,330
Increase for costs related to Stock Option Plans	194,396	-	194,396
Amount at 31/12/2021	**230,286,443**	**7,044,255**	**237,330,698**

Accounting standard 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 for the investments recorded in these financial statements, no elements were found that might indicate an impairment of their value, considering that the investee companies: (i) realised excellent results during 2021, in line with, or even exceeding the forecasts made at the time of their acquisition; and (ii) continue to see excellent forecasts of future development. More information is provided below, detailing the breakdown between investments in subsidiaries and investments in associates and other companies, also providing in the tables the value of each investee company's shareholders' equity at 31 December 2021.

Investments in subsidiaries amount to Euro 230,286,443 made up as follows:

Name	Headquarters	Currency	Direct parent company	Direct investment	Shareholders' equity in euro at 31/12/2021	Purchase cost	Increase for costs related to Stock Options	Carrying amount
Antares Vision Inc.	New York, USA	USD	ANTARES VISION S.P.A.	100.00%	164,531,416	138,736,194	64,581	138,800,775
Imago Technologies GmbH	Friedberg, Germany	EUR	ANTARES VISION S.P.A.	100.00%	7,066,064	3,227,137	14,139	3,241,276
Antares Vision do Brasil Ltda	Sao Paulo, Brazil	BRL	ANTARES VISION S.P.A.	99.99%	- 1,229,287	116,707	15,668	132,375
Antares Vision France Sas	Rillieux-la-Pape, France	EUR	ANTARES VISION S.P.A.	100.00%	845,410	10,000	9,171	19,171
Antares Vision Ireland Ltd	Galway, Ireland	EUR	ANTARES VISION S.P.A.	100.00%	8,060	10,000		10,000
Antares Vision Rus OOO	Moscow, Russia	RUB	ANTARES VISION S.P.A.	100.00%	40,496	137		137
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	ANTARES VISION S.P.A.	100.00%	- 520,195	1,170	13,757	14,927
FT System S.r.l.	Piacenza, Italy	EUR	ANTARES VISION S.P.A.	100.00%	20,898,508	70,712,714	50,330	70,763,044
Tradeticity d.o.o	Zagreb, Croatia	HRK	ANTARES VISION S.P.A.	82.80%	145,971	932,083	8,789	940,872
Convel S.r.l.	Vicenza, Italy	EUR	ANTARES VISION S.P.A.	100.00%	4,352,359	15,730,337	11,846	15,742,183
Antares Vision Germany	Friedberg, Germany	EUR	ANTARES VISION S.P.A.	100.00%	180,246	25,000		25,000
Innovative Marking Digital Solutions (IMDS)	London, UK	GBP	ANTARES VISION S.P.A.	70.00%	- 8,500	111		111
Antares Vision India Private Limited	Mumbai, India	INR	ANTARES VISION S.P.A.	99.998%	287,836	590,457	6,114	596,571
						230,092,047	194,396	230,286,443

Investments in subsidiaries with net equity that is negative or significantly lower than the carrying amount in the financial statements of Antares Vision are analysed in detail below.

With reference to the interest in Antares Vision do Brasil, the value of the investment amounts to Euro 116,707 against a negative equity of Euro 1,229,287. This is an extraordinary trend, heavily affected by the health emergency caused by the spread of Covid-19, which sadly saw Brazil among the worst hit countries. However, this did not undermine the forecast of a full recovery in the company's economic and financial equilibrium. Encouraging signs came from the positive trend that started at the end of 2020, gaining strength in 2021.

Antares Vision Asia Pacific has negative equity of Euro 520,195 against the investment's carrying amount of Euro 1,170. In the last fiscal year, while still in the start-up phase, the investee was badly affected by the pandemic. However, prior year losses were partially offset by the positive result for 2021 of Euro 505,980. The forecasts for the next few years are expecting growth, thanks to opportunities in the Asian market. There are no elements of impairment.

Tradeticity has net equity of Euro 145,971 against a carrying amount of Euro 932,083. In this regard, it should be noted that, together with its subsidiary Tradeticity Services, Tradeticity is becoming increasingly a centre of specialisation for the implementation in Europe of Level 4 solutions (ATS and ATS Flex).

With regard to the investment in Convel, the book value reflects the consideration paid at the time of the acquisition, which the management still believes it to be a relevant indication of the value of the assets acquired in light of Convel's performance since the acquisition date, especially during 2021, as well as positive forecasts for the future.

A similar argument can be made for the investment in FT System, which is shown in these financial statements at purchase cost increased in December 2021 by Euro 3 million as a result of the increase in capital carried out by Antares Vision. Also for FT System, no elements were found that indicate an impairment loss in the value of the investment, considering the excellent results achieved in 2021 and the equally good future development forecasts.

As for the investment in Antares Vision India, in which Antares Vision holds 99.998% of the share capital (the other 0.002% is held by FT System), the relative carrying amount was determined in March 2021 at the time the minority interest was bought. To this was added Euro 116,365 as an increase in capital in December 2021. Both the purchase of the minority interest and the increase in capital reflect management's will to invest in investee company to guarantee geographical coverage, also in view of the good growth prospects. The loss of Euro 54,087 that Antares Vision India recorded in 2021 is to be considered exceptional and not indicative of any impairment.

Lastly, the subsidiary Innovative Marking Digital Solutions (IMDS), is an investment holding company established in December 2020 which, being inoperative, has a negative equity due to the fixed costs incurred in 2021.

The other subsidiaries all have a net equity that is well above their carrying amount. The main changes during 2021 in the structure of the Group headed by Antares Vision are summarised below.

The acquisition of Applied Vision Holdings Corporation and its subsidiaries ("Applied Vision") was finalised on 16 December 2020 through Antares Vision Inc. (“AV US”). During the first half of 2021, the merger between Applied Vision Holdings Corporation and its subsidiaries took effect.

On 4 March 2021, FT System S.r.l., a wholly owned subsidiary of Antares Vision S.p.A., acquired 100% of Pen-Tec S.r.l. and 100% of Tecnel S.r.l.

The purchase price, equal to an initial Euro 11,651 thousand, was paid in cash and entailed an adjustment increasing the price by Euro 460 thousand, as the pre-set targets for 2021 turnover defined in the contracts were achieved. The financial resources required to finalise the operation were provided to FT System by Antares Vision through an intragroup loan, subject to partial waiver of repayment for Euro 3,000 thousand in December 2021. The price adjustment will be paid during 2022.

On 31 March 2021, Antares Vision Inc. finalised the purchase of 100% of rfXcel Corporation ("rfXcel"), a company that specialises in developing software for the Life Sciences and Food & Beverage sectors, to guarantee the safety of medicines and products throughout the distribution chain, compliance with the applicable regulations on the matter, and real-time data acquisition and processing. rfXcel operates at government level (known as Level 5), corporate level (known as Level 4), and manages the supply chain through a fully SaaS (“Software-as-a-service”) business model, with a significant portion of its revenue deriving from long-term subscriptions, largely recurring.

Given the purchase price of US$ 120,771 thousand[47], Mediobanca S.p.A. provided the Antares Vision with a line of credit of Euro 100 million, which was extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market (now Euronext Growth) to the Mercato Telematico Azionario (MTA, now Euronext Milan). The funds were then transferred from the Antares Vision to AV US by the former subscribing an increase in capital of the American holding company.

An additional deferred consideration of up to US$ 30 million will be payable by the Group to the sellers in cash in the first quarter of 2023, subject to the achievement of certain target receipts. Payment of the earn-out is linked to the receipt of up to US$ 19 million under specific contracts, already in existence, which are the basis of recurring revenues but not included in rfXcel's current business plan.

Certain key members of rfXcel's management, including CEO and founder Glenn Abood, have reinvested in Antares Vision 40% of the net proceeds from the sale of their holdings, approximately US$ 8 million. The equivalent of this amount in euro was paid into Antares Vision's coffers as the subscription price of a capital increase reserved for the managers and approved by the Company's Board of Directors on 29 March 2021 in partial exercise of the mandate to increase the share capital granted by the Shareholders' Meeting on 22 February 2021.

March 2021 saw the purchase of a minority stake in Antares Vision India, a joint venture set up on 20 April 2019 with the Indian company Jay Instruments and Systems Private Limited. At 31 December 2020 the equity investment held was 51%. The investment was classified as an investment under joint control and recognised at a cost of Euro 163,462. On the purchase of a minority share, due to which Antares Vision S.p.A. holds 99.998% and FT System the remaining 0.002% for a total outlay of Euro 232,310, the value of the investment was adjusted to the fair value, resulting in the recognition of income of Euro 78,329 to the income statement.

In August 2021, Antares Vision approved an increase in capital for Euro 116,365 to increase the subsidiary's capitalisation.

On 19 November 2021, the purchase option to buy 30% of Antares Vision North America ("AVNA") was exercised, which allowed Antares Vision Inc. ("AV US") to hold the entire share capital of AVNA. The consideration of Euro 1,900 thousand was partially offset (Euro 356 thousand) with receivables held by AVNA, due from the minority shareholder and partially paid (Euro (1,544 thousand) in cash, due to the liquidity provided by Antares Vision to AV US through an intragroup loan.

[47] *The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.*

As regards the investment in the German subsidiary Imago Technologies, as previously illustrated in the paragraph on FTA, the first-time adoption of the international accounting standards resulted in the reversal of the write-ups that Antares Vision had made at the date of FTA due to the application of the equity method.

Lastly, as illustrated in greater detail in the paragraph on Share-based payments below, the cost of the stock options assigned to employees and directors of the companies of which Antares Vision is the Parent Company was posted as an increase to the value of the investment in the company where 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 and is offset by a corresponding increase in shareholders' equity. As a result, the increase in investments at 31 December 2021 is Euro 194,396.

Investments in associates and other companies amount to Euro 7,044,255, broken down as follows:

INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES				
Name	**Operating headquarters**	**Shareholders' equity in euro at 31/12/2021**	**Equity investment %**	**Book value**
OROBIX SRL	BERGAMO, ITALY	2,751,122	37.5%	3,250,000
SIEMPHARMA SRL	APRILIA (LT), ITALY	2,188,697	30.0%	1,900,000
NEURALA	BOSTON (USA)	(*)	0.4%	244255
HUMANS GARDNE	ADRO (BS) ITALY	(*)	10.0%	150000
RURALL S.P.A.	MILANO, ITALY	5,968,518	25.0%	1,500,000
Totale				**7,044,255**

(*) information not yet available

Orobix S.r.l. is a company based in Bergamo that operates in artificial intelligence systems. Antares Vision acquired 37.5% of its share capital in December 2019 through an increase in capital. The investment is valued at cost and shown at a carrying amount of Euro 3,250,000. At 31 December 2021, net equity was equal to Euro 2,751,122 following the recognition of a loss for the year of Euro 223,828. 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. Net equity at 31 December 2021 comes to Euro

5,968,518 after recognition of a loss for the year of Euro 31,482, justified by the fact that it is still inoperative and in a 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 first bought 10% of its share capital on 28 January 2019 and then an additional 20% on 27 September 2021. At 31 December 2021 it is shown at cost for an amount of Euro 1,900,000. At 31 December 2021, the company's net equity amounts to Euro 2,188,697 following recognition of a loss of € 67,188. This is not considered an element of impairment of the investment. Despite the negative trend in 2021, forecasts for the next few years see a clear recovery, above all thanks to an important commercial partnership currently being negotiated.

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 path in Artificial Intelligence, which has already begun 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.

Humans Garden is an agricultural company based in Adro, of which Antares Vision acquired 10% of the share capital in March 2021. It is an entrepreneurial project of sustainable agriculture that values social and economic cooperation, enhancement of the territory and innovation as the driving force of its ideas through the construction of high-tech greenhouses to produce genuine food with a low environmental impact.

5. Non-current financial receivables from Group Companies

At 31 December 2021 Non-current financial receivables from Group Companies amount to Euro 10,896,931 (Euro 4,049,327 at 31 December 2020 and Euro 3,525,317 at 1 January 2020). 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 analysis of the breakdown of this item.

Loans are settled at normal market conditions.

6. Non-current financial assets

Non-current financial assets amount to Euro 16,763 (Euro 23,457 at 31 December 2020 and Euro 76,564 at 1 January 2020) and relate to security deposits paid to guarantee contracts in force for Euro 10,457 and a derivative receivable for Euro 6,306.

7. Deferred tax assets

Deferred tax assets amount to Euro 5,937,902 (Euro 4,123,182 at 31 December 2020 and Euro 7,627,978 at 1 January 2020) and primarily relate to the tax loss realised by the Company in the year in question, in addition to the effects of the application of the international accounting standards.

The composition and changes of this item is as follows:

DEFERRED TAX ASSETS							
Description	Deferred tax assets on tax losses	Deferred tax assets IAS 19	Deferred tax assets IFRS 15	Deferred tax assets IAS 38	Deferred tax assets IFRS 2	Other deferred tax assets	Total
Amount at 01/01/2020	-	210,425	7,081,583	335,970	-	-	7,627,978
Changes during the period	812,733	85,874	-4,344,743	-106,175	28,014	19,500	-3,504,797
Amount at 31/12/2020	812,733	296,299	2,736,840	229,795	28,014	19,500	4,123,182
Change during the period	4,075,860	95,575	-2,405,804	-104,855	140,945	13,000	1,814,721
Amount at 31/12/2021	**4,888,593**	**391,874**	**331,036**	**124,940**	**168,959**	**32,500**	**5,937,902**

The management body deems the tax loss to be absolutely temporary, as it therefore deems that the conditions are met to recognise deferred tax assets. The valuation was carried out following the general principle of prudence and is based on a Tax Plan that suggests that it will be possible to make full use of the deferred tax assets to offset future taxable income in the short term consistent with the plan.

The application of IFRS has entailed the recognition of deferred tax assets, which at 31 December 2021 amounted to Euro 1,016,809. That value comprises Euro 391,874 attributable to the application of IAS 19, Euro 331,036 to the application of IFRS 15 relating to revenue recognition, Euro 124,940 to the removal of start-up costs previously capitalised according to the Italian accounting standards, and Euro 168,959 to the application of IFRS 2 relating to stock options.

Current assets

8. Inventories

Inventories at 31 December 2021 came to Euro 21,895,239 (Euro 21,425,286 at 31 December 2020 and Euro 18,489,250 at 1 January 2020), 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 01/01/2020	14,248,117	419,358	3,494,951	326,825	18,489,250
Change during the period	2,929,617	132,287	14,021	- 139,890	2,936,036
Amount at 31/12/2020	17,177,733	551,646	3,508,972	186,935	21,425,286
Change during the period	1,023,442	- 30,044	- 956,486	433,041	469,953
Amount at 31/12/2021	**18,201,175**	**521,602**	**2,552,486**	**619,976**	**21,895,239**

That value is recorded net of the related inventory provision of Euro 337,027 (Euro 322,043 at 31 December 2020) for obsolete or slow moving goods. During the year, there were no significant changes in the provision, as it only increased by Euro 14,983 for higher provisions for the year based on the estimates and historical trend.

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 2021 this item amounts to Euro 39,434,137 (net of the provisions of Euro 474,686), compared with the balances of Euro 38,500,679 at 31 December 2020 and Euro 52,976,543 at 1 January 2020.

The changes in Trade receivables are shown below:

TRADE RECEIVABLES			
Description	**Trade receivables**	**Provision for credit risks**	**Total trade receivables**
Amount at 01/01/2020	**53,618,430**	**- 641,887**	**52,976,543**
Change during the period	- 14,281,127	- 194,737	- 14,475,864
Amount at 31/12/2020	**39,337,302**	**- 836,623**	**38,500,679**
Change during the period	571,522	361,937	933,458
Amount at 31/12/2021	**39,908,824**	**- 474,686**	**39,434,137**

The Provision for credit risks recorded the following changes:

PROVISION FOR CREDIT RISKS	
Amount at 01/01/2020	**641,887**
Uses	- 7,987
Provisions	202,724
Amount at 31/12/2020	**836,623**
Uses	- 549,664
Provisions	187,727
Amount at 31/12/2021	**474,686**

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				
	2021	**% Incidence**	**2020**	**% Incidence**
Not yet past due	16,771,047	42.0%	21,531,058	54.7%
Past due between 0-30 days	6,171,444	15.5%	2,707,327	6.9%
Past due between 31-60 days	1,233,780	3.1%	1,355,416	3.4%
Past due between 61-90 days	1,019,321	2.6%	1,158,636	2.9%
Past due between 91-180 days	2,772,104	6.9%	1,879,469	4.8%
Past due between 181-365 days	5,199,416	13.0%	5,059,006	12.9%
Past due beyond 1 year	6,741,712	16.9%	5,646,389	14.4%
Total net of the provision for doubtful	**39,908,823**	**100%**	**39,337,302**	**100%**
Provision for doubtful accounts	- 474,686		- 836,623	
Total trade receivables	**39,434,137**		**38,500,679**	

Given the business model of Antares Vision, because of delays in the Site Acceptance Test (SAT), it is normal for past due amounts to exceed 180 days, without this suggesting that the customer may be insolvent.

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 7,795,651 at 31 December 2021 (Euro 5,099,658 at 31 December 2020). 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 Please refer to the section on Related-party transactions for the analysis of the breakdown of this item.
Loans are settled at normal market conditions.

11. Other receivables

Other receivables amount to Euro 7,807,386, compared with Euro 14,022,079 at 31 December 2020 and Euro 4,989,957 at 1 January 2020. This item is made up as follows:

OTHER RECEIVABLES				
Description	Tax receivables	Advances to suppliers	Other	Total other receivables
Amount at 01/01/2020	**3,820,045**	**509,899**	**660,012**	**4,989,956**
Change during the period	6,663,668	767,796	1,600,659	9,032,123
Amount at 31/12/2020	**10,483,714**	**1,277,695**	**2,260,671**	**14,022,080**
Change during the period	- 6,742,322	- 872,221	1,399,850	- 6,214,693
Amount at 31/12/2021	**3,741,391**	**405,474**	**3,660,521**	**7,807,386**

Tax receivables have gone from Euro 3,820,045 on 1 January 2020 to Euro 10,483,714 on 31 December 2020 and Euro 3,741,391 on 31 December 2021. In the previous year, that item was significantly influenced by the tax benefit of Patent Box for the years 2016-2019, which entailed the recognition of Tax receivables in an amount of Euro 7,783,448, of which Euro 6,709,273 for IRES and Euro 1,074,175 for IRAP. During 2021 the credit was assigned without recourse to a leading bank for Euro 6,000,000 and used to offset tax payables for a residual amount.

Advances (Euro 405,474 at 31 December 2021, Euro 1,277,695 at 31 December 2020 and Euro 509,899 at 1 January 2020) include receivables for advances paid to suppliers.

Other receivables go from Euro 2,260,671 at 31 December 2020 to Euro 3,660,521 at 31 December 2021. These comprise Euro 1,633,385 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.

12. Other current financial assets

Other current financial assets amount to Euro 34,042,956 (Euro 33,144,228 at 31 December 2020 and Euro 33,132,228 at 1 January 2020).

The increases for the year, equal to Euro 898,728, are due:

- for Euro 892,728 to the fair value adjustment to securities and insurance policies held by the Company and recorded under financial income for Euro 896,744 and under financial charges for Euro 4,016;
- for Euro 6,000 to periodic payments by the Company for insurance policies.

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 42,492,793 which compares with Euro 67,861,871 in the same period last year, and Euro 65,730,714 on 1 January 2020.

The change in this item is linked, among other things, to the joint effect:

- of the intragroup loan granted to FT System for the purpose of the acquisitions of Pen-Tec and Tecnel on 4 March 2021 for a consideration of Euro 11,651 thousand (Euro 8,767 thousand net of Euro 2,884 thousand in cash acquired). In December 2021, Euro 3 million of that loan was waived to increase the capitalisation of the subsidiary and Euro 1,554 thousand was repaid by FT System in line with the agreed repayment plan.
- of the subscription of an increase in capital of Antares Vision Inc.. for the purpose of the acquisition of rfXcel finalised on 31 March 2021 by the US holding company, for a purchase price of US$ 121,091 thousand[48] (Euro 101,501 thousand[49] at the implicit exchange rate of the foreign exchange hedge), offset

[48] The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.
[49] Euro 103,276 thousand at the spot exchange rate on the acquisition date

by a net financial position of the acquired entity of US$ 1,712 thousand (Euro 1,460 thousand at the spot exchange rate on the acquisition date). For that operation, Mediobanca S.p.A. provided Antares Vision with a bank credit line of Euro 100 million, extinguished in May 2021 thanks to the cash raised through the translisting from the AIM Italia market, now Euronext Growth to the Mercato Telematico Azionario (“MTA”, now Euronext Milan);

- of the increase in capital approved in the context of the rfXcel transaction through the issue of 668,198 ordinary shares for an amount of Euro 1,604 as higher share capital and Euro 6,807,334 as a higher share premium reserve.
- of the translisting from the AIM market, today Euronext Growth, to the MTA, now Euronext Milan, which, through the issue of 10,200,000 new shares, led to an increase in share capital of Euro 24,480 and in the share premium reserve of Euro 117,275,520. As a result of this transaction, a negative reserve of Euro 5,598,114 was also recognised to include the costs incurred by the Company on successful completion of the listing process in proportion to the ratio of newly issued shares through the increase in capital to the total number of listed shares; of the extraordinary costs incurred for the acquisitions and the listing for a total of Euro 8,194 thousand;
- of the extraordinary costs incurred for the acquisitions and the listing for a total of Euro 8,194 thousand;
- of the assignment without recourse of Euro 6,000,000 relating to a portion of the receivable from Patent Box recorded by the Company at 31 December 2020 (total of Euro 7,783,448, of which Euro 6,709,273 for IRES and Euro 1,074,175 for IRAP);
- of the placement by the Company of non-convertible unsecured bonds (US Private Placement) with Pricoa Capital Group for Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. On this bond, 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;
- the operation conducted by the Company to refinance the existing bank debt by taking out new bank loans with an average duration of around 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of 1.7%. For some of these loans, Antares Vision Group is required to comply with financial covenants in line with market practice, which were fully met at the date of preparation of this document;
- of the investments:
  - for the exercise of the call option on 30% of Antares Vision North America (“AVNA”), which resulted in Antares Vision Inc. (“AV US”) holding 100% of the share capital of AVNA. The

consideration of 1,751 thousand dollars was paid in cash thanks to the liquidity provided by the Company to AV US through an intragroup loan;

- for the exercise of the call option on an additional stake (from 10% to 30%) in Siempharma, with an outlay of Euro 1,500 thousand;
- for the purchase of a minority share of Antares Vision India, with an outlay of Euro 232 thousand;
- for the establishment of RurAll, in which Antares Vision holds 25% of share capital, equal to Euro 1,500 thousand, of which Euro 375 thousand paid in;

Assets held for sale

At 31 December 2021 there were no assets held for sale.

Shareholders' equity

14. Share capital and reserves

Shareholders' equity at 31 December 2021 amounts to Euro 249,890,810, compared with balances of Euro 131,444,637 at 31 December 2020 Euro 113,611,399 at 1 January 2020.

Share capital at 31 December 2021 comes to Euro 169,451, of which Euro 168,144 paid in (Euro 143,074 at 31 December 2020 and Euro 142,606 at 1 January 2020).

The share premium reserve shown under Other reserves has a value at the end of the year of Euro 209,466,890 (Euro 91,002,394 at 31 December 2020 and Euro 90,983,361 at 1 January 2020)).

During the year, the following corporate events affected this item:

- the translisting from the AIM market, now Euronext Growth, to the MTA, now Euronext Milan, which, through the issue of 10,200,000 new shares, led to an increase in share capital of Euro 24,480 and in the share premium reserve of Euro 117,275,520. As a result of this transaction, a negative reserve of Euro 5,598,114 was also recognised to include the costs incurred by the Company on successful completion of the listing process in proportion to the ratio of newly issued shares through the increase in capital to the total number of listed shares. This approach reflects the provisions of IAS 32 and led to the determination of the following proportion:

Ordinary shares outstanding	Ordinary shares newly issued	Ordinary shares after listing
58,798,140	10,200,000	68,998,140
85.22%	*14.78%*	*100.00%*

Note that the commissions paid to the banks that coordinated the offer have all been deducted from equity as the commissions on the existing shares sold as part of the offer were borne by the selling shareholders and the listing costs charged to the Company only included the commissions on the new shares issued;

- the increase in capital approved as part of the rfXcel operation through the issue of 668,198 ordinary shares for an amount of Euro 1,604 as higher share capital and Euro 6,807,334 as a higher share premium reserve. The increase in capital formed part of the execution of the agreements signed on 16 February 2021 for the acquisition by Antares Vision Inc., a company wholly owned by Antares Vision, of 100% of rfXcel. It was reserved for subscription by certain shareholders and key members of rfXcel's management for them to reinvest in the Antares Vision 40% of the net proceeds received by them on selling their shares in rfXcel;
- the exercise during the year of 578,953 warrants issued in April 2019 at the time of the business combination between Antares Vision and Alp.I S.p.A. in favour of the latter's shareholders with a view to the listing of the Company on the AIM, now Euronext Growth, which increased the share capital by Euro 293 and the share premium reserve by Euro 11,915.

The extraordinary reserve increased due to the allocation of the profit made at 31 December 2020. 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 2021 comes to Euro 605,767. For more information, please refer to the summary statement of changes in shareholders' equity included in the accounting schedules.

Non-current liabilities

15. Non-current loans and borrowings

At 31 December 2021 non-current loans and borrowings amount to Euro 127,926,781 (Euro 120,009,513 at 31 December 2020, Euro 84,409,815 at 1 January 2020). 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 01/01/2020	**79,895,332**	**4,514,483**	**84,409,815**
Change during the period	35,902,813	- 303,226	35,599,587
Amount at 31/12/2020	**115,798,145**	**4,211,257**	**120,009,402**
Change during the period	4,642,306	3,274,961	7,917,378
Amount at 31/12/2021	**120,440,452**	**7,486,218**	**127,926,781**
of which: over 5 years	*75,435,151*	-	*75,435,151*

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.

During the second half of 2021, the Company fully refinanced its existing bank debt, paying off the outstanding bank loans and contracting new ones with an average duration of around 5 years, a maturity of 7-8 years and an average fixed cost (post-hedging) of around 1.7%.

In September 2021, the placement of unsecured and non-convertible bonds (US Private Placement) was finalised at Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the main players in the private placement market, for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued do not have a rating and are not intended for listing on regulated markets. The issue is not backed by collateral.

With regard to the bond loan and several bank loans, Antares Vision 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.

During 2021, two tranches of a loan were also disbursed under the Sustainable Growth Fund - Digital Agenda for Euro 3,729,493, of which Euro 474,473 maturing beyond 5 years.

Non-current loans and borrowings also include the adjustment of the financial liability represented by the warrants.

In this regard, it should be noted that the Shareholders' Meeting of Antares Vision 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.

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

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

The table below shows the changes in this item. The decrease of Euro 303,226 recorded during 2020 was recognised under Financial income, while the increase of Euro 3,274,961 for 2021 was recognised under Financial charges:

NON-CURRENT LOANS AND BORROWINGS			
Description	**no. Warrants**	**Price**	**Financial liabilities**
Amount at 01/01/2020	**4528067**	**1.0030**	**4,514,483**
Change during the period	- 1,453,708		- 303,226
Amount at 31/12/2020	**3,074,359**	**1.3698**	**4,211,257**
Changes during the period	- 578,953		3,274,961
Amount at 31/12/2021	**2,495,406**	**3.0000**	**7,486,218**

16. Non-current lease liabilities

Non-current lease liabilities amount to Euro 6,282,191 (Euro 5,064,193 at 31 December 2020 and Euro 6,173,907 at 1 January 2020).

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 2021 the amount of these fees was equal to Euro 139,257.

17. Other non-current financial liabilities

At 31 December 2021 Other non-current financial liabilities amount to Euro 564,773 (Euro 1,490,486 at 31 December 2020 and Euro 568,648 at 1 January 2020), linked to derivatives that the Company subscribed to hedge fluctuations in the interest rates of several bank loans

Type of derivative contract	Loan agreement	Effective date of the contract	Contract expiry date	Acquired interest rate	Currency	Notional upon stipulation	Mark to market **** at 31/12/2021
Interest Rate Swap (Iccrea Bancaimpresa)	*Syndicated loan*	31/3/2019	31/3/2023	0.020%	Euro	6,666,667	- 36,120
Interest Rate Swap (Iccrea Bancaimpresa)	Leasing	1/8/2016	1/2/2026	0.450%	Euro	2,365,977	- 51,601
*Interest Rate Swap (Unicredit) **	Leasing	1/12/2019	1/12/2026	0.800%	Euro	837,453	- 8,960
Interest Rate Swap (Unicredit) **	Leasing	1/12/2019	1/12/2026	0.800%	Euro	305,379	- 9,259
Interest Rate Swap (Mediobanca)	Mediobanca loan	18/2/2020	18/2/2025	0.220%	Euro	20,000,000	- 15,722
Interest Rate Swap (Intesa Sanpaolo)	Mediocredito loan	30/9/2021	29/9/2028	0.200%	Euro	30,000,000	- 310,247
Interest Rate Swap (BNL)	BNL loan	30/9/2021	30/9/2029	0.095%	Euro	30,000,000	- 132,865
Total							**- 564,773**

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

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

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

18. Retirement benefit obligations

Retirement benefit obligations are shown in the financial statements at 31 December 2021 for Euro 5,888,876 which compares with the balance of Euro 4,822,036 at 31 December 2020 and Euro 3,719,272 at 1 January 2020.

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

The technical bases used are listed below:

ECONOMIC ASSUMPTIONS			
Description	**31/12/2021**	**31/12/2020**	**1/1/2020**
Annual discount rate	0.98%	0.53%	0.77%
Annual inflation rate	1.75%	0.80%	1.20%
Annual rate of increase in severance indemnity (T.F.R.)	2.81%	2.10%	2.40%
Real annual salary increase rate	1.00%	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	**31/12/2021**	**31/12/2020**	**1/1/2020**
Frequency of advances	1.50%	1.50%	1.50%
Frequency of turnover	2.50%	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	**ANTARES VISION 31/12/2021**	**ANTARES VISION 31/12/2020**	**ANTARES VISION 01/01/2020**
Defined Benefit Obligation (DBO) beginning of period	**4,822,016**	**3,719,272**	**2,600,739**
Service Cost	1,021,434	1,048,974	828,590
Interest Cost	26,984	29,900	33,306
Benefits paid	- 91,951	- 71,590	- 47,785
Adjustments	-	-	-
Expected DBO end of period	**5,778,482**	**4,726,556**	**3,414,850**
A(G)/L from experience	- 42,214	7,869	37,407
A(G)/L from change of demographic assumptions	-	-	-
A(G)/L from discount rate exchange	152,608	87,591	267,015
Defined Benefit Obligation (DBO) end of period	**5,888,876**	**4,822,016**	**3,719,272**

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS			
Description	ANTARES VISION DBO 31/12/2021	ANTARES VISION DBO 31/12/2020	ANTARES VISION DBO 01/01/2020
Turnover rate +1%	5,718,230	4,693,620	3,628,703
Turnover rate -1%	6,092,182	4,975,143	3,827,350
Inflation rate +0.25%	6,087,827	4,984,359	3,844,176
Inflation rate -0.25%	5,698,725	4,666,952	3,599,989
Discount rate +0.25%	5,649,100	4,627,234	3,570,569
Discount rate -0.25%	6,143,594	5,029,105	3,877,340

The following table shows the contribution for the next financial year and the average financial duration of the obligation as required by IAS 19:

SERVICE COST AND DURATION			
Description	31/12/2021	31/12/2020	1/1/2020
Service cost in the future	1,120,380	1,051,723	1,011,088
Duration	23.9	24.1	24.3

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

FUTURE DISBURSEMENTS			
Years	31/12/2021	31/12/2020	1/1/2020
1	210,478	304,695	271,436
2	234,518	194,016	161,321
3	267,454	222,193	189,110
4	356,755	249,080	215,883
5	367,703	287,305	241,598

19. Deferred tax liabilities

At 31 December 2021, Deferred tax liabilities recorded under liabilities in the statement of financial position amount to Euro 446,270, compared with the balances of Euro 292,499 at 31 December 2020 and Euro 207,393 at 1 January 2020. These were generated by the application of IFRS 16 to lease and rental contracts.

Current liabilities

20. Current loans and borrowings

Current loans and borrowings amount to Euro 5,200,985, compared with Euro 33,824,185 the previous year and Euro 15,527,667 at 1 January 2020.

The movements and composition of this item are shown below.

CURRENT LOANS AND BORROWINGS				
Description	**Medium/long-term loans (share within 12 months)**	**Credit cards**	**Other current loans**	**Total current loans and financing**
Amount at 01/01/2020	**15,231,172**	**106,117**	**190,378**	**15,527,667**
Change during the period	13,552,799	- 65,902	4,809,622	18,296,519
Amount at 31/12/2020	**28,783,971**	**40,215**	**5,000,000**	**33,824,186**
Change during the period	- 23,646,100	22,900	- 5,000,000	- 28,623,201
Amount at 31/12/2021	**5,137,871**	**63,114**	**-**	**5,200,985**

This item includes the portion due within 12 months of medium/long-term loans that the Parent Company has with leading banks. As described in greater detail in Note 14, in the second half of 2021, 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. As a result of that refinancing, Antares Vision Group was able to benefit from a new pre-amortisation period, resulting in the significant decrease in this item.

The amount of Euro 63,114 refers to the balance due on corporate credit cards.

Other current loans at 31 December 2020 included a short-term loan received from the Company and repaid in July 2021.

21. Current lease liabilities

Current lease liabilities amount to Euro 573,867 (Euro 2,210,268 at 31 December 2020 and Euro 263,160 at 1 January 2020), which is the portion due within twelve months of payables to Leasing companies following the application of IFRS 16. Please refer to the explanation of non-current lease liabilities given in Note 15.

22. Current provisions for risks and charges

At 31 December 2021, current provisions for risks and charges amount to Euro 372,788 and compare with the balance of Euro 220.371 at 31 December 2020. 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 01/01/2020	**-**	**-**	**-**
Provisions for the period	195,052	25,319	220,371
Amount at 31/12/2020	**195,052**	**25,319**	**220,371**
Uses of the period	- 195,052	-	- 195,052
Provisions for the period	328,889	18,580	347,469
Amount at 31/12/2021	**328,889**	**43,899**	**372,788**

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 2021 amount to Euro 328,889.

This item also includes the provision for agents' severance indemnity on agency contracts for Euro 43,899.

23. Contract liabilities

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

That deferral generated an FTA reserve at 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 01/01/2020	**25,245,862**
Changes during the period	- 15,412,512
Amount at 31/12/2020	**9,833,351**
Changes during the period	- 8,428,022
Amount at 31/12/2021	**1,405,329**

24. Trade payables

Trade payables come to Euro 18,289,544 (Euro 12,798,979 at 31 December 2020 and Euro 15,526,538 at 1 January 2020), all with a duration of less than twelve months.

The increase in this item during the year is mainly linked to a revision of the payment terms with suppliers which, thanks to the high standing of Antares Vision and the loyal relationship that has been built up with them over time, have granted an extension of the deadlines. The generalised increase in raw materials and, specifically, in electronic components had a limited impact, due to the decreased percentage of those components out of total costs.

25. Other payables

Other payables amount to Euro 16,398,351 which compares with Euro 16,561,682 at 31 December 2020 and Euro 12,375,039 at 1 January 2020.

The composition of this item is shown below:

OTHER PAYABLES						
Description	Advances from customers	Payables to personnel	Payables to social security institutions	Tax payables	Other payables	Total
Amount at 01/01/2020	**7,446,443**	**2,681,362**	**1,362,540**	**579,934**	**304,759**	**12,375,039**
Changes during the period	1,241,373	771,088	251,155	196,257	1,726,769	4,186,643
Amount at 31/12/2020	**8,687,817**	**3,452,451**	**1,613,695**	**776,191**	**2,031,528**	**16,561,682**
Changes during the period	- 2,779,224	232,395	221,444	247,034	1,915,020	- 163,331
Amount at 31/12/2021	**5,908,592**	**3,684,846**	**1,835,139**	**1,023,225**	**3,946,548**	**16,398,351**

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 1,835,139 (Euro 1,613,695 at 31 December 2020 and Euro 1,362,540 at 1 January 2020) 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 2021 amounts to Euro 81,635,608, compared with Euro 86,015,478 at 31 December 2020.

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				
Revenue by geographical area	**31/12/2021**	**%**	**31/12/2020**	**%**
Italy	18,663,936	22.9%	16,281,180	18.9%
Europe	32,671,510	40.0%	54,222,164	63.0%
North & South America	14,863,229	18.2%	7,499,192	8.7%
Asia	10,158,066	12.4%	4,994,710	5.8%
Africa and Middle East	5,278,866	6.5%	3,018,232	3.5%
Antares Vision Group	**81,635,608**	**100.0%**	**86,015,478**	**100.0%**

All the geographical areas recorded significant growth with the exception of Europe (excluding Italy), which suffered a sharp reduction in sales in Eastern Europe, which in 2020 had benefited from the entry into force of Russian tracking legislation for the pharmaceutical sector. Italy is growing thanks to inspection solutions for quality control and services, while the Americas, Asia and the Middle East and Africa 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, United States aggregation in 2023, Malaysia, Kazakhstan, Qatar and Indonesia tracking in 2024 and the “Made in China 2025” programme.

The breakdown of revenue by business line is shown in the following table:

REVENUE BY LINE				
Line of business	**31/12/2021**	**%**	**31/12/2020**	**%**
Services	14,208,212	17.4%	13,960,964	16.2%
SMART DATA/SMA*	6,720,620	8.2%	5,176,178	6.0%
Track & Trace (L1 - L3)	35,842,693	43.9%	49,557,901	57.6%
Inspection	24,864,083	30.5%	17,320,435	20.1%
Total	**81,635,608**	**100.0%**	**86,015,478**	**100.0%**

** these are software maintenance contracts*

The slowdown in Track & Trace original equipment is due to the fact that, for the whole of last year, and particularly in the last quarter of the year, there was a peak due to the entry into force of pharmaceutical tracking in Russia in

December 2020. A positive transformation of Track & Trace as a whole is under way (which can be better appreciated at consolidated level), from an original equipment business to a high margin recurring business (represented by Smart Data/SMA and Services).

27. Other income

At 31 December 2021, other income amounts to Euro 2,680,732, compared with Euro 1,980,391 of the previous year.

The composition and changes of the item are shown below:

OTHER INCOME			
Description	**Operating grants**	**Other revenues**	**Total**
Amount at 31/12/2020	1,757,906	222,485	1,980,391
Amount at 31/12/2021	2,360,555	320,177	**2,680,732**
Change	602,650	97,691	700,341

Operating grants include:

- Euro 1,845,203 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. Those grants will be collected during 2022, following completion of the required administrative procedure.
- Euro 515,352 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 negative Euro 2,982,874, compared to a negative Euro 6,785,177 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 31/12/2020	-6,917,464	132,287	-6,785,177
Amount at 31/12/2021	-5,157,309	2,174,435	**-2,982,874**
Change	1,760,155	2,042,148	3,802,303

Change in inventories of finished products is negative for Euro 5,157,309 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 for Euro 2,174,435, justified by the increase in expected sales volumes.

29. Raw materials and consumables

Raw materials and consumables amount to Euro 18,506,544, compared with Euro 15,283,688 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 31/12/2020	-2,929,617	17,289,664	923,640	15,283,688
Amount at 31/12/2021	1,181,037	16,178,596	1,146,911	**18,506,544**
Change	4,110,654	-1,111,069	223,271	3,222,856

Similarly to the change in inventories of semi-finished products and work in progress commented on in Note 27, the increase in raw materials is attributable to the desire to acquire materials in view of the higher orders expected and therefore represents a conscious investment.

30. Personnel costs

At 31 December 2021 Personnel costs amounted to Euro 24,459,119 compared with Euro 22,094,310 at 31 December 2020. Changes in this item are shown below:

PERSONNEL COSTS	
Description	PERSONNEL COSTS
Amount at 31/12/2020	22,094,310
Amount at 31/12/2021	**24,459,119**
Change	2,364,810

The increase in Personnel costs (10.7%) is in line with the hiring policy implemented by the Company, aimed at ensuring that Antares Vision has the human capital indispensable to handle the expected growth. The increase in human resources (416 at 31 December 2020, 373 at 31 December 2021, +12%) is therefore to be considered a conscious investment for the future, aimed at the fulfilment of the Antares Vision strategy.

31. Amortisation and depreciation

At 31 December 2021, the balance of amortisation and depreciation amounts to Euro 4,181,507 compared with Euro 2,575,676 at 31 December 2020.

AMORTISATION AND DEPRECIATION				
Description	Amortisation intangible assets	Depreciation property, plant and equipment	Write-downs	Total
Amount at 31/12/2020	1,811,339	561,613	202,724	2,575,676
Amount at 31/12/2021	3,368,193	625,587	187,727	**4,181,507**
Change	1,556,853	63,975	-14,997	1,605,831

Amortisation amounts to Euro 3,368,193, compared with Euro 1,811,339 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.

The depreciation of tangible fixed assets mainly comprises the depreciation of buildings for Euro 553,516 (Euro 540,636 at 31 December 2020), the depreciation of furniture and furnishings for Euro 18,381 (Euro 1,414 at 31 December 2020) and of electronic office machines for Euro 33,225 (Euro 2,372 at 31 December 2020).

Write-downs refer to the write-downs of trade receivables for Euro 187,727. 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 5,601,531, compared with Euro 3,938,770 of 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 personnel 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 revenue. For a detailed discussion of development projects, please refer to the directors' report.

33. Sales and marketing costs

At 31 December 2021, Sales and marketing costs amount to Euro 3,687,389, compared with the balance of Euro 4,207,906 in the comparison period.

SALES AND MARKETING COSTS	
Description	**Sales and marketing costs**
Amount at 31/12/2020	4,207,906
Amount at 31/12/2021	**3,687,389**
Change	-520,517

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. The reduction is due to a gradually lower use of external agents, in favour of direct sales through the local subsidiaries.

34. Service costs

At 31 December 2021 service costs amount to Euro 32,224,999 and compares with the balance of Euro 22,884,005 of last year.

Changes in this item are shown in the following table:

SERVICE COSTS	
Description	**SERVICE COSTS**
Amount at 31/12/2020	22,884,005
Amount at 31/12/2021	**32,224,999**
Change	9,340,994

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**	**Intercompany services from subsidiaries**	**Total**
Amount at 31/12/2020	1,146,475	2,692,593	2,445,900	2,722,311	2,004,060	2,816,966	1,735,911	1,213,480	370,312	5,735,997	**22,884,005**
Amount at 31/12/2021	968,075	2,642,867	2,425,867	3,465,424	2,069,766	6,742,382	1,809,716	1,358,904	443,597	10,298,401	**32,224,999**
Change	-178,400	-49,726	-20,033	743,113	65,706	3,925,416	73,805	145,424	73,285	4,562,404	9,340,994

The sharp increase in this item of Euro 9,340,994 (+40.8%) is linked to the costs relating to the acquisition and translisting on the MTA, now Euronext Milan, as the capitalisation of these costs in accordance with IFRS 3 is not permitted; it is also linked to higher costs for intercompany services in connection with the gradual delocalisation of activities at the area branches.

35. Other operating expenses

Other operating expenses amount to Euro 1,109,076 (Euro 2,107,976 at 31 December 2020) with the following changes during the year:

OTHER OPERATING EXPENSES	
Description	**OTHER OPERATING EXPENSES**
Amount at 31/12/2020	2,107,976
Amount at 31/12/2021	**1,109,076**
Change	-998,901

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 31/12/2020	195,052	111,163	1,801,761	2,107,976
Amount at 31/12/2021	133,837	116,643	858,596	**1,109,076**
Change	- 61,215	5,480	- 943,166	- 998,901

The allocation for product warranties was recorded under provisions for Euro 133,837.

Taxes not on income for the year are substantially in line with the comparative period.

Other operating expenses amount to Euro 858,596 and compare with Euro 1,801,761 in the previous year, which was affected by exceptional costs, mainly for handling the pandemic.

36. Financial charges

Financial charges amount to Euro 6,594,947, compared with Euro 2,747,667 the previous year.
The item includes the change in fair value of the warrants issued by the Company at the same time as the listing and still in circulation at the end of the year. As already explained in Note 14, since these are financial instruments which, when exercised, give a right to delivery of a variable number of shares, the difference of Euro 3,274,961 compared with the figure at 31 December 2020 has to be recognised in the income statement.

This item also includes the interest payable on loans for Euro 1,652,376, and the financial charges and subscription fees and organisation costs of Euro 1,131,344 incurred on obtaining the loan from Mediobanca for Euro 100 million and expensed at the time it was totally repaid.

37. Financial income

At 31 December 2021, financial income amounts to Euro 1,777,688 compared with Euro 627,965 at 31 December 2020.
This comprises Euro 896,744 for the change in fair value of securities available for sale held by the Company, Euro 383,496 for the change in fair value of derivative instruments subscribed by the Company to hedge fluctuations in interest rates and Euro 447,689 in interest income accrued by the Company from subsidiaries for intragroup loans disbursed.

38. Foreign exchange gains and losses

Foreign exchange gains and losses show a positive net balance of Euro 120,039 (negative by Euro 40,222 at 31 December 2020) and include the exchange differences generated on the payment of foreign currency assets and liabilities or by their translation at rates that are different from those at which they were translated at the time of initial recognition.

39. Income (charges) on investments

At 31 December 2021 the item has a positive value of Euro 78,329 and includes the fair value adjustment of the investment of Antares Vision India, recognised on the acquisition of the minority interest, as required by IFRS 3 in the case of a step-up acquisition.

40. Income taxes

Income taxes at 31 December 2021 amount to Euro 1,572,101 (Euro 3,949,898 at 31 December 2020).

At 31 December 2021, there are no temporary differences or carry-forward tax losses on which deferred tax assets or liabilities have not been recognised.

Share-based payments

Stock Option Plans

On 20 May 2020, the Shareholders' Meeting of Antares Vision 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 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 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 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 role that they fill

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 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 executive directors, the vesting period is 48 months starting from the assignment of each cycle of each of the 3 annual tranches. For employees, the vesting period is 36 months starting from the assignment of each of the 3 annual tranches.

On 19 July, the executive directors of the Company waived the options assigned to them when allocating the second tranche of options relating to the First Stock Option Plan for a total of 108,000 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 the Company (albeit indirectly, as they personally hold shares in Regolo S.p.A., the parent company of Antares Vision), 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 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").

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 256,547 at 31 December 2021) and under service costs for the options assigned to the Company's directors (Euro 54,414 at 31 December 2021) 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 2021, as illustrated in Note 3, comes to Euro 194,396.

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:

	31/12/2021		31/12/2020	
Stock Option Plans	**Number**	**PMPE**	**Number**	**PMPE**
outstanding at the beginning of the period	333,000	2.24		
1st tranche of SOP I	*333,000*	*2.24*		
granted during the period	746,000	2.37	333,000	2.24
1st tranche of SOP I	333000		*333,000*	*2.24*
2nd tranche of SOP I	*333,000*	*2.48*		
1st tranche of SOP II	*425,000*	*2.22*		
cancelled during the period	28,000	2.23		
1st tranche of SOP I	*21,000*	*2.24*		
2nd tranche of SOP I	-			
1st tranche of SOP II	*7,000*	*2.22*		
exercised during the period	-	-		
expired during the period	-	-		
outstanding at the end 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*		
exercisable at the end of the period	-	-	-	-

The table below lists 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*	*I TRANCHE*
	Directors	**Employees**	**Employees**	**Employees**
Weighted fair value at the measurement date (€)	2.2416	2.2361	2.4818	2.2164
Exercise price of the option (€)	11.4480	11.4140	12.0341	12.0700
Dividends expected (€)	0.2850	-	0.3086	-
Expected volatility (%)	0.2801	0.3047	0.2922	0.2944
Risk-free interest rate (%)	- 0.0040	- 0.0040	- 0.0040	- 0.0040
Expected useful life of options (in years)	4.4466	2.7753	3.6192	2.8548
Weighted average price per share (€)	10.8705	11.4140	11.8914	11.5986
Model adopted	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes

OTHER INFORMATION

Guarantees given, commitments and other contingent liabilities

At 31 December 2021, Antares Vision had provided guarantees to its customers consisting of Euro 250,947 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 1,838,056 in advance bonds on advances already received from customers.

Covid-19

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

It should be noted that none of the Antares Vision plants had to interrupt operations due to the restrictive measures to contain the pandemic as the Company's production falls within those considered essential, playing a key role in the supply chain of the pharmaceutical sector.

Furthermore, Antares Vision did not resort to social safety nets. The Company managed its own resources by encouraging people to take any accrued holidays and making it possible for them to donate time off to colleagues whose activities were temporarily suspended.

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 customer portfolio.

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. However, it has to be said that, before this happened, the Russian market was of great interest for the implementation of tracking solutions, which will most likely slow down over the coming months.

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.

Liquidity risk

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

Starting from the second half of 2019, gross debt has significantly increased in proportion to the liquidity raised by taking out long-term loans stipulated by the Company with leading credit institutions and used to pursue its strategy, also through a series of acquisition aimed at diversifying the business.

These loans were refinanced between September and December 2021. The new bank loans have an average duration of around 5 years, a maturity of 7-8 years and an average fixed cost (post-hedging) of around 1.7%.

In September 2021, the Company, also, finalized the issue and placement of unsecured and non-convertible bonds (so-called "US Private Placement") at Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the main players in the private placement market, for an amount of Euro 40 million. The securities were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued do not have a rating and are not intended for listing on regulated markets. The issue is not backed by collateral.

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.

The Euro 100 million bridging loan from Mediobanca for the acquisition of rfXcel was paid off in May 2021 thanks to the liquidity generated by listing on the MTA, now Euronext Milan.

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.

The Guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board recommend classifying climate and environmental risks into two macrocategories:

- 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 the so-called 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;
- 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.

In this context, Antares Vision 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[50].

On the contrary, Antares Vision is actively engaged in pursuing a sustainable business model through implementation of its industrial strategy and thanks to its ecosystem of values. This approach is also reflected in a firm commitment to the United Nations 2030 Agenda and the Sustainable Development Goals (SDGs) which form an integral part of it. When drafting its first Sustainability Report (Non-Financial Report), Antares Vision performed at Group level 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's contribution and commitment, together with the underlying targets and actions.

The strategic guidelines of Antares Vision are consistent with the objective of providing a contribution to sustainable development with respect to the macro-trends and scenarios of the sector. These have also seen a legislative evolution in the direction of improving people's lives and reducing the impact of using natural resources. This in turn will make the production of essential goods such as food and pharmaceuticals more efficient.

The positive environmental impacts of the business model and solutions developed by Antares Vision concern, in particular, 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.

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[50] *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.

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.

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 with respect to its parent company Regolo S.p.A. For example, the Issuer autonomously manages the treasury and commercial relations with its customers and suppliers and does not make use of any service provided by its parent company.

Related-party transactions

As regards dealings between the Company and related parties, in accordance with IAS 24, we provide the following information on 2021:

RELATED-PARTY TRANSACTIONS 2021									
		ECONOMIC RELATIONS				EQUITY-FINANCIAL RELATIONS			
Name	Typology	Revenue	Financial income	Raw materials and consumables	Service costs	Trade receivables	Non-current financial receivables	Current financial receivables	Trade payables
Antares Vision Inc.	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	-	-	-	-
		12,793,589	447,689	3,018,921	10,635,640	21,629,446	10,896,932	7,795,651	9,069,355

At 31 December 2020, related-party transactions were as follows:

RELATED-PARTY TRANSACTIONS 2020									
		ECONOMIC RELATIONS				EQUITY-FINANCIAL RELATIONS			
Name	Typology	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	53,758	106	-	-	53,758	-	1,727,208	-
Antares Vision North America LLC	Direct or indirect subsidiary	2,349,003	-	4,389	1,061,893	7,453,099	-	-	253,861
Imago Technologies GmbH	Direct or indirect subsidiary	150,378	-	1,935,687	793,547	64,882	-	-	-
Antares Vision do Brasil Ltda	Direct or indirect subsidiary	1,033,896	183,596	6,589	108,086	2,464,953	998,196	3,127,599	114,674
Antares Vision France Sas	Direct or indirect subsidiary	1,058,439	459	-	1,876,865	1,117,198	700,000	459	1,499,568
Antares Vision Ireland Ltd	Direct or indirect subsidiary	7,656	-	-	247,708	7,656		200,000	103,108
Antares Vision Rus OOO	Direct or indirect subsidiary	604,069	12,500	-	741,406	358,561	500,000	17,651	126,673
Antares Vision Asia Pacific Ltd	Direct or indirect subsidiary	169,040	10,726	-	50,476	946,221	700,000	10,914	752,002
FT System S.r.l.	Direct or indirect subsidiary	294,366	-	165,138	11,136	66,165	-	-	11,136
Tradeticity d.o.o	Direct or indirect subsidiary	-	11,735	-	-	-	491,131	11,735	-
Tradeticity Service d.o.o	Direct or indirect subsidiary	-	692	-	159,666	-	160,000	692	63,602
Convel S.r.l.	Direct or indirect subsidiary	-	-	1,600	-	-	-	-	-
Antares Vision Germany	Direct or indirect subsidiary	106	3,401	-	511,638	106	500,000	3,401	532,474
Antares Vision India Private Limited	Joint control	44,647	-	-	173,578	-	-	-	-
Orobix	Associate	30,221	-	-	96,112	219	-	-	-
Siempharma	Associate	280,340	-	-	1,947,260	1,384,604	-	-	669,420
		6,075,918	223,214	2,113,403	7,779,369	13,917,422	4,049,327	5,099,658	4,126,518

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[51].

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	1,302,874	56,030	117,000

** amount including cost relating to Stock Option Plans*

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

[51] *https://it.antaresvision.com/investitori/governance/1928/procedure-e-regolamenti*

Subsequent Events

On 18 February 2022, through rfXcel, Antares Vision 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 was financed using available liquidity.

Lastly, it should be noted that January and February 2022 saw the exercise of 5,006 warrants[52], corresponding to 963 ordinary shares with a consequent increase in capital of Euro 2 and in the share premium reserve of Euro 94. As a result of this exercise, at the date of preparation of this document there are still 2,490,400 warrants outstanding.

[52] *The Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 resolved to increase the share capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the warrants, in a divisible manner, for a maximum nominal amount of Euro 3,255.60 through the issue of a maximum of 1,356,500 conversion shares.*

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 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 2021 of Euro 280,428 to a decrease of the Extraordinary reserve.

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

Travagliato, 7 March 2022

The Board of Directors

Emidio Zorzella	Massimo Bonardi	Alioscia Berto
Marco Claudio Vitale	Martina Monico	Fabio Forestelli
Cristina Spagna	Fiammetta Roccia	Fabiola Mascardi

Antares Vision S.p.A.

Consolidated financial statements as at December 31, 2021

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, 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, 2021, 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 and business combinations	
In the fiscal year, the Group has completed certain business combinations (RfXcel Corporation, Pen-Tec S.r.l. and Tecnel S.r.l.), which involved a total cash-out of Euro 117.1 million. These transactions followed the acquisition of Applied Vision Corporation, completed on December 16, 2020, for which a purchase price of Euro 38 million (at the transaction date exchange rate) was paid, including price adjustment. The goodwill balance reported on the consolidated financial statements as of December 31, 2021, after considering the Purchase Price Allocations on the acquisition listed above, amounts to Euro 145.9 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", in the paragraph "Disclosure on business combinations" 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 (2022-2024) 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 2022-2024; ‣ 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, 2021.
Revenue recognition – Software as a Service	
The consolidated financial statements of Antares Vision Group include revenue from Software as a Service ("SaaS") sales for Euro 21	Our audit procedures in response to the key audit matter included, among others: ‣ analysis of the process put in place by the

million, originated by the subsidiary rfXcel Corporation.

The Group subscribes certain contracts with customers that may include the obligation to allow the use of software and provide implementation, support and other professional 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".

Group and the relevant controls surrounding the revenue recognition process;

- testing of a statistical sample of SaaS 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, 2021.

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 with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements 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.

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, 2021, 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, 2021 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, 2021 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, 2022

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, 2021

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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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, 2021, 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, 2021, 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.

Other matter

The financial statements of Antares Vision S.p.A. disclose the corresponding data of the previous financial year prepared in accordance with the International Financial Reporting Standards. These data derive from the financial statements as at December 31, 2020 prepared in accordance with the Italian GAAP. The Explanatory note "First time adoption" illustrates the effects of the transition to the International Financial Reporting Standards as adopted by the European Union and includes the reconciliation schedules required by IFRS 1.

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.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matter:

Key Audit Matter	Audit Response
Valuation of investments in subsidiaries	
The balance of investments in subsidiaries as at December 31, 2021, accounted at cost, amounted to Euro 230.1 million, of which Euro 105 million due to investments carried out in 2021 and Euro 53.8 million due to investments carried out in 2020. 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 "Use of estimates" and in note "4 Investments in subsidiaries".	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 in regards to the existence of impairment indicators on investments in subsidiaries; ‣ testing of the Purchase Price Allocation accounting performed in fiscal year 2021 on the business acquisitions completed during 2021 and in the second half of 2020; ‣ assessment of the financial performance of each subsidiary and, for the most significant subsidiaries, comparison between the actual results in 2021 and the projections included in the business plans prepared at the time of the acquisitions. 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.

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 with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 with the provisions of the Delegated Regulation.

In our opinion, the financial statements 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, 2021, 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, 2021 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, 2021 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, 2022

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
Authorised share capital euro 171,806, subscribed and paid up euro 169,453
Brescia Companies Register, 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 31 December 2021 and on the results thereof, in accordance with the law and the reference principles.

The financial statements for the year ended 31 December 2021 of the Company represent the first annual financial statements prepared after the transition to the Mercato Telematico Azionario ("MTA") - now Euronext Star Milan - of Borsa Italiana S.p.A., which took place on 14 May 2021.

The undersigned Board of Statutory Auditors was appointed - in accordance with the law and the Articles of Association, 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 February 22, 2021 (with effect from the date of commencement of trading on the Mercato Telematico Azionario, now Euronext Star Milan). The undersigned Board of Statutory Auditors, composed of three standing members and two alternate members, will remain in office for three financial years, therefore until the date of approval of the financial statements at 31 December 2023.

The Shareholders' Meeting of Antares Vision S.p.A. held on February 22, 2021 (with effect from the date of commencement of trading on the Mercato Telematico Azionario, now Euronext Star Milan) appointed EY S.p.A, with registered office in Rome, Via Lombardia n. 31, enrolled in the Register of Enterprises of Rome, registration number, tax code and VAT number 00434000584 and at n. 70945 of the Register of Auditors at the Ministry of Economy and Finance pursuant to articles 6 and following of Legislative Decree n. 39/2010, as amended by Legislative Decree no. 135/2016, as the company appointed to audit the accounts for the financial years 2021 to 2029.

The Board examined the financial statements as at 31 December 2021, comprising the following documents, which were prepared by the Directors and forwarded to the Board of Auditors:

- Draft Financial Statements as at 31/12/2021;
- Consolidated Financial Statements as at 31/12/2021 (ESEF format);
- Non-Financial Statement pursuant to Legislative Decree no. 254 of 30/12/2016.

In the course of the 2021 financial year, the Board of Statutory Auditors carried out the supervisory activities envisaged by current legislation, with particular reference to Article 2403 of the Italian Civil Code and - to the extent applicable - Article 149 of Legislative Decree 58/98, first and second paragraphs, as amended or supplemented. The Board of Statutory Auditors has carried out the supervisory activities provided for by current legislation with particular reference to Article 2403 of the Italian Civil Code and - to the extent applicable - Article 149 of Legislative Decree 58/98, paragraphs 1 and 2, as subsequently amended or supplemented, overseeing, for the aspects under its responsibility, compliance with the law and the Articles of Association, respect for the principles of proper administration, the adequacy of the organisational structure, the internal control system and the administrative and accounting system, as well as the reliability of the latter in correctly representing management events and the procedures for the concrete implementation of corporate governance rules. The Board of Statutory Auditors therefore carried out its institutional activity in compliance with the rules and principles of conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian National Council of Accountants and Bookkeepers) and prepared this Report also taking into account the indications provided by Consob Communication no. DEM 1025564 of 6 April 2001, and subsequent additions, in view of the fact that the Company's shares are listed on the Mercato Telematico Azionario - STAR segment.

1 Activities of the Board of Statutory Auditors

1.1. Procedures for and participation in meetings of the Board of Directors and its committees

The Board of Statutory Auditors planned its activities in the light of the reference regulatory framework, as well as carrying out the checks deemed most appropriate in relation to the Company's structural dimensions and the nature and methods of pursuing the corporate purpose.
The control activities were also carried out through

- periodic meetings with the heads of company departments, organised with a view to acquiring the information and data from time to time useful and appropriate;
- participation in the meetings of the Shareholders' Meeting and meetings of the Board of Directors and of internal board committees;

- the periodic exchange of information with the auditing firm, also in compliance with the provisions of the regulations;
- the exchange of information with the Supervisory Body and the Internal Audit Function.

More specifically, from 5 March 2021, the date of issue of our reports on the ordinary and consolidated financial statements for the year ended 31/12/2020, the Board of Statutory Auditors

- attended 15 meetings of the Board of Directors and one Shareholders' Meeting, obtaining, in accordance with the provisions of Article 2381, paragraph 5 of the Italian Civil Code and the Articles of Association, appropriate information on the general performance of operations 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 7 meetings of the Board of Statutory Auditors (including the activity on the financial statements);
- attended 7 meetings of the Control, Risk and Sustainability Committee;
- attended 5 meetings of the Nomination and Remuneration Committee.

The Board of Statutory Auditors has carried out its activities with a risk-based approach aimed at identifying and assessing any critical elements with a frequency of intervention graduated according to the relevance of the perceived risk.

Prior to the drafting of this Report, the Board of Statutory Auditors carried out a self-assessment of its work, verifying the suitability of each of its members to perform the functions assigned to them in terms of professionalism, competence, availability of time and independence, as well as mutually acknowledging the absence of paid work and other financial relationships in general, which could constitute an actual risk to independence.

1.2. Considerations on the most important economic, financial and asset operations carried out by the Company and their compliance with the law and the articles of association

The information obtained on the most important economic, financial and asset operations carried out by the Company has enabled the Board of Statutory Auditors to ascertain their compliance with the law and the Articles of Association and their correspondence with the Company's interests.

In this regard, we believe that these transactions have been fully described in the Report on Operations. More specifically, they are as follows:

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

On 4 March 2021, the acquisition of 100% of Pen-Tec S.r.l. ("Pen-Tec") and 100% of Tecnel S.r.l. ("Tecnel"), by FT System S.r.l. ("FT System"), a wholly-owned subsidiary of Antares Vision S.p.A..

On 31 March 2021, the subsidiary Antares Vision Inc. ("AV US") completed the acquisition of 100% of rfXcel Corporation ("rfXcel"), previously disclosed to the market on 16 February 2021. rfXcel specialises in creating software for the Life Science and Food & Beverage sectors, to ensure the safety of medicines and products along the distribution chain, in compliance with applicable regulations in this field and the acquisition and processing of real-time data. rfXcel operates at both the government (so-called Level 5) and corporate (so-called Level 4) levels, as well as at the supply chain management level through a fully SaaS ("Software-as-a-service") business model, with a significant portion of revenues deriving from long-term, largely recurring subscription contracts. In exchange for a purchase price of $121,091 thousand, Mediobanca S.p.A. provided Antares Vision with a €100 million bank credit facility, which was repaid in May 2021 thanks to the liquidity raised by switching its listing from the AIM Italia market (now Euronext Growth) to the Mercato Telematico Azionario (now Euronext Milan), and the funds were transferred from Antares Vision to AV US through the former's subscription to a capital increase in the US holding company. A further deferred consideration of up to US$30 million will be payable to the sellers in cash in the first quarter of 2023 by the Group, subject to the achievement of certain revenue targets. The earn-out payment is linked to collections of up to US$19 million related to specific contracts that already exist and are the basis of recurring revenue but are not included in rfXcel's current business plan. Certain key members of rfXcel's management team, including CEO and founder Glenn Abood, have reinvested 40% of the net proceeds from the sale of their interests in Antares Vision, corresponding to approximately US$8 million. The euro equivalent of this amount was paid into the coffers of Antares Vision as the subscription price for a capital increase reserved for Managers and approved by the Company's Board of Directors on 29 March 2021 in partial exercise of the authority to increase the capital granted by the Shareholders' Meeting on 22 February 2021.

Also in March 2021, the acquisition of the minority interest in Antares Vision India Private Limited ("Antares Vision India"), a joint venture formed on 20 April 2019 with the Indian company Jay Instruments and Systems Private Limited and in which the Company held 51%, was completed. As a result of this transaction, Antares Vision holds 99.998% following the payment of Rs. 20,028 thousand and FT System holds the remaining 0.002% following the payment of Rs. 0.8 thousand.

On 14 May, trading of Antares Vision's ordinary shares and warrants commenced on the MTA, STAR segment, now Euronext STAR Milan. On the basis of the requests received in the context of the Institutional Placement, 19,550,000 shares were allotted, in particular: (i) no. 10,200,000 shares resulting from a capital increase with exclusion of pre-emptive rights resolved by the Board of Directors of Antares Vision on 3 May 2021, in exercise of the proxy for this purpose conferred by the Shareholders' Meeting on 22 February 2021; (ii) no. 6,800,000 shares offered for sale by the shareholders of the Company Regolo S.p.A. and Sargas S.r.l. (jointly, the "Selling Shareholders"); (iii) 2,550,000 shares underlying the over-allotment option (to service the possible exercise of the greenshoe option) granted by the Selling Shareholders as part of the global offer. The offer price of the shares was set at €11.50 per share, resulting in a capitalisation at the start of trading of €793 million.

Admission to the STAR segment entailed the adoption by Antares Vision of the International Financial Reporting Standards (hereinafter referred to as IFRS or IAS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Committee (IFRIC) and adopted by the European Union, applied exclusively at a consolidated level until 2020.

In July 2021, Antares Vision signed an agreement with three strategic partners (BF S.p.A., Italy's largest agro-industrial group, Bluarancio S.p.A., an information technology company that is a leader in the creation and management of platforms for the Italian agricultural sector, and SDF S.p.A., one of the world's leading manufacturers of tractors, harvesting machinery and diesel engines) to launch RurAll S.p.A., a newly formed company that is equally owned by the partners.

In August 2021, a share capital increase in Antares Vision India for a total value of 10 million Indian rupees (€116 thousand) was approved and paid up, in order to provide the subsidiary with greater financial resources for the development of the local business.

As of 20 September 2021, Antares Vision's ordinary shares were included in the FTSE Italia Mid Cap Index, the index that brings together the top 60 Italian companies by market capitalisation not included in the FTSE MIB Index.

In September 2021, Antares Vision exercised its option to purchase an additional stake in Siempharma S.r.l., which increased from 10% acquired in January 2019 to 30% with a cash outlay of €1,500 thousand.

On 30 September 2021, Antares Vision completed the issuance and placement of unsecured, non-convertible bonds (a so-called "US Private Placement") with Pricoa Capital Group, a company of the US group Prudential Financial, Inc. (NYSE: PRU) and one of the leading players in the private placement market, for the amount of EUR 40 million. The bonds were issued in a single tranche and have a duration of 12 years, with 8 years of pre-amortisation and a fixed rate of 2.86%. The bonds issued have no rating and are not intended for listing on regulated markets. The issue is not secured by collateral. Antares Vision is required to comply with financial covenants that are consistent with market practice and have been fully complied with at the date of preparation of this document.

Simultaneously with this transaction, Antares Vision started a refinancing of the existing bank debt through the subscription of new bank loans with an average duration of about 5 years, a maturity between 7 and 8 years and an average fixed cost (post-hedging) of about 1.7%.

On 19 November 2021, the option to purchase 30% of Antares Vision North America ("AVNA") was exercised, allowing AV US to hold the entire share capital of AVNA. The consideration, amounting to $1,751 thousand, was paid in cash from the cash provided by Antares Vision to AV US through an intercompany loan.

1.3. Transactions with related parties

The Board of Auditors has acquired specific information on intra-group transactions and transactions with related parties.
These transactions are described in the explanatory notes "Transactions with related parties".
We acknowledge that they comply with the law and the Articles of Association, that they are in the Company's interest, and that there are no situations that require further consideration or comment. Transactions with related parties, as defined by IAS 24 and governed by art. 4 of Consob Regulation 17221 of 12 March 2010 (as amended), implemented until 31 December 2021, mainly concern commercial transactions relating to the supply of goods and services.

1.4. Adequacy of the information provided in the Directors' Report on Operations concerning atypical and/or unusual transactions, including those within the Group and with related parties

Not applicable

1.5. Observations and proposals on findings and remarks (disclosure of the contents of the auditors' report)

The independent auditors EY S.p.A. (hereinafter also referred to as "EY") today issued the reports pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of EU Regulation No. 537/2014 in which certifies that the separate financial statements of Antares Vision S.p.A. and the consolidated financial statements of the Group as of 31 December 2021 give a true and fair view of the financial position, results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and with the measures issued in implementation of Article 9 of Legislative Decree no. 38 of 28 February 2005 . In their audit reports, the auditors highlight the key aspects of the audit, which are as follows

- valuation of investments in subsidiaries
- valuation of goodwill and business combinations;
- recognition of software as a service revenues.

Today, EY has issued the additional report for the Internal Control and Audit Committee on the results of the statutory audit, which also includes the statement regarding the independence of the statutory auditor.

The independent auditors 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, of the TUF are consistent with the financial statements of Antares Vision S.p.A. and the Group's consolidated financial statements as of 31 December 2021, and are prepared in accordance with the law.

Also on today's date, EY issued the report on the consolidated non-financial statement pursuant to Article 3 c.10 of Legislative Decree 254/2016 and Article 5 of the Consob regulation adopted by resolution No. 20267 of 18 January 2018.

The Board of Statutory Auditors and the auditing company maintained continuous information exchanges despite the objective operational difficulties that arose, due to the Covid-19 health emergency. The auditing firm reported to the Board of Auditors on the work of the statutory audit and on the absence of situations of uncertainty or any limitations to the audits.

1.6. Indication of any complaints filed pursuant to Article 2408 of the Italian Civil Code, any initiatives taken and their outcome

The Board of Statutory Auditors reports that during the 2021 financial year it did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

1.7. Indication of any complaints lodged, any initiatives undertaken and their outcome

The Board of Statutory Auditors acknowledges that in the course of the financial year 2021 it did not receive any complaints.

1.8. Indication of whether any further engagements have been conferred on the audit firm and the related costs

During the year 2021, since the date of listing, the Company has not conferred any additional assignments to the external auditors, other than the audit of the statutory and consolidated financial statements and the verification of the proper keeping of accounting, civil and fiscal records.

1.9. Indication of whether any engagements have been assigned to parties related to the auditing firm by ongoing relationships and the related costs

During the financial year 2021 and in the period between 1 January 2021 and the date of this Report, no further appointments were conferred on the partners, directors, members of the control bodies and employees of the auditing firm itself and of the companies it controls or affiliates.
The Board of Statutory Auditors therefore confirms that no critical aspects have emerged regarding the independence of the auditing firm.

1.10. Indication of the existence of opinions, proposals and observations issued, pursuant to law, during the year

The Board of Statutory Auditors acknowledges that during 2021, pursuant to current legislation, it issued its own proposal regarding the determination of the remuneration of the Board of Statutory Auditors to the Shareholders' Meeting called to appoint it, and a certification pursuant to Article 2412 of the Italian Civil Code regarding compliance with the limit of the amount of a bond issue not exceeding twice the share capital, the Legal Reserve and the available reserves resulting from the latest approved financial statements, i.e. those as at 31/12/2020.

1.11. Observations on compliance with the principles of proper administration

The Board of Statutory Auditors acquired knowledge of and supervised, to the extent of its competence, the compliance with the fundamental criterion of prudent management of the Company and the more general principle of diligence, all on the basis of participation in the meetings of the Board of Directors, of the documentation and information directly received from the various management bodies concerning the operations carried out by the Group and with, where appropriate, specific analyses and checks. The information acquired made it possible to ascertain the compliance with the law and the Articles of Association of the actions decided and implemented and to verify that they were not manifestly imprudent or risky.
The Board of Statutory Auditors considers that the governance tools and model adopted by the Company constitute, on the whole, a suitable safeguard for compliance with the principles of proper administration in operational practice. The Board of Statutory Auditors supervised the deliberative procedures of the Board of Directors and verified that the management ‘s decisions were compliant 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 information, analysis and verification processes, also with recourse, when deemed necessary, to the advisory activity of committees and external professionals.

1.12. Observations on the adequacy of the organisational structure

During the year under review, the Board of Statutory Auditors acquired knowledge of and monitored, to the extent of its competence, the adequacy of the Company's organisational structure in relation to the size and nature of the Company's business, having no specific findings to report.
The Board of Statutory Auditors points out that the Board of Directors has set up an internal Nomination and Remuneration Committee and a Control, Risk and Sustainability Committee (which also performs the functions of Committee for Transactions with Related Parties) 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 persons in charge of internal control.

In order to express its opinion on the overall adequacy of the internal control system, the Board of Statutory Auditors has also monitored the activities carried out by the main players of the internal control and risk management system.
The Board of Statutory Auditors acknowledged the overall assessment of the internal control and risk management system by the Head of the Internal Audit Function, whose conclusions are set out below:
in accordance with the internal auditing principles of the AIA - Internal Audit Association (Standard 2130), it is believed that the internal control and risk management system of Antares Vision S.p.A., limited to the controls subject to the Audit Plan approved by the Board of Directors and carried out by the Internal Audit function is effective in its complexity, although it needs adequate improvement measures as already reported to the Issuer's management.
In particular, it should be noted that:
- no significant discrepancies or control deficiencies have emerged;
- Improvement Plans are being defined by the management following the highlighted gaps.
- From what has emerged and from the related potential consequences, we can conclude that we are in the presence of a general condition of acceptable risk, 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, also on the basis of the information exchanged with the Internal Audit Function and the Control, Risk and Sustainability Committee, and has not found any particular weaknesses to date.
The Board of Statutory Auditors has also acquired information from the Supervisory Board during specific meetings, as well as from the examination of the half-yearly reports prepared by the latter. No discrepancies were found between the documents produced by management, by the Supervisory Board pursuant to Legislative Decree 231/2001 and by the company appointed to audit the accounts.

1.14. Observations on the adequacy of the administrative and accounting system and on the reliability of the latter to correctly represent management events

The Board of Statutory Auditors has assessed, to the extent of its competence, the reliability of the administrative and accounting system to correctly record and represent management events by obtaining information directly from the Directors, the heads of the various departments and the independent auditors during the meetings held to examine 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 methods adopted (methods used and forecast flows), that the impairment test process (approved by the Company's Board of Directors on 28 February 2022 and carried out with the support of an Independent Expert Accountant) for the 2021 financial statements was carried out adequately and consistently with the practices adopted.
The impairment test was performed on goodwill, represented by the higher price paid at the time of the acquisition of the investee companies, compared to the fair value of the assets and liabilities acquired, and on the value of the investments themselves, which are recorded at cost, to be subjected to an impairment test in case of signs of possible impairment losses.
The tests carried out on these items did not result in the need to record any impairment.
With regard to the provisions of art. 15, paragraph 1, letter c, point ii), of the Market Regulation (Conditions for listing shares of parent companies of companies incorporated and regulated by the laws of non-EU countries), the Board of Statutory Auditors did not find any facts or circumstances indicating that the administrative and accounting system of the subsidiaries was not capable of regularly providing the management and auditors of the parent company with the economic and financial data necessary to prepare the consolidated financial statements.

1.15. Observations on the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the Consolidated Law on Finance

No observations.

1.16. Observations on any significant aspects that emerged during the meetings held with the independent auditors pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation.

During 2021, the Board of Statutory Auditors held specific meetings with the independent auditors, during which data and information relevant to the performance of their respective duties were exchanged. The Board of Statutory Auditors analysed the work carried out by the external auditors, with particular reference to the audit approach and strategy for the year 2021, as well as the definition of the

audit plan. The main issues and related business risks were shared and the adequacy of the auditor's planned response was assessed.
The Board of Statutory Auditors ascertained, through information obtained from the independent auditors and the Company's management, compliance with IAS/IFRS, as well as with other legislative and regulatory provisions relating to the preparation and layout of the separate financial statements, the consolidated financial statements and the accompanying Management Report.
Finally, the Board of Statutory Auditors has acknowledged, as verified by the Independent Auditors and reported in their report, that the Company has taken the necessary steps to prepare the financial statements in electronic format, using XHTML technology, in accordance with the requirements of the ESEF Regulation.

1.16. Indication of whether the Company adheres to the Corporate Governance Code of the Committee for the Corporate Governance of Listed Companies

During the year 2021, the Company adopted 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 indicated in the Report on Corporate Governance and Ownership Structure. As of 14 May 2021, the Company applies the Corporate Governance Code and will provide information in compliance with it to the market in the Corporate Governance Report to be published during 2022. The Report on Corporate Governance and Ownership Structure has been prepared in accordance with the instructions of the Regulations of Markets organised and managed by Borsa Italiana S.p.A. and describes in detail the governance system adopted by the Company and includes preliminary considerations on how it will comply, as of 14 May 2021, with the Corporate Governance Code.
The Board of Statutory Auditors has supervised the procedures for the concrete implementation of the corporate governance rules contained therein. This system complies with and adheres to the rules of the governance model prescribed by the Corporate Governance Code for Listed Companies and international best practice, and the prescribed principles are effectively and correctly applied.
The Report on Corporate Governance and Ownership Structure for the year 2021 gives an account of the conclusions reached by the Directors regarding the confirmation of the adequacy and effectiveness of the organisational, administrative and accounting structure of the Company and its main subsidiaries. Please refer to the Report on Corporate Governance and Ownership Structure for the year 2021, in respect of which the Board of Statutory Auditors expresses an overall positive evaluation.

1.17. Concluding remarks on the supervisory activity carried out, as well as on any omissions, reprehensible facts or irregularities found during the activity

The Board of Statutory Auditors acknowledges that the supervisory activities carried out during the 2021 financial year were carried out under normal conditions and that no significant facts emerged that would need to be reported in this Report.

1.18. Indication of any proposals to be submitted to the Shareholders' Meeting pursuant to Article 153, paragraph 2, of the Consolidated Law on Financial Intermediation in matters pertaining to the Board of Statutory Auditors

In addition to what is reported in the following section, the Board of Statutory Auditors does not deem it necessary to make any further proposals or observations.

2. OBSERVATIONS AND PROPOSALS CONCERNING THE FINANCIAL STATEMENTS AND THEIR APPROVAL

The Company's financial statements, drawn up by the Board of Directors in accordance with the law, were duly submitted and illustrated to the Board of Statutory Auditors together with the Report on Operations on 7 March 2022 at the Board of Directors' meeting held on that date.
As regards the control of the regularity of the bookkeeping and the correct recording of management events in the accounting records, as well as the verification of the correspondence between the information in the financial statements and the results in the accounting records and the compliance of the financial statements with the law, the Board of Statutory Auditors recalls that these tasks are assigned to the auditing company.
In particular, the independent auditors reported to the Board of Statutory Auditors that, on the basis of the audit procedures carried out during the year and on the financial statements for the financial year and the consolidated financial statements for the year ended 31 December 2021, no situations of uncertainty or limitations had emerged in the checks carried out and that the auditors' report did not contain any qualifications.

The Board of Statutory Auditors has supervised the general approach given to the 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 of the term, has been conducted by us having regard not to the information 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 independent auditors, the adequacy of the administrative and accounting system to correctly record and represent management events and to translate them into reliable data systems for the production of external information, the Board of Statutory Auditors acknowledges that

- the financial statements have been prepared, as from the financial year 2021, in accordance with the IFRS issued by the International Accounting Standards Board;
- the preparation, layout and format of the financial statements comply with the law and regulatory provisions; and
- the financial statements are consistent with the facts and information that have come to our knowledge following our participation in the meetings of the Corporate Bodies, which have enabled us to acquire information on the most important economic, financial and equity transactions carried out by the Company;
- as far as the Board of Statutory Auditors is aware, the Directors, in drawing up the financial statements, have not made exceptions to the provisions of the law pursuant to Article 2423, paragraph five, of the Italian Civil Code;
- the financial statements have been prepared by the Board of Directors on a going concern basis;
- development costs have been correctly recognised in the Assets of the Balance Sheet, with our express consent pursuant to and for the purposes of Article 2426, point 5) of the Italian Civil Code.

The Board of Auditors has ascertained that

- the Report on Operations complies with applicable laws and is consistent with the resolutions adopted by the Board of Directors and with the information available to the Board of Statutory Auditors;
- the information illustrated in the aforementioned document complies with the relevant provisions and contains an overall analysis of the Company's situation, performance and result of operations, as well as an indication of the main risks to which the Company is exposed and express evidence of the elements that may affect the development of operations;
- 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 set out by law, compliance with the provisions set out in the Decree.
- With reference to the financial statements for the year ended 31 December 2021, the Board of Statutory Auditors has no further observations or proposals to make.
- The supervisory and control activities carried out during the year, as illustrated in this Report, did not reveal any further facts to be reported to the Shareholders' Meeting.

Conclusions

Following the supervisory activity carried out during the 2021 financial year and taking into account also the results of the activity carried out by the auditor of the accounts, contained in the specific report accompanying the financial statements, the Board of Statutory Auditors

a) acknowledges the adequacy of the organisational, 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) to the extent of its competence, expresses a favourable opinion on the approval of the financial statements for the year ended 31 December 2021 and on the proposal formulated by the Board of Directors to allocate the loss for the year, amounting to EUR 280,428 to reduce the Extraordinary Reserve.

Travagliato, 30 March 2022

The Board of Statutory Auditors

Mr Enrico Broli

Mr Germano Giancarli

Ms. Stefania Bettoni