



# ANTARES VISION GROUP

**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 169,419  
Brescia Companies Register, Tax Code and VAT no. 02890871201  
Chamber of Commerce REA no. 000000523277

## **HALF-YEAR FINANCIAL REPORT AT 30/06/2021**

### **REPORT ON OPERATIONS**

This document presents the half-year financial report at 30 June 2021 of the group of companies headed up by Antares Vision S.p.A. (hereinafter also referred to as "Antares Vision", "Antares Vision Group" or "the Group"), consisting of the statement of financial position, income statement, statement of other comprehensive income, statement of changes in shareholders' equity, cash flow statement and explanatory notes.

In it we explain our business activities, show the results, consolidated financial position and cash flow and point out the most significant facts that characterised the operations of Antares Vision during the first half of 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

The Antares Vision Group 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 the raw materials to production, from the end-consumer to recycling; also of Inspection systems for quality control used in various segments: pharmaceuticals, biomedical devices, food & beverage, cosmetics and packaged consumer goods generally. Antares Vision also offers software solutions for Smart Data Management and provides assistance and maintenance services linked to the solutions and systems that it sells.

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

Through its offices in Italy and its foreign subsidiaries and branches, three research centres in Italy and a network of over 40 partners worldwide, Antares Vision has a presence in over 60 countries with comprehensive and flexible solutions and related services. With 20 years of experience of the founder partners in vision technologies and more than 2,000 production lines installed in over 200 production plants worldwide, Antares Vision supplies 10 of the world's 20 leading pharmaceutical companies (by turnover) and has consolidated relationships with the main multinationals in the beverage sector (by turnover).

## 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) 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.

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<sup>1</sup> In other words, packaging that comes into direct contact with the product that it contains, such as blisters, sachets, bottles, vials and tubes.

<sup>2</sup> 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 Rocca***                 |
| Director             | Cristina Spagna****                |
| Director             | Fabiola Mascardi****               |

\*Executive.

\*\* Executive with powers in the subsidiary FT System S.r.l.

\*\*\* Non-executive and non-independent.

\*\*\*\* Non-executive and independent.

### **Board of Statutory Auditors**

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

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

### **Board Sub-committees**

On 22 February 2021, subject to the starting date of trading on the Mercato Telematico Azionario, 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, 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) the Shareholders' Meeting of Antares Vision S.p.A. appointed EY S.p.A., with registered office in Via Lombardia 31, Rome, registered in the Companies Register of Rome, registration number, tax code and VAT number 00434000584 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 half-year reporting date, the scope of consolidation was made up as follows:

| SCOPE OF CONSOLIDATION 2021                              |                          |          |                                 |                   |                     |
|--|--------------------------|----------|---------------------------------|-------------------|---------------------|
| Name   | Headquarters             | Currency | Direct parent company           | Direct investment | Indirect investment |
| Antares Vision Inc. America                              | New York, USA            | USD      | Antares Vision S.p.A.           | 100,00%           |                     |
| Antares Vision North America LLC                         | New Jersey, USA          | USD      | Antares Vision Inc. America     | 70,00%            | 70,00%              |
| 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 Holdings 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%            |                     |

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

## Operating performance

More than a year after the first signs of Covid-19, which largely characterised the year 2020, we are still unfortunately a long way from resolving the health crisis.

Even though the vaccination campaign in Italy and other European countries speeded up from April 2021, there are still uncertainties caused by the spread of variants and the economic recovery remains strictly dependent not

only on the outcome of the fight against the virus, but also on the effectiveness of the economic policies introduced.

Given this situation, it is hard to identify the effects that the pandemic has had on the Group's results, but it is undeniable that Antares Vision's business has proved resilient. Despite the persistence of the pandemic, 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.

Since the start of the pandemic, none of Antares Vision's plants have had to interrupt their operations due to the restrictive measures to contain infections and even in the event of a future lockdown, we doubt that it would have a serious effect on the business. In fact, Antares Vision Group operates in a sector that is considered essential for the economy as its aim is the protection of consumer products (whether they are drugs, food or beverages, cosmetics or luxury goods). It also has a considerable capacity for generating cash flow, also on a prospective basis, by virtue of its positioning and the expectations inherent to its sector, demonstrating that its business is highly resilient.

At the time that restrictions were introduced, 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.

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.

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 and dialogue.

### 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 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'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 30 June 2021 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 30 June 2020 (in thousands of Euro).

Note that the first half of 2021 and the equivalent period of 2020 are not totally comparable because of the fact that the scope of consolidation has changed. Unlike the first half of 2020, the first half of 2021 benefits from the fact that the scope of consolidation includes:

- Convel S.r.l., which was acquired on 30 June 2020, so the comparison only involves the statement of financial position;
- Antares Vision GmbH, established in July 2020 as a commercial branch to support sales and installation activities in the German market;
- Applied Vision, acquired in December 2020 through Antares Vision Inc.;
- Pen-Tec and Tecnel, acquired in February 2021 through FT System S.r.l.;
- rfXcel, acquired in March 2021 through Antares Vision Inc.;
- Antares Vision India, of which the Parent Company acquired full control in March 2021.



| Antares Vision Consolidated P&L ('000,€) | 0621 YTD      | 0620 YTD      | 06 21 YTD vs 0620 YTD<br>Delta % |
|--|---------------|---------------|----------------------------------|
| Sales                                    | 75.530        | 58.321        | 29,5%                            |
| CAPITALIZATION OF R&D                    | 2.994         | 2.145         | 39,5%                            |
| Other Tax Credit                         | 943           | 420           | 124,3%                           |
| Tax Credit                               | 323           | 2.448         | -86,8%                           |
| <b>Value of Production</b>               | <b>79.790</b> | <b>63.335</b> | <b>26,0%</b>                     |
| CHANGES IN INVENTORY STOCK               | -104          | 545           | -119,0%                          |
| PURCHASE                                 | 18.656        | 13.545        | 37,7%                            |
| Changes in work in progress              | -920          | 360           | -355,6%                          |
| <b>Cost of Goods Sold</b>                | <b>17.633</b> | <b>14.450</b> | <b>22,0%</b>                     |
| <i>Margin % on Sales</i>                 | <i>23,3%</i>  | <i>24,8%</i>  |                                  |
| Commissions for agents                   | 1.685         | 1.007         | 67,4%                            |
| Installation Expenses                    | 590           | 1.019         | -42,0%                           |
| <b>First Margin</b>                      | <b>59.882</b> | <b>46.860</b> | <b>27,8%</b>                     |
| <i>Margin % on Sales</i>                 | <i>79,3%</i>  | <i>80,3%</i>  |                                  |
| Third party assets                       | 774           | 581           | 33,1%                            |
| Operating expenses                       | 142           | 54            | 163,0%                           |
| Services                                 | 12.585        | 9.503         | 32,4%                            |
| <b>Added Value</b>                       | <b>46.381</b> | <b>36.722</b> | <b>26,3%</b>                     |
| <i>Margin % on Sales</i>                 | <i>61,4%</i>  | <i>63,0%</i>  |                                  |
| Labour Cost                              | 31.883        | 21.383        | 49,1%                            |
| Employees                                | 28.618        | 19.793        | 44,6%                            |
| Professional Staff                       | 3.265         | 1.590         | 105,3%                           |
| <b>EBITDA</b>                            | <b>14.498</b> | <b>15.339</b> | <b>-5,5%</b>                     |
| <i>Margin % on Sales</i>                 | <i>19,2%</i>  | <i>26,3%</i>  |                                  |
| Provision                                | 310           | 137           | 126,3%                           |
| Depreciation                             | 2.761         | 1.417         | 94,9%                            |
| R&D intangible assets                    | 1.548         | 578           | 167,9%                           |
| Tangible assets                          | 1.212         | 839           | 44,6%                            |
| <b>EBIT_RICL</b>                         | <b>11.427</b> | <b>13.785</b> | <b>-17,1%</b>                    |
| <i>Margin % on Sales</i>                 | <i>15,1%</i>  | <i>23,6%</i>  |                                  |
| Financial expenses                       | 3.330         | 4.146         | -19,7%                           |
| Financial interests & commissions        | 1.382         | 783           | 76,6%                            |
| Exchange rates profit & loss             | -1.034        | 1.393         | -174,2%                          |
| Derivatives                              | -250          | 0             |                                  |
| Warrants mark to market                  | 3.232         | 1.970         | 64,1%                            |
| Extraordinary expenses                   | 8.882         | 2.741         | 224,1%                           |
| PPA-GW Amortization                      | 2.401         | 728           | 229,8%                           |
| <b>EBT_RICL</b>                          | <b>-3.185</b> | <b>6.171</b>  | <b>-151,6%</b>                   |
| <i>Margin % on Sales</i>                 | <i>-4,2%</i>  | <i>10,6%</i>  |                                  |
| Taxation                                 | -140          | 1.821         | -107,7%                          |
| Utile (perdita) di terzi                 | -338          | -294          | 14,9%                            |
| <b>NET PROFIT</b>                        | <b>-2.707</b> | <b>4.644</b>  | <b>-158,3%</b>                   |
| <i>Margin % on Sales</i>                 | <i>-3,6%</i>  | <i>8,0%</i>   |                                  |
| <b>First Margin Net of Capital</b>       | <b>55.622</b> | <b>41.846</b> | <b>32,9%</b>                     |
| <i>Margin % on Sales</i>                 | <i>73,6%</i>  | <i>71,8%</i>  |                                  |
| <b>EBT_RICL</b>                          | <b>-3.185</b> | <b>6.171</b>  | <b>-151,6%</b>                   |
| PPA-GW Amortization                      | 2.401         | 728           | 229,8%                           |
| Extraordinary expenses                   | 8.882         | 2.741         | 224,1%                           |
| Exchange (gain)/loss                     | -1.044        | 1.393         | -174,9%                          |
| Fees loan Mediobanc                      | 950           |               |                                  |
| Warrant + ALPI merger                    | 3.232         | 1.970         | 64,1%                            |
| <b>EBT_RICL_ADJ</b>                      | <b>11.235</b> | <b>13.002</b> | <b>-13,6%</b>                    |
| Taxation                                 | 2.985         | 3.123         | -4,4%                            |
| Utile (perdita) di terzi                 | -338          | -294          | 14,9%                            |
| <b>NET PROFIT ADJ</b>                    | <b>8.588</b>  | <b>10.174</b> | <b>-15,6%</b>                    |

The figures shown here exclude a number of extraordinary items, which have been reclassified below EBIT. They consist of costs that Antares Vision incurred for the translisting to the MTA (Euro 4,688 thousand) and for acquisitions (Euro 3,661 thousand), for occasional consultancy (Euro 208 thousand) and the net balance of other extraordinary income and expenses (Euro 325 thousand).

The first half of 2021 closes with total revenue (Euro 75,530 thousand) up by 29.5% compared with the same period last year (Euro 58,321 thousand). While influenced by the change in the scope of consolidation, this result is to be considered satisfactory considering that it was achieved despite the fact that the epidemiological emergency only partially affected the first half of 2020, unlike the corresponding period of 2021. It is also evidence of the resilience that Antares Vision has been able to show and of the foresight involved in making certain strategic investments. If the same scope of consolidation as in 2021 were considered for the first half of 2020 (so-called "like for like"), total revenue would be Euro 72,866 thousand (Euro 73,233 thousand including capital contributions), resulting in a 4% increase in sales in the first half of 2021.

The following is a breakdown of revenue<sup>3</sup>:

- by geographical area

|   | 30/06/2021        | %           | 30/06/20          | %           | 30/06/2020        | %           | 30/06/21 vs. | 30/06/21 vs. |
|---|-------------------|-------------|-------------------|-------------|-------------------|-------------|--------------|--------------|
|   | Actual            |             | L4L               |             | Actual            |             | 30/06/20 L4L | 30/06/20     |
| America                                 | 19,508,349        | 25.5%       | 17,551,748        | 24.0%       | 9,804,659         | 16.7%       | 11.1%        | 99.0%        |
| Asia                                    | 7,271,067         | 9.5%        | 4,991,055         | 6.8%        | 2,914,977         | 5.0%        | 45.7%        | 149.4%       |
| Europe                                  | 26,405,491        | 34.6%       | 39,322,339        | 53.7%       | 35,751,371        | 60.9%       | -32.8%       | -26.1%       |
| Italy                                   | 17,458,191        | 22.9%       | 8,904,376         | 12.2%       | 8,095,560         | 13.8%       | 96.1%        | 115.7%       |
| Middle East and Africa                  | 5,751,688         | 7.5%        | 2,463,940         | 3.4%        | 2,121,888         | 3.6%        | 94.1%        | 140.8%       |
| <b>Antares Vision Group<sup>3</sup></b> | <b>76,394,786</b> | <b>100%</b> | <b>73,233,458</b> | <b>100%</b> | <b>58,688,455</b> | <b>100%</b> | <b>4.3%</b>  | <b>30.2%</b> |

- by market

|   | 30/06/2021        | %             | 30/06/20          | %             | 30/06/2020        | %             | 30/06/21 vs.  | 30/06/21 vs.   |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|---------------|----------------|
|   | Actual            |               | L4L               |               | Actual            |               | 30/06/20 L4L  | 30/06/20       |
| <b>Antares Vision - Lifescience</b>       |                   |               |                   |               |                   |               |               |                |
| <b>€</b>                                  |                   |               |                   |               |                   |               |               |                |
| Services                                  | 8,271,789         | 10.8%         | 5,500,011         | 7.5%          | 5,173,678         | 8.8%          | 50.4%         | 59.9%          |
| Smart Data                                | 2,523,732         | 3.3%          | 2,069,319         | 2.8%          | 2,073,324         | 3.5%          | 22.0%         | 21.7%          |
| Track & Trace (HW + SW)                   | 21,605,601        | 28.3%         | 33,004,273        | 45.1%         | 29,528,124        | 50.3%         | -34.5%        | -26.8%         |
| <b>Totale Track &amp; Trace</b>           | <b>32,401,122</b> | <b>42.4%</b>  | <b>40,573,603</b> | <b>55.4%</b>  | <b>36,775,126</b> | <b>62.7%</b>  | <b>-20.1%</b> | <b>-11.9%</b>  |
| Inspection                                | 14,050,203        | 18.4%         | 9,205,603         | 12.6%         | 7,540,584         | 12.8%         | 52.6%         | 86.3%          |
| <b>Totale</b>                             | <b>46,451,324</b> | <b>60.8%</b>  | <b>49,779,206</b> | <b>68.0%</b>  | <b>44,315,710</b> | <b>75.5%</b>  | <b>-6.7%</b>  | <b>4.8%</b>    |
| <b>Antares Vision - Extra Lifescience</b> |                   |               |                   |               |                   |               |               |                |
| <b>€</b>                                  |                   |               |                   |               |                   |               |               |                |
| Services                                  | 5,180,301         | 6.8%          | 4,934,103         | 6.7%          | 2,775,457         | 4.7%          | 5.0%          | 86.6%          |
| Smart Data                                | 638,320           | 0.8%          | 390,144           | 0.5%          | 7,560             | 0.0%          | 63.6%         | 8343.4%        |
| Track & Trace (HW + SW)                   | 2,042,777         | 2.7%          | 416,217           | 0.6%          | 204,618           | 0.3%          | 390.8%        | 898.3%         |
| <b>Totale Track &amp; Trace</b>           | <b>2,681,097</b>  | <b>3.5%</b>   | <b>806,361</b>    | <b>1.1%</b>   | <b>212,178</b>    | <b>0.4%</b>   | <b>232.5%</b> | <b>1163.6%</b> |
| Inspection                                | 22,082,064        | 28.9%         | 17,713,787        | 24.2%         | 11,385,111        | 19.4%         | 24.7%         | 94.0%          |
| <b>Totale Track &amp; Trace</b>           | <b>29,943,462</b> | <b>39.2%</b>  | <b>23,454,251</b> | <b>32.0%</b>  | <b>14,372,745</b> | <b>24.5%</b>  | <b>27.7%</b>  | <b>108.3%</b>  |
| <b>Antares Vision Group<sup>3</sup></b>   | <b>76,394,786</b> | <b>100.0%</b> | <b>73,233,458</b> | <b>100.0%</b> | <b>58,688,455</b> | <b>100.0%</b> | <b>4.3%</b>   | <b>30.2%</b>   |

<sup>3</sup> The figure also includes Euro 863 thousand at 30 June 2021 and Euro 367 thousand at 30 June 2020 L4L relating to capital grants, classified in Track & Trace Italia.

The First Margin and Added Value, equal to Euro 59,882 thousand and Euro 46,381 thousand respectively, have increased by 27.8% and 26.3% compared with 30 June 2020.

In terms of profitability, net of the capitalisations, capital grants and tax credits, there is an improvement in the First Margin and in Added Value of almost two percentage points, the result of Antares Vision's commitment to a progressive increase in the share of turnover generated by smart data, software and after-sales assistance, which enjoy higher margins than first installation solutions.

Gross operating profit (EBITDA) comes to Euro 14,498 thousand (19.2% of sales), down by 5.5% on the first half of 2020. Weighing heavily on this result are the additional personnel costs deriving from expansion of the scope of consolidation (Euro 5,262 thousand), as well as the farsighted process of internalisation of resources started last year as a conscious investment to cope with the growth expected in the coming years, which led to a significant reduction in third-party installation expenses. The change in the regulatory criteria for calculating the tax credit for development activities, introduced in 2020 (lower benefit compared with previous criteria) and modification of the accounting criteria for this tax credit (deferral over 5 years of the tax benefit deriving from capitalised development costs) have also had a significant impact on the trend in EBITDA. Overall, it has been penalised by almost Euro 2 million compared with 2020.

Operating profit (EBIT) has fallen by 17.1%, going from Euro 13,785 thousand at 30 June 2020 to Euro 11,427 thousand in the half year under review, mainly due, apart from the above, to higher amortisation on capitalised development costs and higher depreciation on assets held under finance leases, as well as the higher depreciation and amortisation charged by the newly-acquired companies.

Financial charges are significantly influenced by non-monetary items, i.e. by the effect of the fair value measurement of the warrants issued in 2019 at the time of the business combination with Alp.I (IAS 32), which involved a negative adjustment of Euro 3,232 thousand, as well as the net balance of financial income and charges of Euro 1,382 thousand, which include Euro 950 thousand of commissions on the Euro 100 million loan granted by Mediobanca, only partially offset by the positive fair value adjustment of derivatives for Euro 250 thousand. All of this, together with the extraordinary items and the effect of the PPAs, resulted in a negative net result of Euro 3,185 thousand.

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

- extraordinary items (net of the theoretical tax effect),
- the effect of the warrants,
- the effect of the PPAs (net of the related deferred taxes)
- exchange differences (net of the related deferred taxes)

- Mediobanca commissions (net of the related deferred taxes)

leading to a figure of Euro 8,588 thousand, compared with Euro 10,174 thousand in the same period of 2020.

### **Main balance sheet figures**

The statement of financial position is set out below, reclassified by sources and applications at 30 June 2021 and 31 December 2020 (in thousands of Euro). Note that the PPA on the acquisition of Applied Vision was carried out during the period and recognised retroactively as of the acquisition date. As a consequence, the comparative figures at 31 December 2020 had to be restated.

| <b>Antares Vision Consolidated BS ('000,€)</b> | <b>0621 YTD</b> | <b>1220 YTD</b> | <b>1220 YTD Vs. 0621 YTD<br/>Delta %</b> |
|--|-----------------|-----------------|--|
| Real Estate & Right of use                     | 22.320          | 19.469          | 14,6%                                    |
| Financial Assets                               | 4.124           | 3.971           | 3,9%                                     |
| Net Tangible Assets                            | 2.622           | 2.019           | 29,9%                                    |
| Net Intangible Assets                          | 205.643         | 102.976         | 99,7%                                    |
| <b>Total Fixed Assets</b>                      | <b>234.709</b>  | <b>128.435</b>  | <b>82,7%</b>                             |
| <i>% Incid. On NIC</i>                         | <i>84,5%</i>    | <i>76,0%</i>    |  |
| Inventory Raw Material                         | 25.017          | 22.342          | 12,0%                                    |
| Inventory Finished Goods                       | 7.244           | 6.254           | 15,8%                                    |
| Inventory WIP                                  | 4.628           | 3.694           | 25,3%                                    |
| <b>Total Inventory</b>                         | <b>36.890</b>   | <b>32.291</b>   | <b>14,2%</b>                             |
| Trade Receivables                              | 53.343          | 47.533          | 12,2%                                    |
| Trade Payables                                 | -18.435         | -14.281         | 29,1%                                    |
| Advances from Clients                          | -24.337         | -14.815         | 64,3%                                    |
| <b>Trade Net Working Capital</b>               | <b>47.461</b>   | <b>50.727</b>   | <b>-6,4%</b>                             |
| <i>% Incid. On NIC</i>                         | <i>17,1%</i>    | <i>30,0%</i>    |  |
| Other Current Assets                           | 30.679          | 23.613          | 29,9%                                    |
| Other Current Liabilities                      | -24.039         | -23.733         | 1,3%                                     |
| <b>Net Working Capital</b>                     | <b>54.101</b>   | <b>50.607</b>   | <b>6,9%</b>                              |
| <i>% Incid. On NIC</i>                         | <i>19,5%</i>    | <i>30,0%</i>    |  |
| Severance Indemnity Fund (TFR)                 | -7.221          | -6.917          | 4,4%                                     |
| Other Funds                                    | -761            | -628            | 21,0%                                    |
| Bad Debt                                       | -3.061          | -2.525          | 21,2%                                    |
| <b>Net Invested Capital</b>                    | <b>277.767</b>  | <b>168.972</b>  | <b>64,4%</b>                             |
| <i>% Incid. On NIC</i>                         | <i>100,0%</i>   | <i>100,0%</i>   |  |
| Net Equity                                     | 252.629         | 135.605         | 86,3%                                    |
| <b>Net Equity</b>                              | <b>252.629</b>  | <b>135.605</b>  | <b>86,3%</b>                             |
| <i>% Incid. On TSoF</i>                        | <i>91,0%</i>    | <i>80,3%</i>    |  |
| Long Term loans + Leasing                      | 155.227         | 162.556         | -4,5%                                    |
| Net Cash                                       | -130.090        | -129.189        | 0,7%                                     |
| <b>Net Financial Debt</b>                      | <b>25.137</b>   | <b>33.368</b>   | <b>-24,7%</b>                            |
| <i>% Incid. On TSoF</i>                        | <i>9,0%</i>     | <i>19,7%</i>    |  |
| <b>Total Source of Financing</b>               | <b>277.767</b>  | <b>168.972</b>  | <b>64,4%</b>                             |
| <i>% Incid. On TSoF</i>                        | <i>100,0%</i>   | <i>100,0%</i>   |  |

Total fixed assets are showing a significant increase of Euro 106,274 thousand in total (+82.7%), attributable for Euro 102,667 thousand to net intangible fixed assets. This trend is the consequence of the combined effect of:

- the PPAs carried out during the period following the acquisitions of Pen-Tec, Tecnel and rfXcel which led to the recognition on the respective acquisition date:
  - a higher value attributable to the customer list for Euro 32,051 thousand, offset by the negative exchange rate effect of Euro 391 thousand as a result of its measurement at the end of the period;
  - a higher value for the technologies of Euro 12,422 thousand, offset by the negative exchange rate effect of Euro 166 thousand as a result of their measurement at 30 June 2021;
  - the deferred tax provision calculated on the above assets (at a tax rate of 27.9% for Pen-Tec and Tecnel, 27% for rfXcel), classified under this item for greater clarity;
  - goodwill, determined as a residual item of the allocation process, for Euro 70,550 thousand, offset by the negative exchange rate effect of rfXcel's goodwill for Euro 875 thousand;
- valuation of the customer list for Euro 210 thousand, the technologies for Euro 141 thousand and goodwill for Euro 455 thousand relating to the Applied Vision PPA recognised retrospectively as of 31 December 2020;
- recognition of the goodwill on first-time inclusion of Antares Vision India in the scope of consolidation for Euro 254 thousand;
- the capitalisation of development costs as explained in greater detail below for Euro 2,994 thousand.

all partially offset by the increase in accumulated depreciation generated by the depreciation for the period.

It should be remembered that at the end of the previous year, the Board of Directors of Antares Vision carried out specific procedures to control the recoverable value of intangible assets with an indefinite useful life recognised in the consolidated balance sheet of Antares Vision, in accordance with the provisions of IAS 36, showing that the recoverable amount of the group of assets under analysis was well above its carrying amount. The Directors believe that they have no additional or substantially modifying elements with respect to the assessments carried out and that no indicators of impairment arose during the half year. With regard to the acquisitions made during the half year, the Directors estimate that the recoverable amount of the assets acquired coincides with the price paid as this represents the best indication of fair value available at the reporting date, also in consideration of the fact that the transactions in question took place on dates close to the end of the half year. The Directors do not have any other elements that could modify the basis on which the purchase price was established.

Net working capital is up by 6.9% due to the inclusion of the acquired companies. Without this, net working capital would have decreased by 29.5% due to the combined effect of the changes in trade receivables and payables, only partially offset by the reduction in contractual liabilities generated by the application of IFRS 15.

The increase in the balance sheet provisions is attributable to the inclusion of rfXcel in the scope of consolidation for Euro 1,080 thousand and only minimally to the normal provisions for the period, offset by the release of the provision for risks for derivative financial instruments for Euro 543 thousand.

Shareholders' equity amounts to Euro 252.629 thousand and compared with the previous balance of Euro 135.605 thousand, it has 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 117,275,520. 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 half year of 161,093 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 82 and the share premium reserve by Euro 3,322.

### **Main financial figures**

The following is the consolidated net financial position at 30 June 2021 compared with 31 December 2020 (in thousands of Euro) in accordance with the ESMA guidelines of 4/3/2021, acknowledged by Consob in its Call for Attention no. 5/21 of 29 April 2021.

| Antares Vision<br>Net financial position                    | 30/06/2021     | 31/12/2020     |
|---|----------------|----------------|
| Cash at banks   | 91,442         | 95,650         |
| Cash and cash equivalents                                   | 254            | 395            |
| <b>Cash and banks</b>                                       | <b>91,696</b>  | <b>96,045</b>  |
| Current securities available for sale                       | 38,394         | 33,144         |
| <b>Total cash, cash equivalents and securities for sale</b> | <b>130,090</b> | <b>129,189</b> |
| Due to banks (within 1 year)                                | -34,912        | -33,810        |
| Due to other lenders (within 1 year)                        | -1,779         | -1,812         |
| <b>Short-term financial debt</b>                            | <b>-36,691</b> | <b>-35,622</b> |
| <b>Net short-term financial position</b>                    | <b>93,399</b>  | <b>93,567</b>  |
| Due to banks (beyond 1 year)                                | -109,967       | -120,077       |
| Due to other lenders (beyond 1 year)                        | -8,569         | -6,858         |
| <b>Net long-term financial position (*)</b>                 | <b>-25,137</b> | <b>-33,368</b> |
| <b>Warrant mark-to-market effect</b>                        | <b>7,443</b>   | <b>4,211</b>   |
|   | <b>-17,693</b> | <b>-29,172</b> |
| <b>Derivative mark-to-market effect</b>                     | <b>-947</b>    | <b>-1,490</b>  |
| <b>Net financial position</b>                               | <b>-18,640</b> | <b>-30,662</b> |

*(\*) The difference with the Net long-term financial position shown in the Capital Management of the Notes is due to a different classification of the corporate credit cards*

The net financial position (excluding the effect of the valuation of the Warrants at market value, as there will be no cash outflow) is negative for Euro 17,693 thousand (negative for Euro 18,640 considering the measurement of derivatives at fair value), compared with a negative balance of Euro 29,172 thousand (Euro 30,662 thousand) at 31 December 2020.

The change in the normalised net financial position compared with the previous year, equal to Euro 11,478 thousand (Euro 12,021 thousand if the fair value measurement of derivatives is taken into account), has been influenced by the joint effect of:

- a positive operating cash flow of more than Euro 11 million including investments in tangible fixed assets (mainly to expand production sites in Italy), intangible fixed assets (capitalisation of development costs) and equity investments (for the purchase of the minority stake in Antares Vision India with an outlay Euro 232 thousand and 10% of Humans Garden with an outlay of Euro 150 thousand);
- 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<sup>4</sup> (Euro 101,501 thousand<sup>5</sup>, at the implicit exchange rate of the foreign exchange hedging transaction taken out), 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). 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 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 liquidity raised with the translisting from the AIM Italia to the MTA equal to Euro 111.7 thousand, net of the reserve set up for the commissions and costs associated with the issue of new shares;
- the extraordinary costs incurred for the acquisitions and the listing for a total of Euro 8,194 thousand;
- the change in the fair value of available-for-sale securities, which generated income of 716 thousand euro.

## 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.

<sup>4</sup>The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.

<sup>5</sup> Euro 103.276 thousand at the spot exchange rate on the acquisition date



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 that guarantees 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 and provides for an increase or decrease in the price based on specific pre-agreed sales targets for 2021. 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 Pen-Tec and Tecnel will 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<sup>6</sup> (Euro 101,501 thousand<sup>7</sup>, at the implicit exchange rate of the foreign exchange hedging transaction taken out), Mediobanca S.p.A. provided the Parent Company with a line

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<sup>6</sup> The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.

<sup>7</sup> Euro 103.276 thousand at the spot exchange rate on the acquisition date

of credit of Euro 100,000 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.

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 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 yet accounted for according to IFRS and therefore 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.

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 digitisation 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 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.

On 14 May, trading of the Parent Company's ordinary shares and warrants began on the STAR segment of the MTA. 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 on the MTA 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 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 launch of the "Antares Vision Group", a new brand identity, a new mission and vision and a new visual language; at the same time, a rebranding of the companies within the Group was implemented.

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.

On 10 June 2021, the prize-giving ceremony was held for *Impresa oltre l'Impresa*, an initiative promoted by the Lombardy Region and Il Sole 24 Ore, which gave awards to the 20 companies in Lombardy that stood out for their efforts to fight Covid-19. Among these, Antares Vision stood out for its Track My Health portal, a security system equipped with a thermoscanner and automatic biometric controls to ensure health and compliance with safety criteria, social distancing and the adoption of PPE in buildings and public spaces. This recognition bears witness to the constant commitment of Antares Vision to technological innovation for the protection of people to improve the quality of life in full respect of its corporate mission: "Living technology, for a healthier and safer world".

"Track My Health" makes it possible to:

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

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

## Information concerning the environment and personnel

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

Antares Vision will prepare its first Consolidated Non-Financial Report at 31 December 2021, which will be independently audited, in accordance with Legislative Decree 254/2016. This step represents a further commitment on the part of the Group to achieve, maintain and share concrete and transparent sustainability objectives.

### **Environment**

Antares Vision has always been active in protecting the environment through green campaigns to reduce the use of plastic; it has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and the "Join the Antares Vision Green Side" campaign launched in November 2019, it anticipated by a long time the ban on all disposable plastic products such as cutlery, plates, straws and containers, making it possible to save 675 kg of plastic in one year. The first step 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.

This effort has continued in the first half of 2021 with the replacement of most of the printers at the headquarters of Antares Vision S.p.A. with new inkjet machines. They are more energy efficient because they are based on a cold technology, which does not require preheating and has fewer components that periodically need replacing. This ensures a reduction in the environmental impact associated with the production and recycling of consumables, as well as in CO<sub>2</sub> emissions. The new printers also use water-based inks, which limit

hazardous/chemical waste. In addition, all new devices have been equipped with the "follow me" system, which simplifies the workflow by minimising print waste and protecting confidential documents.

Antares Vision has also begun preparatory work on the Consolidated Non-Financial Report (NFR), which will be prepared for the first time as of 31 December 2021 in compliance with articles 3 and 4 of Legislative Decree 254/2016, implementing Directive 2014/95/EU (the Non-Financial Reporting Directive).

This document will contain, among other things, information on environmental issues, which will help readers understand Antares Vision's activities, its performance, its results and the impact that they produce. The NFR is drawn up according to the methodologies and principles set out in the Sustainability Reporting Standards defined by the Global Reporting Initiative ('GRI Standards') and will take into consideration the environmental impact of production processes by evaluating and reporting the use of resources (materials), water withdrawals and waste management, thus translating into fact Antares Vision's commitment to the question of environmental sustainability, among other things. It will also be another key element of competitiveness for the benefit of transparency and adaptation to international best practices.

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

## **Personnel**

Human resources have always been one of Antares Vision's critical success factors.

During the first half of 2021, the number of employees went up from 783 to 949 (860 on a like-for-like basis), an increase of 21.2% (+9.8% on a like-for-like basis) to provide Antares Vision with the human capital that it needs to handle the expected growth.

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 and at 30 June 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 | Managers | Total at 30/06/2021 | Total at 31/12/2020 | Total at 30/06/2020 |
|---|-------------|--------------------|----------------|-----------------|----------|---------------------|---------------------|---------------------|
| Antares Vision                                  | 15          |                    | 351            | 23              | 5        | 394                 | 373                 | 368                 |
| Imago Technologies                              |             |                    | 22             |                 |          | 22                  | 19                  | 22                  |
| Antares Vision do Brasil                        |             |                    | 46             |                 |          | 46                  | 39                  | 36                  |
| T2 Software                                     |             |                    | 9              |                 |          | 9                   | 8                   | 7                   |
| Antares Vision North America                    |             |                    | 44             |                 |          | 44                  | 43                  | 39                  |
| Antares Vision France                           |             |                    | 30             |                 |          | 30                  | 19                  | 12                  |
| Antares Vision Ireland                          |             |                    | 2              |                 |          | 2                   | 2                   | 2                   |
| Antares Vision Russia                           |             |                    | 31             |                 |          | 31                  | 16                  | 14                  |
| FT System                                       | 6           | 32                 | 95             | 3               | 2        | 138                 | 126                 | 120                 |
| FT Hexagone                                     |             |                    | 9              |                 |          | 9                   | 7                   | 7                   |
| FT North America                                |             |                    | 15             |                 |          | 15                  | 15                  | 14                  |
| Antares Vision Asia Pacific                     |             |                    | 6              |                 |          | 6                   | 4                   | 4                   |
| Antares Vision GmbH                             |             |                    | 10             |                 |          | 10                  | 8                   | 5                   |
| Tradeticity d.o.o.                              |             |                    | 4              |                 |          | 4                   | 4                   | 4                   |
| Tradeticity Services d.o.o.                     |             |                    | 19             |                 |          | 19                  | 17                  | 16                  |
| Convel  |             | 3                  | 13             |                 |          | 16                  | 14                  | 14                  |
| <b>TOTAL ON A HALF-YEAR LIKE-FOR-LIKE BASIS</b> | <b>21</b>   | <b>35</b>          | <b>706</b>     | <b>26</b>       | <b>7</b> | <b>795</b>          | <b>714</b>          | <b>684</b>          |
| Applied Vision                                  |             |                    | 65             |                 |          | 65                  | 69                  |                     |
| <b>TOTAL ON A LIKE-FOR-LIKE BASIS</b>           | <b>21</b>   | <b>35</b>          | <b>771</b>     | <b>26</b>       | <b>7</b> | <b>860</b>          | <b>783</b>          |                     |
| rFXcel Corporation                              |             |                    | 44             |                 |          | 44                  |                     |                     |
| rFXcel LTD                                      |             |                    | 4              |                 |          | 4                   |                     |                     |
| rFXcel LLC                                      |             |                    | 6              |                 |          | 6                   |                     |                     |
| Pen-Tec   |             | 2                  | 6              | 1               |          | 9                   |                     |                     |
| Tecnel  | 1           |                    | 3              | 2               |          | 6                   |                     |                     |
| Antares Vision India                            |             |                    | 20             |                 |          | 20                  |                     |                     |
| <b>TOTAL</b>                                    | <b>22</b>   | <b>37</b>          | <b>854</b>     | <b>29</b>       | <b>7</b> | <b>949</b>          |                     |                     |

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 Plans aim to establish a level of remuneration that are in line with national and international best practices, increasing the already strong retention of resources considered key by Antares Vision Group, 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 of 2021 due to the lack of service conditions. The effect on the income statement of the overall 326,000 options for the half year is equal to Euro 109 thousand (Euro 82 thousand net of tax), while the cumulative effect on shareholders' equity is Euro 207 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 26 thousand (Euro 19 thousand net of tax) and the same impact on shareholders' equity. 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:

- during the first half of 2021 the first tranche was assigned with 413,000 options going to employees and directors who have been delegated powers with an effect on the income statement of Euro 5 thousand (Euro 3.8 thousand net of tax) and the same impact on shareholders' equity.

Antares Vision also pays considerable attention to the protection of safety in the workplace and advance assessment of all possible sources of risk for workers' health. 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 recent spread of Covid-19, Antares Vision 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, remote working from home will continue, involving a hundred people at the Travagliato site; the corporate welfare project will also proceed with a dedicated platform, including initiatives to promote the well-being and quality of life of employees and their families.

## Research and development

During the first half of 2021, Antares Vision continued pursuing its research and development activities.

The Parent Company concentrated on the following projects:

## 1. Smart Ward Platform (SWP)

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

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

In other words, the project aims at digitising all ward activities, guaranteeing:

- virtual eradication of errors in the administration of 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.

## 2. 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 "the farm to the 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.

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

1. RoboQCS

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

2. FOOD

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

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

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

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

3. AV GROUP DATA

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

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

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

#### 4. AV GROUP VISION

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

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

#### 5. AV GROUP T&T

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

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

To pursue these projects Antares Vision has incurred costs, most of which have been expensed. Those that were capitalised and recorded under capitalised development costs at 30 June 2021 amount to Euro 2,993,833 in total, of which Euro 2,385,971 for the Parent Company and Euro 607,862 for FT System. Management believes that these projects will have a successful outcome which should increase turnover and have a positive impact on the results of Antares Vision Group.

## 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, according to market practices that do not allow direct matching of purchase orders with specific sale orders, or *(iii)* in any other way permitted by law, i.e. through bulk or block purchases or by auction, as assessed from time to time as the best way to implement the shareholders' mandate, specifying that the purchases made to support market liquidity will be carried out in accordance with current market practices; *(iv)* purchases, even in several tranches, must be made within the limits of the distributable profits and/or available reserves resulting from the latest financial statements approved by

the shareholders at the time of the transaction, establishing a reserve for treasury shares and, in any case, proceeding with the necessary accounting entries in the manner and within the limits of the law.

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

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

The Parent Company has Interest Rate Swap derivative contracts in place that ensure the interest rate risk is kept to a minimum. Please refer to the notes for information on these financial instruments, for an analysis of the Group's main risks and how they are managed.

#### Business outlook

The size of the global drug counterfeiting market, reckoned to be worth Euro 4.4 billion in 2016<sup>8</sup> and constantly increasing with the growth of globalisation, and the related costs in economic and health terms, have highlighted the need for pharmaceutical companies and government organisations to take steps to counter this phenomenon by introducing regulations and implementing new technologies.

The OECD reckons that this illicit market represents about 1% of global imports<sup>9</sup>, entailing costs for European governments in terms of lost revenue of Euro 1.7 billion<sup>10</sup>.

So a decade ahead of other markets, the pharmaceutical industry realised that it needed ways of controlling, tracking and tracing products, requiring the development of highly technological and avant-garde solutions. Despite this, the fact that stringent regulations are still very limited at a global level shows great potential for further adoption of tracking systems and the installation of aggregation and serialization systems for the management and analysis of data.

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<sup>8</sup>Source: OECD, *Illicit Trade, Trade in Counterfeit Pharmaceutical Products* made available in May 2020

<sup>9</sup>Source: OECD, *Illicit Trade, Trade in Counterfeit Pharmaceutical Products* made available in May 2020

<sup>10</sup>Source: OECD, *Illicit Trade, Trade in Counterfeit Pharmaceutical Products* made available in May 2020

Public market estimates claim that in 2026 approximately 75% of drugs produced globally will go through Track & Trace solutions.<sup>11</sup> The implementation of serialization and aggregation regulations is already planned for the near future in some important regions:

- in 2021, a so-called "complete" regulation is expected to be adopted in China (mandatory from 2022), Bahrein, Egypt, Ethiopia (mandatory from 2022 as regards serialization and from 2027 as regards "complete" regulation); moreover, "complete" regulation of pharmaceutical exports from India is envisaged (from 1 October 2020 with a deadline in 2021);
- on the other hand, serialization only is expected to be required in Ukraine and the United Arab Emirates (Abu Dhabi), again in 2021;
- in 2022, "complete" regulation is expected to be adopted in Brazil;
- 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);
- from 2024, "complete" regulation is expected to be adopted in Indonesia (serialization for 2025), Greece and Italy (for 2025).

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 a process of diversification of the business through the recent strategic acquisitions of FT System, Applied Vision, Pen-Tec and Tecnel, which are active in the segment of Inspection Solutions applied mainly to 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 table", up to the time that the packaging is disposed of and, hopefully, recycled. In addition to the TFP project for Agrifood already illustrated in the section on research and development, this focus took shape with the signing in July 2021 of 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

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<sup>11</sup>Source: Businesswire (<https://www.businesswire.com/news/home/20190821005500/en/Track-Trace-Solutions-Market-Set-Exceed-6.8>)

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 with 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 digitization 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 "Traceability Project", which together with the Infrastructure Project is referred to as the "Project" ).

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.

From a more purely corporate point of view, from 20 September 2021, the ordinary shares of Antares Vision S.p.A. will be included in the FTSE Italia Mid Cap index, which brings together the top 60 Italian companies by stock market capitalisation not included in the FTSE MIB 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. 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 Group's shareholder base and visibility, for the benefit of all stakeholders.

## Conclusions

We would like to thank you for your trust, and hereby certify that this half-year financial report is consistent with the books of account and accounting entries and provides a true and fair view of the financial position, cash flow and results of Antares Vision.

Travagliato, 13 September 2021

The Board of Directors

Emidio Zorzella

Marco Claudio Vitale

Cristina Spagna

Massimo Bonardi

Martina Monico

Fiammetta Roccia

Alioscia Berto

Fabio Forestelli

Fabiola Mascardi



DECLARATION REGARDING THE HALF-YEAR FINANCIAL REPORT 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 half-year financial report during the first half of 2021.

No significant aspects emerged in this regard.

They also confirm that:

- the half-year financial report:
  - a) has 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) agrees with the balances shown in the books of account and accounting entries;
  - c) is 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 interim report on operations includes a reliable analysis of important events that took place during the first six months of the year and their impact on the half-year financial statements.

Travagliato (Brescia), 13 September 2021

Chairman of the Board of Directors



Emidio Zorzella

Manager in charge of preparing the accounting and  
corporate documents



Alioscia Berto



# ANTARES VISION GROUP

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 169,419  
Brescia Companies Register, Tax Code and VAT no. 02890871201  
Chamber of Commerce REA no. 000000523277

## **HALF-YEAR FINANCIAL REPORT AT 30/06/2021**

### **EXPLANATORY NOTES**

| Statement of financial position                                      | Notes | 30/06/2021         | 31/12/2020<br>(*)  |
|--|-------|--------------------|--------------------|
| <b>Assets</b>  |       |                    |                    |
| <b>Non-current assets</b>  |       |                    |                    |
| Property, plant and equipment and right-of-use assets                | 1     | 24,941,452         | 21,491,805         |
| Goodwill   | 2     | 142,029,275        | 71,674,404         |
| Other intangible assets  | 3     | 79,186,490         | 35,499,850         |
| Investments in associates, joint ventures and other companies        | 4     | 4,124,453          | 3,971,479          |
| Non-current financial assets   | 5     | 229,206            | 157,856            |
| Deferred tax assets  | 6     | 12,298,082         | 7,024,224          |
| <b>Total non-current assets</b>                                      |       | <b>262,808,957</b> | <b>139,819,618</b> |
| <b>Current assets</b>  |       |                    |                    |
| Inventories  | 7     | 37,399,619         | 32,290,540         |
| Trade receivables  | 8     | 51,229,992         | 46,499,287         |
| <i>of which with related parties</i>                                 |       | 1,673,967          | 869,193            |
| Other receivables  | 9     | 17,643,571         | 16,429,757         |
| Other current financial assets                                       | 10    | 38,392,890         | 33,144,228         |
| Cash and banks   | 11    | 91,693,669         | 96,044,433         |
| <b>Total current assets</b>  |       | <b>236,359,741</b> | <b>224,408,245</b> |
| <b>Total assets</b>  |       | <b>499,168,698</b> | <b>364,227,863</b> |
| <b>Shareholders' equity and liabilities</b>                          |       |                    |                    |
| <b>Shareholders' equity</b>  |       |                    |                    |
| Share capital  | 12    | 169,239            | 143,074            |
| Other reserves   | 12    | 255,416,674        | 129,829,967        |
| FTA reserve  | 12    | -15,250,613        | -15,250,613        |
| Retained earnings  | 12    | 15,078,417         | 2,391,646          |
| Profit/(loss) for the period   | 12    | -2,706,965         | 18,159,313         |
| <b>Total shareholders' equity</b>                                    |       | <b>252,706,752</b> | <b>135,273,387</b> |
| Capital and reserves attributable to minority interests              | 12    | 260,796            | 375,077            |
| Profit/(loss) attributable to minority interests                     | 12    | -338,111           | -43,762            |
| <b>Total shareholders' equity attributable to minority interests</b> |       | <b>-77,315</b>     | <b>331,315</b>     |
| <b>Total shareholders' equity</b>                                    |       | <b>252,629,437</b> | <b>135,604,702</b> |
| <b>Non-current liabilities</b>                                       |       |                    |                    |
| Non-current loans and borrowings                                     | 13    | 109,963,206        | 120,077,078        |
| Non-current lease liabilities  | 14    | 8,568,017          | 6,856,513          |
| Other non-current financial liabilities                              | 15    | 4,483              | 6,845              |
| Retirement benefit obligations                                       | 16    | 7,220,978          | 6,916,880          |
| Deferred tax liabilities   | 17    | 16,218,112         | 4,688,127          |
| Other non-current liabilities  | 18    | 374,639            | 136,592            |
| <b>Total non-current liabilities</b>                                 |       | <b>142,349,435</b> | <b>138,682,035</b> |
| <b>Current liabilities</b>   |       |                    |                    |
| Current loans and borrowings   | 19    | 35,116,925         | 33,915,953         |
| Current lease liabilities  | 20    | 1,778,725          | 1,812,104          |
| Other current financial liabilities                                  | 21    | 946,997            | 1,490,486          |
| Current provisions for risks and charges                             | 22    | 760,585            | 628,364            |
| Contract liabilities   | 23    | 6,938,962          | 10,769,569         |
| Trade payables   | 24    | 18,435,128         | 14,281,461         |
| <i>of which with related parties</i>                                 |       | 157,042            | 1,036,196          |
| Other payables   | 25    | 40,212,504         | 27,043,189         |
| <b>Total current liabilities</b>                                     |       | <b>104,189,826</b> | <b>89,941,126</b>  |
| <b>Total shareholders' equity and liabilities</b>                    |       | <b>499,168,698</b> | <b>364,227,863</b> |

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

| Income statement   | Notes | June 2021         | June 2020         |
|--|-------|-------------------|-------------------|
| Revenue  | 26    | 74,969,751        | 58,006,304        |
| <i>of which with related parties</i>   |       | 798,854           | 104,604           |
| Other income   | 27    | 1,532,148         | 3,183,794         |
| Changes in finished and semi-finished products   | 28    | -424,476          | -5,186,798        |
| Raw materials and consumables  | 29    | -17,374,375       | -9,395,950        |
| <i>of which with related parties</i>   |       | -374,372          | -947,856          |
| Personnel costs  | 30    | -28,636,000       | -20,111,832       |
| Amortisation and depreciation  | 31    | -5,309,318        | -2,278,145        |
| Capitalised development costs  | 32    | 2,993,833         | 2,145,374         |
| Sales and marketing costs  | 33    | -2,809,739        | -1,673,309        |
| <i>of which with related parties</i>   |       | -                 | -50,838           |
| Service costs  | 34    | -23,975,498       | -11,579,452       |
| <i>of which with related parties</i>   |       | -76,340           | -157,771          |
| Other operating expenses   | 35    | -1,181,768        | -1,663,758        |
| <b>Operating profit/(loss)</b>   |       | <b>-215,442</b>   | <b>11,446,227</b> |
| Financial charges  | 36    | -5,202,632        | -3,675,356        |
| Financial income   | 37    | 954,063           | 42,756            |
| Foreign exchange gains and losses  | 38    | 1,033,811         | -1,393,193        |
| Income (charges) on investments  | 39    | 244,765           | -249,677          |
| <b>Profit/(loss) before tax</b>  |       | <b>-3,185,434</b> | <b>6,170,757</b>  |
| <b>Income taxes</b>  | 40    | <b>140,359</b>    | <b>-1,820,846</b> |
| <b>Net profit/(loss)</b>   |       | <b>-3,045,075</b> | <b>4,349,910</b>  |
| Profit/(loss) attributable to minority interests   |       | -338,111          | -294,196          |
| <b>Total comprehensive profit/(loss) after tax</b>                                       |       | <b>-2,706,965</b> | <b>4,644,106</b>  |
| <b>Earnings per share</b>  |       |                   |                   |
| - Basic, profit/(loss) attributable to the ordinary shareholders of the Parent Company   | 41    | -0.04             | 0.08              |
| - Diluted, profit/(loss) attributable to the ordinary shareholders of the Parent Company | 41    | 0.01              | 0.11              |

| Statement of other comprehensive income   | June 2021         | June 2020        |
|---|-------------------|------------------|
| <b>Profit/(loss)</b>  | <b>-3,045,075</b> | <b>4,349,910</b> |
| <b>Other components of comprehensive income</b>   |                   |                  |
| <i>Other components of comprehensive income that will subsequently be reclassified to profit/(loss):</i>                    |                   |                  |
| Differences on translation of foreign financial statements  | 1,353,708         | 286,199          |
| <b>Total other components of comprehensive income that will subsequently be reclassified to profit/(loss) after tax</b>     | <b>1,353,708</b>  | <b>286,199</b>   |
| <i>Other components of comprehensive income that will not subsequently be reclassified to profit/(loss):</i>                |                   |                  |
| Revaluation of defined-benefit plans  | 627,873           | -484,357         |
| Tax effect  | -150,689          | 116,246          |
| <b>Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) after tax</b> | <b>477,183</b>    | <b>-368,111</b>  |
| <b>Total other comprehensive income after tax</b>   | <b>1,830,891</b>  | <b>-81,912</b>   |
| <b>Total comprehensive profit/(loss) after tax</b>  | <b>-1,214,184</b> | <b>4,267,998</b> |
| Attributable to:  |                   |                  |
| <b>Shareholders of the Parent Company</b>   | <b>-1,060,529</b> | <b>4,538,368</b> |
| <b>Minority shareholders</b>  | <b>-153,655</b>   | <b>-270,370</b>  |

| Cash flow statement (indirect method)                                      | 30/06/2021         | 31/12/2020         |
|--|--------------------|--------------------|
| <b>PROFIT/(LOSS)</b>   | -                  | 3,045,075          |
| Income tax   | -                  | 140,359            |
| Financial income   | -                  | 954,063            |
| Financial charges  | 5,202,632          | 2,806,470          |
| Depreciation and impairment loss on property, plant and equipment          | 1,212,496          | 1,557,087          |
| Amortisation and impairment loss on intangible assets                      | 3,948,856          | 3,579,111          |
| Employee severance indemnities   | -                  | 491,684            |
| Net change in deferred tax assets and liabilities                          | 138,434            | 3,288,108          |
| Other non-monetary movements   | 1,200,023          | 2,248,238          |
| Income taxes paid  | -                  | 397,810            |
| (Increase)/decrease in inventories   | -                  | 3,454,482          |
| (Increase)/decrease in trade receivables                                   | -                  | 268,800            |
| (Increase)/decrease in other non-financial assets                          | 4,462,612          | 1,460,093          |
| Increase/decrease in trade payables  | 2,279,815          | 5,946,464          |
| Increase/(decrease) in other non-financial liabilities                     | 1,819,531          | 14,375,151         |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                            | <b>11,512,126</b>  | <b>16,056,578</b>  |
| <b>Investing activities:</b>   |                    |                    |
| Purchases of property, plant and equipment, net of disposals               | -                  | 703,888            |
| Purchases of intangible assets, net of disposals                           | -                  | 3,387,148          |
| Purchases of investments in associates, joint ventures and other companies | -                  | 150,000            |
| Purchases of current financial assets                                      | -                  | 4,544,431          |
| Business combinations, net of cash and banks acquired                      | -                  | 109,858,956        |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>                            | <b>-</b>           | <b>118,644,423</b> |
| <b>Financing activities:</b>   |                    |                    |
| New loans and borrowings   | 101,165,750        | 71,000,000         |
| Repayments of loans and borrowings   | -                  | 115,457,099        |
| Repayments of other financial liabilities                                  | -                  | 1,345,362          |
| Business Combination with ALP.I  |                    | -                  |
| Other increases in capital   | 118,171,954        | 19,501             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                | <b>102,535,243</b> | <b>50,130,052</b>  |
| <b>NET CHANGE IN CASH AND BANKS</b>  | <b>-</b>           | <b>4,597,055</b>   |
| <b>EXCHANGE DIFFERENCE ON CASH AND BANKS</b>                               | <b>246,291</b>     | <b>-</b>           |
| Cash and banks at beginning of period                                      | 96,044,433         | 85,199,801         |
| Cash and banks at end of period  | 91,693,669         | 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 | Increase in capital rfxcel | Share buyback    | Stock options  | Other components of comprehensive income | Profit/(loss)      | 30/06/2021         |
|--|--------------------|--|--------------------------------|--------------------------------|----------------------------|------------------|----------------|--|--------------------|--------------------|
| <b>Share capital</b>                             | 143.074            | -  | 82                             | 24.480                         | 1.603                      | -                | -              | -  | -                  | 169.239            |
| Other reserves                                   | 129.829.967        | 5.472.542                                | 3.322                          | 111.677.405                    | 6.807.335                  | (342.272)        | 137.484        | 1.830.891                                | -                  | 255.416.674        |
| Share premium reserve                            | 91.002.394         | -  | 3.322                          | 111.677.405                    | 6.807.335                  | -                | -              | -  | -                  | 209.490.456        |
| 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)        | -  | -                              | -                              | -                          | -                | -              | 1.353.708                                | -                  | 93.737             |
| OCI reserve                                      | (1.045.603)        | -  | -                              | -                              | -                          | -                | -              | 477.183                                  | -                  | (568.420)          |
| Stock option plan reserve                        | 100.410            | -  | -                              | -                              | -                          | -                | 137.484        | -  | -                  | 237.894            |
| Other reserves                                   | (2.956.677)        | (598.828)                                | -                              | -                              | -                          | (342.272)        | -              | -  | -                  | (3.897.777)        |
| FTA reserve                                      | (15.250.613)       | -  | -                              | -                              | -                          | -                | -              | -  | -                  | (15.250.613)       |
| Retained earnings                                | 2.391.646          | 12.686.771                               | -                              | -                              | -                          | -                | -              | -  | -                  | 15.078.417         |
| Profit/(loss) for the period                     | 18.159.313         | (18.159.313)                             | -                              | -                              | -                          | -                | -              | -  | (2.706.965)        | (2.706.965)        |
| <b>Total shareholders' equity</b>                | <b>135.273.387</b> | <b>-</b>                                 | <b>3.404</b>                   | <b>111.701.885</b>             | <b>6.808.938</b>           | <b>(342.272)</b> | <b>137.484</b> | <b>1.830.891</b>                         | <b>(2.706.965)</b> | <b>252.706.752</b> |

  

| Shareholders' equity                             | 31/12/2019         | Allocation of prior year's profit/(loss) | Issue and exercise of warrants | Business combinations | Other increases in capital | Share buyback | Other changes  | Other components of comprehensive income | Profit/(loss)     | 31/12/2020 (*)     |
|--|--------------------|--|--------------------------------|-----------------------|----------------------------|---------------|----------------|--|-------------------|--------------------|
| <b>Share capital</b>                             | 142.606            | -  | 468                            | -                     | -                          | -             | -              | -  | -                 | 143.074            |
| Other reserves                                   | 109.888.374        | 19.277.983                               | 19.033                         | 440.559               | -                          | -             | 635.925        | (431.907)                                | -                 | 129.829.967        |
| Share premium reserve                            | 90.983.351         | -  | 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)        | -  | -                              | 365.284               | -                          | -             | -              | (426.318)                                | -                 | (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                                | -                              | 75.275                | -                          | -             | 535.515        | -  | -                 | (2.956.677)        |
| FTA reserve                                      | (15.250.613)       | -  | -                              | -                     | -                          | -             | -              | -  | -                 | (15.250.613)       |
| Retained earnings                                | 287.421            | 2.639.740                                | -                              | -                     | -                          | -             | (535.515)      | -  | -                 | 2.391.646          |
| Profit/(loss) for the period                     | 21.917.723         | (21.917.723)                             | -                              | -                     | -                          | -             | -              | -  | 18.159.313        | 18.159.313         |
| <b>Total shareholders' equity</b>                | <b>116.985.510</b> | <b>-</b>                                 | <b>19.501</b>                  | <b>440.559</b>        | <b>-</b>                   | <b>-</b>      | <b>100.410</b> | <b>(431.907)</b>                         | <b>18.159.313</b> | <b>135.273.387</b> |

(\*) 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), the screen-based equity market organised and managed by Borsa Italiana S.p.A., by translisting from the Alternative Investment Market (AIM) where it had been listed since 18 April 2019.

## Declaration of compliance with International Accounting Standards and transition to IFRS

This half-year financial report of Antares Vision has 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), in particular in compliance with the IAS 34 – Interim Financial Reporting.

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

The half-year financial report consists 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 half-year financial report has 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.

### **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.

### **Consolidation principles**

The half-year financial report includes the figures of Antares Vision S.p.A. and of its subsidiaries at 30 June 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 half-year 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 30 June 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. America                              | New York, USA            | USD      | Antares Vision S.p.A.           | 100.00%           |                     | 143,390,421                    | 2,111,323               | Line-by-line consolidation |
| Antares Vision North America LLC                         | New Jersey, USA          | USD      | Antares Vision Inc. America     | 70.00%            | 70.00%              | 177,225                        | (504,650)               | Line-by-line consolidation |
| Imago Technologies GmbH                                  | Friedberg, Germany       | EUR      | Antares Vision S.p.A.           | 100.00%           |                     | 7,028,237                      | 732,385                 | Line-by-line consolidation |
| Antares Vision do Brasil Ltda                            | Sao Paulo, Brazil        | BRL      | Antares Vision S.p.A.           | 99.99%            |                     | (2,214,303)                    | (544,432)               | Line-by-line consolidation |
| Legg System Ltda   | Sao Paulo, Brazil        | BRL      | Antares Vision do Brasil Ltda   | 99.99%            | 99.99%              | (4,893)                        | 702                     | Line-by-line consolidation |
| T2 SOFTWARE  | Sao Paulo, Brazil        | BRL      | Antares Vision do Brasil Ltda   | 51.00%            | 50.99%              | 356,785                        | (70,904)                | Line-by-line consolidation |
| Pharmatrack Sistemas Ltda                                | Sao Paulo, Brazil        | BRL      | T2 SOFTWARE                     | 73.00%            | 37.23%              | 71,603                         | (752)                   | Line-by-line consolidation |
| Antares Vision France Sas                                | Rillieux-la-Pape, France | EUR      | Antares Vision S.p.A.           | 100.00%           |                     | (998,622)                      | (1,541,461)             | Line-by-line consolidation |
| Antares Vision Ireland Ltd                               | Galway, Ireland          | EUR      | Antares Vision S.p.A.           | 100.00%           |                     | (62,135)                       | (58,207)                | Line-by-line consolidation |
| Antares Vision Rus OOO                                   | Moscow, Russia           | RUB      | Antares Vision S.p.A.           | 100.00%           |                     | (428,316)                      | (363,786)               | Line-by-line consolidation |
| Antares Vision Asia Pacific Ltd                          | Hong Kong                | HKD      | Antares Vision S.p.A.           | 100.00%           |                     | (1,412,788)                    | (405,286)               | Line-by-line consolidation |
| Antares Vision (Shenzhen) International Trading Co., LTD | Shenzhen, China          | CNY      | Antares Vision Asia Pacific Ltd | 100.00%           | 100.00%             | 530,829                        | (9,972)                 |                            |
| FT System S.r.l.   | Piacenza, Italy          | EUR      | Antares Vision S.p.A.           | 100.00%           |                     | 16,279,129                     | 1,137,450               | Line-by-line consolidation |
| FT System North America LLC                              | Massachusetts, USA       | USD      | FT System S.r.l.                | 100.00%           | 100.00%             | 376,810                        | (26,545)                | Line-by-line consolidation |
| FT Hexagon   | Challes les Eaux, France | EUR      | FT System S.r.l.                | 100.00%           | 100.00%             | 237,465                        | (29,552)                | Line-by-line consolidation |
| Pen-Tec S.r.l.   | Parma, Italy             | EUR      | FT System S.r.l.                | 100.00%           | 100.00%             | 2,970,353                      | 327,584                 |                            |
| Tecnel S.r.l.  | Parma, Italy             | EUR      | FT System S.r.l.                | 100.00%           | 100.00%             | 2,013,680                      | 101,951                 |                            |
| Tradeticity d.o.o  | Zagreb, Croatia          | HRK      | Antares Vision S.p.A.           | 82.80%            |                     | 113,476                        | (52,835)                | Line-by-line consolidation |
| Tradeticity Service d.o.o                                | Belgrade, Serbia         | RSD      | Tradeticity d.o.o               | 100.00%           | 82.80%              | (239,658)                      | (24,908)                | Line-by-line consolidation |
| Convel S.r.l.  | Vicenza, Italy           | EUR      | Antares Vision S.p.A.           | 100.00%           |                     | 3,548,731                      | 209,808                 | Line-by-line consolidation |
| Antares Vision Germany                                   | Friedberg, Germany       | EUR      | Antares Vision S.p.A.           | 100.00%           |                     | (428,283)                      | (462,022)               | Line-by-line consolidation |
| Innovative Marking Digital Solutions                     | London, UK               | GBP      | Antares Vision S.p.A.           | 70.00%            |                     | -                              | -                       | Line-by-line consolidation |
| Applied Vision Corporation **                            | Ohio, USA                | USD      | Antares Vision Inc. America     | 100.00%           | 100.00%             | 42,999,439                     | 3,146,382               | Line-by-line consolidation |
| rXcel Corporation  | Delaware, USA            | USD      | Antares Vision Inc. America     | 100.00%           | 100.00%             | 21,690,247                     | 2,872,730               |                            |
| rXcel Limited  | UK                       | GBP      | rXcel Corporation               | 100.00%           | 100.00%             | *                              | *                       | Line-by-line consolidation |
| rXcel LLC  | Russia                   | RUB      | rXcel Corporation               | 100.00%           | 100.00%             |                                |                         |                            |
| Antares Vision India Private Limited                     | Mumbai, India            | INR      | Antares Vision S.p.A.           | 99.998%           |                     | 211,789                        | (4,013)                 | Line-by-line consolidation |
|  |                          |          | FT System S.r.l.                | 0.002%            |                     |                                |                         |                            |

\* Value of the sub-consolidation headed up by rXcel Corporation

\*\* During the first half of 2021, the merger between Applied Vision Holdings Corporation, Applied Vision Corporation and Applied Vision Services Corporation took effect

The investments in associates are as follows:

| INVESTMENTS IN ASSOCIATES |                        |                     |            |
|---------------------------|------------------------|---------------------|------------|
| Name                      | Operating headquarters | Equity investment % | Book value |
| OROBIX SRL                | BERGAMO, ITALY         | 37.5%               | 3,133,271  |

The investments in other companies are as follows:

| INVESTMENTS IN OTHER COMPANIES |                        |                     |            |
|--------------------------------|------------------------|---------------------|------------|
| Name                           | Operating headquarters | Equity investment % | Book value |
| SIEMPHARMA SRL                 | APRILIA (LT), ITALY    | 10.0%               | 596,800    |
| HUMANS GARDEN                  | ADRO (BS), ITALY       | 10.0%               | 150,000    |
| NEURALA                        | BOSTON (USA)           | n.a.                | 244,255    |
| OTHER INVESTMENTS              | n.a.                   | n.a.                | 127        |

The scope of consolidation at 30 June 2021 has changed compared with the same period of last year due to the transactions explained below.

On 30 June 2020, an agreement was finalised for the acquisition of 100% of Convel S.r.l. ("Convel"), an Italian company based in Dueville (Vicenza) that specialises in automated inspection in the pharmaceutical industry. It is also a leader in Leak Testing, a technology aimed at ensuring the highest quality of inspection by detecting any leaks that may affect the sterility of containers. The scope of consolidation at 30 June 2020 therefore only includes Convel's statement of financial position, appropriately restated with respect to the half-year financial report for the first half of 2020 due to recognition of the purchase price allocation (PPA) carried out in the second half of 2020. Please refer to the section on Business Combinations for a more detailed discussion of this matter.

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

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

Even though it was included in the scope of consolidation, Antares Vision (Shenzhen) International Trading and Innovative Marking Digital Solutions did not have any impact on this half-year financial report as they were not yet operational at the end of the period.

The acquisition of Applied Vision Holdings Corporation and its subsidiaries (jointly "Applied Vision") was also strategic; it was completed on 16 December 2020 through Antares Vision Inc. for a purchase price of US\$ 46,640<sup>1</sup> thousand (Euro 38,009 thousand). 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.

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<sup>1</sup> The amount shown here already includes the subsequent price adjustment of US\$ 1,065 thousand.

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, a total of Euro 11,651 thousand, was paid in cash and provides for an increase or decrease in the price based on specific pre-agreed sales targets for 2021. The financial resources for this transaction were made available to FT System by Antares Vision in the form of an intragroup loan.

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 US\$ 121,091 thousand (Euro 101,501 thousand, 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 to the 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.<sup>2</sup>

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 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.

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

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<sup>2</sup> The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.

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, 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 stake, as a result of which Antares Vision S.p.A. now holds 99.998% and FT System the remaining 0.002%, in this consolidated interim financial report Antares Vision India is included in the scope of consolidation.

#### **Subsidiaries with significant minority interests**

Antares Vision North America's statement of financial position and income statement at 30 June 2021, prepared in accordance with IFRS, are shown below, as required by IFRS 12 for subsidiaries with significant minority interests.

| Statement of financial position                       | AVNA<br>30/06/2021<br><br>US GAAP | ADJUSTMENTS     | AVNA<br>30/06/2021<br><br>IFRS |
|---|-----------------------------------|-----------------|--------------------------------|
| <b>Assets</b>   |                                   |                 |                                |
| <b>Non-current assets</b>                             |                                   |                 |                                |
| Property, plant and equipment and right-of-use assets | 3,637                             | 76,663          | 80,300                         |
| Other intangible assets                               | 2,246                             |                 | 2,246                          |
| Non-current financial assets                          | 7,012                             |                 | 7,012                          |
| Deferred tax assets                                   |                                   | 122,120         | 122,120                        |
| <b>Total non-current assets</b>                       | <b>12,896</b>                     | <b>198,783</b>  | <b>211,679</b>                 |
| <b>Current assets</b>                                 |                                   |                 |                                |
| Inventories   | 2,125,933                         |                 | 2,125,933                      |
| Trade receivables                                     | 3,558,060                         |                 | 3,558,060                      |
| Receivables from Group companies                      | 793,358                           |                 | 793,358                        |
| Other receivables                                     | 354,250                           |                 | 354,250                        |
| Cash and banks  | 6,392,814                         |                 | 6,392,814                      |
| <b>Total current assets</b>                           | <b>13,224,415</b>                 |                 | <b>13,224,415</b>              |
| <b>Total assets</b>                                   | <b>13,237,311</b>                 | <b>198,783</b>  | <b>13,436,094</b>              |
| <b>Shareholders' equity and liabilities</b>           |                                   |                 |                                |
| <b>Shareholders' equity</b>                           |                                   |                 |                                |
| Share capital   | 514,822                           |                 | 514,822                        |
| Other reserves  | -7,347                            | 62              | -7,285                         |
| FTA reserve   |                                   | -319,172        | -319,172                       |
| Retained earnings                                     | 174,400                           | 465,474         | 639,874                        |
| Profit/(loss) for the period                          | -504,650                          | -463,276        | -967,926                       |
| <b>Total shareholders' equity</b>                     | <b>177,225</b>                    | <b>-316,912</b> | <b>-139,688</b>                |
| <b>Non-current liabilities</b>                        |                                   |                 |                                |
| Non-current lease liabilities                         |                                   | 77,326          | 77,326                         |
| Other non-current financial liabilities               | 4,483                             |                 | 4,483                          |
| Other non-current liabilities                         | 11,105                            |                 | 11,105                         |
| <b>Total non-current liabilities</b>                  | <b>15,588</b>                     | <b>77,326</b>   | <b>92,914</b>                  |
| <b>Current liabilities</b>                            |                                   |                 |                                |
| Current loans and borrowings                          | 24,722                            |                 | 24,722                         |
| Contract liabilities                                  |                                   | 438,369         | 438,369                        |
| Trade payables  | 8,601,320                         |                 | 8,601,320                      |
| Other payables  | 4,418,456                         |                 | 4,418,456                      |
| <b>Total current liabilities</b>                      | <b>13,044,497</b>                 | <b>438,369</b>  | <b>13,482,868</b>              |
| <b>Total shareholders' equity and liabilities</b>     | <b>13,237,311</b>                 | <b>198,783</b>  | <b>13,436,094</b>              |

| Income statement                               | AVNA<br>June 2021 | ADJUSTMENTS     | AVNA<br>June 2021 |
|--|-------------------|-----------------|-------------------|
|  | US GAAP           |                 | IFRS              |
| Revenue  | 2,673,217         | 442,774         | 3,115,990         |
| Other income                                   | 661,450           | -559,058        | 102,392           |
| Changes in finished and semi-finished products | -466,293          | -309,941        | -776,234          |
| Raw materials and consumables                  | -514,697          |                 | -514,697          |
| Personnel costs                                | -2,058,174        |                 | -2,058,174        |
| Amortisation and depreciation                  | -3,002            | -50,375         | -53,377           |
| Sales and marketing costs                      | -111,391          |                 | -111,391          |
| Service costs                                  | -869,332          | 50,848          | -818,484          |
| Other operating expenses                       | -24,593           |                 | -24,593           |
| <b>Operating profit</b>                        | <b>-712,814</b>   | <b>-425,753</b> | <b>-1,138,567</b> |
| Financial charges                              |                   | -465            | -465              |
| Foreign exchange gains and losses              | 236,118           |                 | 236,118           |
| <b>Profit/(loss) before tax</b>                | <b>-476,696</b>   | <b>-426,218</b> | <b>-902,914</b>   |
| <b>Income taxes</b>                            | <b>-27,954</b>    | <b>-37,058</b>  | <b>-65,012</b>    |
| <b>Net profit/(loss)</b>                       | <b>-504,650</b>   | <b>-463,276</b> | <b>-967,926</b>   |

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

The share of equity interests held by the minority shareholders in Antares Vision North America LLC is 30%. The accumulated minority interests amounted to Euro 123,405 at 30 June 2021 and Euro 493,788 at 31 December 2020, while the half-year result attributable to minority interests was Euro -290,364 in 2021 and Euro -268,640 in 2020.

#### **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 30/06/2021 | Average exchange rate 01-06 2021 | Actual exchange rate at 31/12/2020 | Average exchange rate 01-06 2020 |
| US Dollar        | 1.1884                             | 1.2057                           | 1.2271                             | 1.1015                           |
| Brazilian Real   | 5.905                              | 6.4917                           | 6.3735                             | 5.4169                           |
| Russian Rouble   | 86.7725                            | 89.6054                          | 91.4671                            | 76.6825                          |
| Indian rupee     | 88.324                             | 88.9893                          | n.a.                               | n.a.                             |
| Hong Kong Dollar | 9.2293                             | 9.3574                           | 9.5142                             | 8.5484                           |
| Croatian kuna    | 7.4913                             | 7.5508                           | 7.5519                             | 7.5716                           |
| Serbian dinar    | 117.4597                           | 117.5498                         | 117.4097                           | 117.6199                         |
| Chinese yuan     | 7.6742                             | 7.785                            | 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 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 half-year financial report shows 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 and subsequently admitted to trading on the MTA 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 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 half-year financial report fall under the Level 3 hierarchy as their fair value is determined with reference to variables that are not observable on the market.

### **Non-current assets held for sale**

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

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

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

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

### **Property, plant and equipment**

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The depreciation rates applied, 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 tangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of the assets in question to determine the amount of any write-down. The recoverable amount is the higher of the price that would be obtained from a sale and the value in use calculated by discounting prospective cash flows, net of tax. If the reasons for the write-down no longer apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the income statement for the period.

### **Right-of-use asset**

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

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

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

of use of the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to recognise interest expense on the lease liability and depreciation on the right-of-use asset separately.

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

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

## **Goodwill**

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

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

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

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

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

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

As explained in greater detail in the section on Business Combinations, the following PPAs were carried out during the first half of 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 this half-year financial report.

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. Goodwill is never written up.

#### **Investments in associates, joint ventures and other companies**

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

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

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

This is the case with the 10% investment held by the Parent Company in Siempharma, which was acquired in January 2019.

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

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

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

The statement of profit or loss for the 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 this half-year financial report, 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 3,133,271 following the recognition of the portion of the profit for the period pertaining to Antares Vision, equal to Euro 15,523;
- the investment in the joint venture Siempharma has been recorded for an amount of Euro 596,800; the effect on the income statement was positive for Euro 61,667, represented by the portion of the profit for the period attributable to Antares Vision.

### **Deferred tax assets and liabilities**

Deferred tax liabilities are allocated according to the global liability allocation method. They are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount in the consolidated interim financial report, 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 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 OCI (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 in Note 42.

This cost, together with the corresponding increase in equity, is recognised under personnel costs for the options assigned to employees and under service costs for the options assigned to the directors 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.

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

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

### **Government grants**

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

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

### **Income taxes**

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

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

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

Costs, revenues, assets and liabilities are normally recognised net of indirect taxes, such as value added tax. If the tax applied to the purchase of goods or services is non-deductible, it is recognised as part of the purchase cost of

the asset or part of the cost recognised in the income statement. Trade receivables and payables include the applicable indirect tax.

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

### **Earnings per share**

Basic earnings per share is obtained as the ratio between the Group's profit reported in the interim half-year 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 half-year financial report and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. those not yet subscribed) with a dilutive effect.

### **Accounting standards issued and entered into force in 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 half-year financial report.

### **Amendments to IFRS 4 “Insurance Contracts – Deferral of IFRS 9**

On 25 June 2020, the IASB published an amendment to IFRS 4 for which the application of IFRS 9 for insurance companies was deferred to 1 January 2023 in line with the date of first-time application of IFRS 17. However, this principle does not apply to the Group.

### **Accounting standards issued but not yet entered into force**

#### **Amendments to IFRS 16 “Leases: Covid-19-Related Rent Concessions beyond 30 June 2021”**

On 31 March 2021, the IASB published a change to this principle, which extends the amendment of May 2020 for one year. It clarified the circumstances in which, as a practical expedient, the lessee can assess that specific reductions in lease instalments (as a direct consequence of Covid-19) may not be considered as changes to the plan, and can therefore account for them accordingly.

The new amendment applies from 1 April 2021.

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

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

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

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



### **Amendments to IFRS 3 - "Business Combinations"**

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

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

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

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

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

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

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

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

In May 2020, the IASB published amendments to IAS 37 to specify which costs must be considered by an entity in assessing whether a contract is onerous or loss-making. The amendment provides for the application of the "directly related cost approach". Costs that refer directly to a contract for the supply of goods or services include both incremental costs and the costs directly attributed to the contractual activities. General and administrative

expenses are not directly related to a contract and are excluded unless they are explicitly recharged to the counterparty on the basis of the contract.

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

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

### **Annual Improvements 2018-2020 Cycle**

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

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

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

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

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

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

### **IAS 41 Agriculture**

The IASB has published an amendment to this principle that removes the requirement in the paragraph 22 of IAS 41 that entities exclude cash flows for taxation in measuring the fair value of assets under IAS 41. This principle does not apply to the Group.

### **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts and on 25 June 2020 amendments to the same, a comprehensive new standard on insurance contracts covering recognition and measurement, presentation and reporting. When IFRS 17 comes into force, it will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17 will be in force for financial years beginning on or after 1 January 2023 and will require the presentation of comparative balances.

No impact is expected for Antares Vision.

**On 18 May 2017, the IASB issued a new standard and on 25 June 2020 published amendments to IFRS 4, issued in 2004.**

### **Amendments to IAS 1 Presentation of Financial Statements: and IFRS Practice Statement 2: Disclosure of Accounting policies**

On 12 February 2021, the IASB issued an amendment to this standard in order to support companies in choosing which accounting standards to communicate in their financial statements. The amendment will be effective for financial years starting on 1 January 2023 and early application is permitted.

### **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

On 12 February 2021 the IASB published an amendment to this standard in order to introduce a new definition of accounting estimate and clarify the distinction between changes in accounting estimates, changes in accounting

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

#### **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.

#### **Use of estimates**

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

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

#### **Lease term and incremental borrowing rate**

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

Antares Vision has the possibility, for some of its leases, to extend the lease or terminate it early. Antares Vision applies its own judgement in assessing whether there is reasonable certainty of exercising the renewal options. Having said this, Antares Vision considers all the factors observed that may result in an economic incentive to exercise the renewal options or to terminate the contract. After the effective date, Antares Vision reviews the estimates of the lease term in the event of a significant event or significant change in circumstances under its

control that could affect the ability to exercise (or not to exercise) the renewal or early cancellation option (for example, investments in improvements to leased assets or significant specific changes to the leased asset).

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

### **Impairment of non-financial assets**

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

### **Provision for expected losses on trade receivables**

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

### **Defined benefit plans**

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

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

### **Fair value of financial instruments**

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

### **Development costs**

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

### **Write-downs of inventories**

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

## **Share-based payments**

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

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

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").

Please refer to Note 42 for details of the options assigned and subsequent movements.

## **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.

### **Business combinations**

During the first half of 2021, the PPA relating to the acquisition of Applied Vision Holdings Corporation<sup>3</sup> 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 half 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<sup>4</sup> (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 period, 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 depreciation recorded periodically by Applied Vision is tax deductible under local legislation;
- 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

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<sup>3</sup>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.

<sup>4</sup>The price of US\$ 46.6 million includes the US\$ 1.1 million price adjustment paid in cash in April 2021.



taxes as the statutory amortisation recorded periodically by Applied Vision is tax deductible under local legislation;

- recognition of the portion of goodwill of US\$ 17.1 million (Euro 14 million) that is tax deductible under local legislation;

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

| <b>Statement of financial position</b>            | <b>APPLIED VISION<br/>16/12/2020</b> | <b>PPA</b>        | <b>APPLIED VISION<br/>16/12/2020<br/>restated</b> |
|---|--------------------------------------|-------------------|---|
| <b>Assets</b>                                     |                                      |                   |   |
| <b>Non-current assets</b>                         |                                      |                   |   |
| Fixed assets                                      | 5.498.893                            | 23.569.209        | 29.068.102  |
| Non-current financial assets                      | 119.965                              | -                 | 119.965   |
| <b>Total non-current assets</b>                   | <b>5.618.857</b>                     | <b>23.569.209</b> | <b>29.188.067</b>                                 |
| <b>Current assets</b>                             |                                      |                   |   |
| 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   |
| <b>Total current assets</b>                       | <b>11.085.704</b>                    | <b>-</b>          | <b>11.085.704</b>                                 |
| <b>Total assets</b>                               | <b>16.704.561</b>                    | <b>23.569.209</b> | <b>40.273.770</b>                                 |
| <b>Shareholders' equity and liabilities</b>       |                                      |                   |   |
| <b>Shareholders' equity</b>                       |                                      |                   |   |
| Share capital                                     | 489                                  | -                 | 489   |
| Other reserves                                    | 5.127.465                            | 23.569.209        | 28.696.674  |
| Retained earnings                                 | 9.311.524                            | 0                 | 9.311.524   |
| <b>Total shareholders' equity</b>                 | <b>14.439.478</b>                    | <b>23.569.209</b> | <b>38.008.687</b>                                 |
| <b>Current liabilities</b>                        |                                      |                   |   |
| 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   |
| <b>Total current liabilities</b>                  | <b>2.265.084</b>                     | <b>-</b>          | <b>2.265.084</b>                                  |
| <b>Total shareholders' equity and liabilities</b> | <b>16.704.561</b>                    | <b>23.569.209</b> | <b>40.273.770</b>                                 |

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 13.2 million at 30 June 2021).

The effects of the PPA were acknowledged retroactively at the acquisition date, resulting in the need to restate the comparative figures in the half-year financial report 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, a total of Euro 11,651 thousand (Euro 8,767 thousand, net of cash acquired), was paid in cash and provides for an increase or decrease in the price based on specific pre-agreed sales targets for 2021. 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:

| <b>Pen-Tec</b>       | <b>28/02/2021</b> |
|----------------------|-------------------|
| Consideration paid   | 8.394.480         |
| Shareholders' equity | 2.737.878         |
| <b>Difference</b>    | <b>5.656.602</b>  |

This differential was allocated at the acquisition date as follows:

|   |                  |
|---|------------------|
| <b>Difference</b>                                       | <b>5.656.602</b> |
| Customer list   | 2.447.700        |
| Deferred tax provision for the customer list (at 27.9%) | - 682.908        |
| Financial liabilities                                   | - 142.500        |
| <b>Residual goodwill</b>                                | <b>4.034.310</b> |

The useful life of the customer list has been estimated at 10 years. The financial liability represents the present value of the earn-out provided for in the purchase agreement and that FT System will be required to pay to the sellers providing certain conditions are met.

As a result of this PPA, the interim financial statements at 30 June 2021 include amortisation of Euro 81,500, offset by the related tax effect of Euro 22,764 deriving from the corresponding release of the provision for deferred taxes.

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

| <b>TECNEL</b>        | <b>28/02/2021</b> |
|----------------------|-------------------|
| Consideration paid   | 3.256.929         |
| Shareholders' equity | 1.874.169         |
| <b>Difference</b>    | <b>1.382.760</b>  |

This differential was allocated at the acquisition date as follows:

|   |                  |
|---|------------------|
| <b>Difference</b>                                       | <b>1.382.760</b> |
| Customer list   | 351.600          |
| Deferred tax provision for the customer list (at 27.9%) | - 98.096         |
| <b>Residual goodwill</b>                                | <b>1.129.256</b> |

The useful life of the customer list has been estimated at 10 years. This results in an effect in the income statement at 30 June 2021 of Euro 11,720 for higher amortisation and Euro 3,270 of lower taxes due to the corresponding release of the provision for deferred taxes.

#### 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<sup>5</sup> (Euro 101,501 thousand<sup>6</sup>, 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 to the 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 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 of up to US\$ 19 million under specific contracts, already in existence, which are the basis of recurring revenues not yet accounted for according to IFRS and therefore not included in rfXcel's current business plan.

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

|                      |                    |
|----------------------|--------------------|
|                      | US \$              |
| <b>rfXcel</b>        | <b>31/03/2021</b>  |
| Consideration paid   | 121,091,488        |
| Shareholders' equity | 10,179,685         |
| <b>Difference</b>    | <b>110,911,803</b> |

<sup>5</sup> The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.

<sup>6</sup> Euro 103.276 thousand at the spot exchange rate on the acquisition date

This differential was allocated at the acquisition date as follows:

|  | <i>US\$</i>        | <i>EUR</i>        |
|--|--------------------|-------------------|
| <b>Difference</b>  | <b>110,911,803</b> | <b>94,594,288</b> |
| Customer list  | 34,298,000         | 29,252,026        |
| Deferred tax provision for the customer list (at 27%)                | 9,260,460          | 7,898,047         |
| Know-how   | 14,565,000         | 12,422,175        |
| Deferred tax provision for the technologies (at 27%)                 | 3,932,550          | 3,353,987         |
| Reversal of the net carrying amount of the goodwill already recorded | 1,423,834          | 1,214,357         |
| <b>Residual goodwill</b>   | <b>76,665,647</b>  | <b>65,386,479</b> |

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) 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) 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 dollars (Euro 11.3 million);
- reversal of the net carrying amount of the portion of goodwill already present in the balance sheet of rfXcel for US\$ 1.4 million dollars (Euro 1.2 million);
- recognition of the residual portion of goodwill for US\$ 76.7 million (Euro 65.4 million).

As a result of this PPA, the interim financial statements at 30 June 2021 include amortisation of US\$ 1.2 million, offset by the related tax effect.

## 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                                 | 30/06/2021         | 31/12/2020<br>(*)  |
|--|--------------------|--------------------|
| Interest-bearing loans and other loans             | 155,426,873        | 162,661,648        |
| Other non-current financial liabilities            | 4,483              | 6,845              |
| Other current financial liabilities                | 946,997            | 1,490,486          |
| Cash and cash equivalents                          | -91,693,669        | -96,044,433        |
| Current securities available for sale              | -38,392,890        | -33,144,228        |
| <b>Net medium and long-term financial position</b> | <b>26,291,794</b>  | <b>34,970,317</b>  |
| Trade and other payables                           | 58,647,632         | 40,456,705         |
| <b>Net debt</b>                                    | <b>84,939,425</b>  | <b>75,427,022</b>  |
| Shareholders' equity                               | 253,641,720        | 137,332,678        |
| <b>Total capital</b>                               | <b>253,641,720</b> | <b>137,332,678</b> |
| <b>Capital and net debt</b>                        | <b>338,581,146</b> | <b>212,759,699</b> |
| <i>Gearing ratio</i>                               | 25.1%              | 35.5%              |

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

The Parent Company's outstanding loans do not have covenants on a six-monthly basis.

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## Statement of financial position

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### Non-current assets

#### 1. Property, plant and equipment

During the first half of 2021, Antares Vision's investments in property, plant and machinery totalled Euro 24,941,452, for the most part relating to the Italian entities of Antares Vision. These investments amounted to Euro 21,491,805 at 31 December 2020.

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

| PROPERTY, PLANT AND EQUIPMENT  |                    |                     |                                     |                    |  |                   |
|--|--------------------|---------------------|-------------------------------------|--------------------|--|-------------------|
| Description  | Land and buildings | Plant and machinery | Industrial and commercial equipment | Other fixed assets | Fixed assets under construction and advances | Total             |
| Historical cost 31/12/2020   | 20.875.985         | 517.871             | 3.382.983                           | 2.573.301          | 420.773                                      | 27.770.914        |
| Accumulated depreciation 31/12/2020  | - 2.271.844        | - 361.103           | - 1.895.472                         | - 1.750.690        | -  | 6.279.109         |
| <b>Carrying amount 31/12/2020</b>  | <b>18.604.141</b>  | <b>156.768</b>      | <b>1.487.511</b>                    | <b>822.611</b>     | <b>420.773</b>                               | <b>21.491.805</b> |
| Increases for purchases  | 2.958.967          |                     | 62.499                              |                    |  | 3.021.466         |
| Increases in historical cost due to expansion of the scope of consolidation          | 1.528.770          | 130.428             | 103.650                             |                    | -  | 1.762.849         |
| Increases in accumulated depreciation due to expansion of the scope of consolidation | - 68.352           | - 55.371            | - 96.076                            |                    | -  | 219.799           |
| Transfers  | 316.026            |                     |                                     |                    | - 316.026                                    | -                 |
| Exchange rate effect (historical cost)   | 136.510            |                     | 44.322                              | 49.105             |  | 229.936           |
| Exchange rate effect (accumulated depr.)   | 3.028              |                     | 4.663                               | 49.105             |  | 56.796            |
| Elimination of historical cost   | -                  | - 51.987            | - 1.355.964                         | - 159.540          | -  | 1.567.491         |
| Elimination of accumulated depreciation  | -                  | - 51.987            | - 1.215.964                         | - 110.435          | -  | 1.378.386         |
| Depreciation for the period  | - 834.086          | - 35.298            | - 33.497                            | - 309.615          | -  | 1.212.496         |
| <b>Total changes</b>   | <b>4.040.863</b>   | <b>39.759</b>       | <b>54.439</b>                       | <b>260.510</b>     | <b>316.026</b>                               | <b>3.449.647</b>  |
| Historical cost 30/06/2021   | 25.816.258         | 596.312             | 2.237.490                           | 2.462.866          | 104.747                                      | 31.217.673        |
| Accumulated depreciation 30/06/2021  | - 3.171.254        | - 399.786           | - 804.417                           | - 1.900.765        | -  | 6.276.222         |
| <b>Carrying amount 30/06/2021</b>  | <b>22.645.004</b>  | <b>196.527</b>      | <b>1.433.073</b>                    | <b>562.101</b>     | <b>104.747</b>                               | <b>24.941.452</b> |

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

Plant and machinery shows a net carrying amount of Euro 196,527, mainly belonging to FT System, which compares with the balance of Euro 156,768 at 31 December 2020.

Industrial and commercial equipment amount to Euro 1,433,073 which compares with a balance of Euro 1,487,511 in the prior period.

Other fixed assets, which at 30 June 2021 have a balance of Euro 992,234, include vehicles and cars, furniture and fittings and electronic and office machines.

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

## 2. Goodwill

A breakdown of goodwill is shown below:

| GOODWILL             |                    |                   |
|----------------------|--------------------|-------------------|
| Company              | 30/06/2021         | 31/12/2020        |
| FT System            | 45,297,868         | 45,297,868        |
| T2 Software          | 77,990             | 72,257            |
| Tradeticity          | 1,073,329          | 1,073,329         |
| Convel               | 12,322,155         | 12,322,155        |
| Applied Vision       | 13,229,364         | 12,812,140        |
| rfXcel               | 64,511,652         | -                 |
| Pen-tec              | 4,034,310          | -                 |
| Tecnel               | 1,129,256          | -                 |
| Antares Vision India | 253,549            | -                 |
| Other                | 99,802             | 96,655            |
| <b>Total</b>         | <b>142,029,275</b> | <b>71,674,403</b> |

More specifically, the amount of Euro 142,029,275 relates to:

- for Euro 45,297,868 to the acquisition of FT System on 30 September 2019;
- for Euro 77,990 (reais 460,531) to the acquisition of T2 SOFTWARE by the subsidiary Antares Vision do Brasil Ltda on 30 September 2019;
- for Euro 1,073,329 to the acquisition of Tradeticity on 21 April 2020;
- for Euro 12,322,155 to the acquisition of Convel on 30 June 2020;
- for Euro 13,229,364 to the acquisition of Applied Vision and its two subsidiaries on 16 December 2020 through Antares Vision Inc.;
- for Euro 1,129,256 to the acquisition of Tecnel by FT System on 28 February 2021;
- for Euro 4,034,310 to the acquisition of Pen-Tec by FT System on 28 February 2021;
- for Euro 64,511,652 to the acquisition of rfXcel by Antares Vision Inc. on 31 March 2021;
- for Euro 253,549 to the purchase of a 100% stake in Antares Vision India on 22 March 2021;
- for Euro 99,802 to the goodwill recognised in the statement of financial position of FT North America.

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

The determination of goodwill is therefore the result of a preliminary PPA and represents the excess of the acquisition cost over the present value of the assets and liabilities acquired.

With regard to the acquisition of Applied Vision (31 December 2020), during the half-year, the PPA of the price differential at the time of the acquisition was carried out as explained in the paragraph on Business Combinations, resulting in the need to restate the comparative figures in the statement of financial position.

During the half year, the PPAs for the acquisitions of Pen-Tec, Tecnel and rfXcel were also carried out and the results are shown in the section on Business Combinations.

#### Impairment test

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

At the year end on 31 December 2020, the Board of Directors of Antares Vision carried out specific procedures to check the recoverable amount of intangible assets with an indefinite useful life (only goodwill) recognised in the preliminary consolidated statement of financial position of Antares Vision at 31 December 2020 (the Reference Date) and will update this assessment by the end of the current year.

The scope of analysis includes all intangible assets with an indefinite useful life recorded in Antares Vision's consolidated financial statements other than those recognised following the acquisitions of Applied Vision Holdings Corporation, Pen-Tec, Tecnel and rfXcel which took place after this assessment.



With regard to these acquisitions, the Directors estimate that the recoverable amount of the assets acquired coincides with the price paid as this represents the best indication of fair value available at the reporting date, also in consideration of the fact that the transactions in question took place on dates close to the end of the half year. The Directors do not have any other elements that could modify the basis on which the purchase price was established.

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

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

The relevant grouping for control therefore includes all of the net operating assets in the consolidated financial statements (excluding those of Applied Vision, Pen-Tec, Tecnel and rfXcel which took place after the assessment).

Referring to the consolidated financial statements at 31 December 2020 regarding the main assumptions used in performing the impairment test, please note that the analysis has identified "headroom" equal to 81.3% of the recoverable amount.

After this assessment and up to the date of preparation of this document, no factor was found to suggest that the results of the test might vary or to cast doubt on the sustainability of the amounts of the goodwill recorded.

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 showed that the recoverable amount of the group of assets under review was higher than its carrying amount in the consolidated financial statements of Antares Vision.

### 3. Other intangible assets

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

| OTHER INTANGIBLE ASSETS  |                   |   |  |                   |                   |                         |  |                   |
|--|-------------------|---|--|-------------------|-------------------|-------------------------|--|-------------------|
| Description  | Development costs | Industrial patent rights and use of intellectual property | Concessions, licences, trademarks and similar rights | Customer list     | Know-how          | Other intangible assets | Fixed assets under construction and advances | TOTAL             |
| Historical cost 31/12/2020   | 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       |
| <b>Carrying amount 31/12/2020</b>  | <b>7.295.031</b>  | <b>72.934</b>   | <b>1.869.897</b>                                     | <b>9.356.987</b>  | <b>5.704.984</b>  | <b>302.368</b>          | <b>140.580</b>                               | <b>24.742.781</b> |
| Fair value adjustments generated by PPAs   | -                 | -   | -  | 6.437.943         | 4.319.126         | -                       | -  | 10.757.069        |
| <b>Carrying amount at 31/12/2020 restated</b>  | <b>7.295.031</b>  | <b>72.934</b>   | <b>1.869.897</b>                                     | <b>15.794.930</b> | <b>10.024.110</b> | <b>302.368</b>          | <b>140.580</b>                               | <b>35.499.850</b> |
| Increases for new capitalisations  | 2.993.833         | 29.507  | 51.481   |                   |                   | 142.836                 | 169.491                                      | 3.387.148         |
| 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            |
| Fair value adjustments generated by PPAs   |                   |   |  | 32.051.326        | 12.422.175        |                         |  | 44.473.500        |
| Exchange rate effect (historical cost)   |                   |   |  | 181.721           | 25.549            | 99.638                  |  | 306.908           |
| Exchange rate effect (accumulated amort.)  |                   |   |  | 15.122            | 7.595             | 188.362                 |  | 165.645           |
| Elimination of historical cost   | - 83.889          | - 24.447  |  |                   |                   |                         |  | - 108.336         |
| Elimination of accumulated amortisation  |                   | 24.447  |  |                   |                   |                         |  | 24.447            |
| Amortisation for the period  | -1.231.067        | -27.217   | -202.539   | -1.666.769        | -733.761          | -87.502                 |  | -3.948.855        |
| <b>Total changes</b>   | <b>1.678.877</b>  | <b>2.290</b>  | <b>151.058</b>                                       | <b>30.187.713</b> | <b>11.655.270</b> | <b>144.058</b>          | <b>169.491</b>                               | <b>43.686.641</b> |
| Historical cost 30/06/2021   | 12.381.956        | 291.092   | 2.564.949  | 49.001.246        | 22.922.352        | 710.168                 | 310.071                                      | 88.181.835        |
| Accumulated amortisation 30/06/2021  | -3.408.049        | -215.868  | -846.110   | -3.018.604        | -1.242.972        | -263.742                | -  | -8.995.345        |
| <b>Carrying amount 30/06/2021</b>  | <b>8.973.907</b>  | <b>75.224</b>   | <b>1.718.839</b>                                     | <b>45.982.642</b> | <b>21.679.380</b> | <b>446.426</b>          | <b>310.071</b>                               | <b>79.186.490</b> |

Other intangible assets only include assets with a finite life and amount to Euro 79,186,490 at 30 June 2021.

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

During the half year, the PPAs of Pen-Tec, Tecnel and rFXcel were 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 8,973,907, already net of accumulated amortisation, recorded under other intangible assets in previous years once it was verified that there was reasonable certainty that they would have generated revenue in future years.

In this item, new costs of Euro 2,993,833 were capitalised during the half year, of which Euro 2,385,971 attributable to the Parent Company and Euro 607,862 attributable to FT System. Management believes that these projects will have a successful outcome which should increase turnover and have a positive impact on the results of Antares Vision.

Industrial patent rights and intellectual property rights have a net carrying amount of Euro 75,224, while that of concessions, licences, trademarks and similar rights has gone from Euro 1,869,897 at 31 December 2020 to Euro 1,718,838 at 30 June 2021.

#### 4. Investments in associates, joint ventures and other companies

The equity investments shown in the half-year financial report at 30 June 2021 amount to Euro 4,124,453, entirely attributable to the Parent Company.

Their composition and changes are as follows:

| INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES |           |            |         |               |        |           |
|---|-----------|------------|---------|---------------|--------|-----------|
| Description   | OROBIX    | SIEMPHARMA | NEURALA | HUMANS GARDEN | OTHERS | TOTAL     |
| Value as at 31/12/2020  | 3,117,747 | 535,133    | 244,255 | -             | 127    | 3,897,262 |
| Acquisitions  | -         | -          | -       | 150,000       | -      | 150,000   |
| Disposals   | -         | -          | -       | -             | -      | -         |
| Fair value adjustment   | 15,524    | 61,667     | -       | -             | -      | 77,191    |
| Value as at 30/06/2021  | 3,133,271 | 596,800    | 244,255 | 150,000       | 127    | 4,124,453 |

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 3,133,271 following the recognition of the portion of the profit for the period pertaining to Antares Vision, equal to Euro 15,524.

Siempharma S.r.l. operates in the design and marketing of packaging machines. The Parent Company bought 10% of its share capital on 28 January 2019 and the investment was recorded under the equity method as there are shareholders' agreements that constitute joint control. The effect on the income statement was positive for Euro 61,667, represented by the portion of the profit for the period attributable to Antares Vision.

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

## 5. Non-current financial assets

Non-current financial assets amount to Euro 229,206 (Euro 277,821 at 31 December 2020) and relate to security deposits paid to guarantee existing contracts. The effects of the change in scope that took place during the half year are negligible.

## 6. Deferred tax assets

Deferred tax assets amount to Euro 12,298,082 (Euro 6,583,664 at 31 December 2020) and represent the temporary differences between the balance sheet amounts recorded in the financial statements of the individual Antares Vision companies and the corresponding amounts recognised for tax purposes, at the tax rates that are expected to apply when these differences reverse, including the effects on non-current taxes deriving from first-time adoption of IFRS.

The composition and nature of this item are 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 | Effect of PPAs   | Total             |
| <b>Value as at 31/12/2020</b>                                | <b>361,993</b>                                      | <b>1,834,032</b>                  | <b>560,023</b>                                  | <b>3,042,499</b>            | <b>6,961</b>                | <b>426,048</b>             | <b>229,795</b>             | <b>28,014</b>              | <b>94,298</b>    | <b>6,583,664</b>  |
| Change during the period                                     | -100,722  | 2,477,141                         | -434,208  | -1,068,739                  | 8,708                       | -97,442                    | -51,966                    | 38,358                     | 916,733          | 1,687,864         |
| <i>of which: exchange rate effect</i>                        | -   | 56,491                            | -   | -                           | -                           | -                          | -                          | -                          | -                | 56,491            |
| 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   | -                                 | -   | 3,507,368                   | -                           | -                          | -                          | -                          | -                | 3,927,830         |
| <b>Value as at 30/06/2021</b>                                | <b>771,394</b>                                      | <b>4,311,173</b>                  | <b>125,816</b>                                  | <b>5,481,128</b>            | <b>15,669</b>               | <b>337,670</b>             | <b>177,828</b>             | <b>66,372</b>              | <b>1,011,031</b> | <b>12,298,082</b> |

The application of IFRS has entailed the recognition of deferred tax assets, which at 30 June 2021 amounted to Euro 6,078,667. This figure is attributable for Euro 5,481,128 to the application of IFRS 15, of which Euro 3,507,368 refers to rfXcel, Euro 177,828 to the reversal of plant costs that cannot be capitalised, for Euro 337,670 to the entry relating to IAS, Euro 66,372 to the application of IFRS 2 relating to stock options and Euro 15,669 to the application of IFRS 16.

This item includes the temporary differences generated by the elimination of unrealised intra-group profits, which at 30 June 2021 generated deferred tax assets of Euro 125,816.

The other deferred tax assets are mainly on the losses made by Antares Vision Group companies, referring to the Parent Company for Euro 2,676,529, Antares Vision do Brasil for Euro 951,690 (at the local tax rate of 34%), Antares Vision Asia Pacific for Euro 282,978 and Antares Vision Russia for Euro 100,414. The Board of Directors considers this loss to be temporary, so the conditions for recognising deferred tax assets are deemed to have been met. The valuation was carried out following the general principle of prudence and is based on a Business Plan that suggests that it will be possible to make full use of the deferred tax assets to offset future taxable income in the next two years.

As regards the subsidiary Antares Vision do Brasil, the health situation that sadly saw Brazil among the worst-hit countries did not undermine the forecast of full recovery of financial equilibrium within the next two years. The first positive signs could already be seen in the last months of 2020 and continued in the first half of 2021, which saw a positive trend thanks to the revenue realised following the conclusion of the first part of an important project.

Lastly, this item includes other temporary differences for Euro 1,011,031 generated by the application of local tax provisions and implemented in the separate financial statements of the individual Group companies and the deferred tax assets deriving from the PPA of FT System, net of reversals during the year.

## Current assets

### 7. Inventories

Inventories at 30 June 2021 come to Euro 37,399,619 (Euro 32,846,598 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 |
| <b>Value as at 31/12/2020</b>                                | <b>22,342,030</b>                        | <b>3,694,226</b>                         | <b>6,254,284</b>            | <b>556,058</b>      | <b>32,846,598</b> |
| Change during the period                                     | 1,732,056                                | 933,743                                  | 858,126                     | - 46,223            | 3,477,702         |
| 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           |
| <b>Value as at 30/06/2021</b>                                | <b>25,017,422</b>                        | <b>4,627,969</b>                         | <b>7,244,392</b>            | <b>509,835</b>      | <b>37,399,619</b> |

This value is recognised net of the inventory provision for obsolete and slow-moving goods (Euro 993,712). No changes were made to the provision during the half year and the estimate at 30 June 2021 showed that the existing provision was sufficient.

## 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 |
| <b>Value as at 31/12/2020</b>                                | <b>47,533,842</b> | <b>1,034,555</b>           | <b>46,499,287</b>       |
| Change during the period                                     | - 6,175,848       | - 309,675                  | - 8,435,536             |
| 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                  | 11,764,643              |
| <b>Value as at 30/06/2021</b>                                | <b>53,344,098</b> | <b>2,114,106</b>           | <b>51,229,992</b>       |

At 30 June 2021, this item amounts to Euro 51,229,992 (net of a provision for doubtful accounts of Euro 2,114,106), which compares with a balance of Euro 46,499,287 last year (net of a provision of Euro 1,034,555).

The increase during the half year is attributable to the wider scope of consolidation and, in particular, to rfXcel's receivables at the acquisition date.

The provision for doubtful accounts had the following changes during the half year:

| PROVISION FOR CREDIT RISKS                                   |                            |
|--|----------------------------|
| Description  | PROVISION FOR CREDIT RISKS |
| <b>Value as at 31/12/2020</b>                                | <b>1,034,555</b>           |
| Uses   | 457,642                    |
| Provisions   | 147,967                    |
| Effect of the change in the scope of consolidation - Pen-Tec | 77,322                     |
| Effect of the change in the scope of consolidation - Tecnel  | 27,222                     |
| Effect of the change in the scope of consolidation - rfXcel  | 1,284,682                  |
| <b>Value as at 30/06/2021</b>                                | <b>2,114,106</b>           |

During the comparative period, loans decreased by approximately 13% as a combined effect of the slowdown in activity last year, as well as a more careful credit monitoring policy. In fact, 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.

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 17,643,571 and compare with a balance of Euro 15,753,734 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        | 1,819,039             | 2,679,557        | 15,753,734              |
| Change during the period                                     | 104,601           | - 145,696             | 1,229,953        | 1,188,858               |
| 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                 |
| <b>Value as at 30/06/2021</b>                                | <b>11,480,182</b> | <b>1,673,343</b>      | <b>4,490,046</b> | <b>17,643,571</b>       |

Tax receivables have gone from Euro 11,255,139 on 31 December 2020 to Euro 11,480,182 on 30 June 2021, mostly relating to the Parent Company.

This amount is strongly influenced by the tax benefit from the "Patent Box" tax regime for the years 2016-2019, which led to Antares Vision S.p.A. recording tax receivables for Euro 7,783,448, of which Euro 6,709,273 relating to IRES and Euro 1,074,175 to IRAP.

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

Other receivables have gone from Euro 2,679,557 at 31 December 2020 to Euro 4,490,046 at 30 June 2021. This item mainly consists of accrued income and prepaid expenses, including Euro 537,787 as a result of rfXcel joining the scope of consolidation.

#### **10. Other current financial assets**

Other current financial assets amount to Euro 38,392,890 (Euro 33,144,228 at 31 December 2020), attributable to the Parent Company for Euro 33,862,489 and to Applied Vision for Euro 4,530,401.

The increases for the year, equal to Euro 5,248,661, are due:

- for Euro 712,260 to the fair value adjustment to the securities and insurance policies held by the Parent Company;
- for Euro 4,530,401 to Applied Vision's investment in an interest-bearing deposit account;
- 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 91,693,669 which compares with the balance of Euro 96,044,433 at 31 December 2020.



The composition of this item is shown below:

| <b>CASH EQUIVALENTS AND SHORT TERM DEPOSITS</b>              |                          |                           |                       |                   |
|--|--------------------------|---------------------------|-----------------------|-------------------|
| Description  | Bank and postal deposits | Cash and cash equivalents | Prepaid payment cards | Total             |
| <b>Value as at 31/12/2020</b>                                | <b>95,523,627</b>        | <b>394,413</b>            | <b>126,393</b>        | <b>96,044,433</b> |
| Changes during the period                                    | - 9,374,518              | - 133,466                 | - 42,434              | - 9,550,418       |
| 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         |
| <b>Value as at 30/06/2021</b>                                | <b>91,345,987</b>        | <b>263,724</b>            | <b>83,958</b>         | <b>91,693,669</b> |

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.
- of the acquisition of rfXcel on 31 March 2021 by Antares Vision Inc. for US\$ 121,091 thousand<sup>7</sup> (Euro 101,501 thousand<sup>8</sup>, at the implicit exchange rate of the foreign exchange hedging transaction taken out), 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). 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 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 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 117,275,520. As a result of this transaction, a negative reserve of Euro 5,598,114 was also recognised to include the costs incurred

<sup>7</sup>The amount indicated already includes the subsequent price adjustment defined in August 2021 on the basis of the final figures at 31 March 2021.

<sup>8</sup> Euro 103.276 thousand at the spot exchange rate on the acquisition date

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;

- of the extraordinary costs incurred for the acquisitions and the listing for a total of Euro 8,194 thousand;

In addition there are the capital investments, mainly to expand the production sites in Italy and in equity investments (for the purchase of the minority stake in Antares Vision India with an outlay of 232 thousand euro and 10% of the share capital of Humans Garden with an outlay of Euro 150 thousand).

### Assets held for sale

At 30 June 2021 there are no assets held for sale.

### Shareholders' equity

#### 12. Share capital and reserves

The share capital at 30 June 2021 amounts to Euro 169,239, fully paid up (Euro 143,074 at 31 December, fully paid up).

The share premium reserve, shown under other reserves, amounts to Euro 209,490,456 at the end of the year (Euro 91,002,394 at 31 December 2020).

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

- 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 117,275,520. 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 half year of 161,093 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 82 and the share premium reserve by Euro 3,322.

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 in the first half of 2021 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 Plan 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 between the profit and shareholders' equity of the Parent Company and the consolidated profit and shareholders' equity is shown in the table below:

|  | 30/06/2021           |                                 | 31/12/2020 *         |                                 |
|--|----------------------|---------------------------------|----------------------|---------------------------------|
|  | Shareholders' equity | of which: result for the period | Shareholders' equity | of which: result for the period |
| <b>Shareholders' equity and result as reported in the financial statements of the Parent Company (ITA GAAP)</b>  | <b>267,379,597</b>   | <b>2,805,538</b>                | <b>146,402,104</b>   | <b>6,784,690</b>                |
| IFRS adjustments   | (11,575,405)         | (475,888)                       | (11,337,376)         | 11,714,506                      |
| <b>Shareholders' equity and profit of the Parent Company (after IFRS adjustments)</b>  | <b>255,804,192</b>   | <b>2,329,650</b>                | <b>135,064,728</b>   | <b>18,499,196</b>               |
| Surplus of shareholders' equity in the financial statements, including the results for the year, compared with the book value of investments in consolidated companies | 10,907,197           | (2,178,050)                     | 3,443,395            | (653,350)                       |
| Foreign currency translation reserve   | (130,852)            | -                               | (1,228,535)          | -                               |
| Elimination of the effects of transactions carried out between consolidated companies  | (2,413,740)          | (127,549)                       | (1,368,805)          | 941,232                         |
| <b>Effect of the application of international accounting standards</b>   | <b>(11,460,045)</b>  | <b>(2,731,016)</b>              | <b>(1,077,955)</b>   | <b>(627,765)</b>                |
| <i>Effect of application of IFRS 15</i>  | (11,333,574)         | (2,659,506)                     | (948,460)            | (629,288)                       |
| <i>Effect of application of IFRS 16/IAS 17</i>   | 271,031              | (3,665)                         | 281,376              | 31,588                          |
| <i>Employee Severance Fund discounting effect</i>  | (397,502)            | (67,845)                        | (410,871)            | (30,065)                        |
| <b>Shareholders' equity and result for the year as reported in the Group's financial statements</b>  | <b>252,706,752</b>   | <b>(2,706,965)</b>              | <b>134,832,828</b>   | <b>18,159,313</b>               |
| <b>Minority interest in shareholders' equity and result</b>  | <b>-77,315</b>       | <b>-338,111</b>                 | <b>331,315</b>       | <b>(43,762)</b>                 |
| <b>Consolidated shareholders' equity and result</b>  | <b>252,629,437</b>   | <b>(3,045,076)</b>              | <b>135,164,143</b>   | <b>18,115,550</b>               |

(\* comparative figures restated following the PPA of FT System, as explained in greater detail in the section on Business Combinations.

## Non-current liabilities

### 13. Non-current loans and borrowings

At 30 June 2021, non-current loans and borrowings amount to Euro 109,963,206 (Euro 120,077,078 at 30 June 2020), entirely attributable to the Parent Company. The composition is shown below:

| <b>NON-CURRENT LOANS AND BORROWINGS</b> |   |                  |                                       |
|---|---|------------------|---------------------------------------|
| Description                             | Medium/long-term loans (share over 12 months) | Warrants         | Total non-current loans and financing |
| <b>Value as at 31/12/2020</b>           | <b>115,865,821</b>                            | <b>4,211,257</b> | <b>120,077,078</b>                    |
| Change during the period                | - 13,346,120                                  | 3,232,138        | - 10,113,872                          |
| <b>Value as at 30/06/2021</b>           | <b>102,519,700</b>                            | <b>7,443,395</b> | <b>109,963,206</b>                    |
| <i>of which: over 5 years</i>           | 296,139                                       | -                | 296,139                               |

As can be seen from the table, non-current loans and borrowings mainly 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.

The first tranche of a loan under the Sustainable Growth Fund - Digital Agenda was paid during the first half for Euro 1,165,750, of which Euro 296,139 falling due beyond 5 years. At the same time, the instalments falling due under the respective amortisation plans were regularly reimbursed following the end of the pre-amortisation period. These loans were negotiated with leading credit institutions at particularly favourable conditions, thanks to Antares Vision's excellent credit rating, to provide it with the necessary liquidity for subsequent acquisitions. Some of these loans are subject to covenants, all of which are amply met.

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:

$$\frac{\text{Average monthly price} - \text{Strike price}}{\text{Average monthly price} - \text{Subscription price}}$$

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

The expiration date of the warrants is the first of the following dates to take place: (i) the first trading day after 5 years from 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 from 18 April 2019, the date of the Parent Company's listing on the AIM to the end of the period. The change of Euro 3,232,138 was recognised under Financial charges.

| <b>NON-CURRENT LOANS AND BORROWINGS</b> |                  |               |                       |
|---|------------------|---------------|-----------------------|
| Description                             | no. Warrants     | Price         | Financial liabilities |
| <b>Value as at 31/12/2020</b>           | <b>3,074,359</b> | <b>1.3698</b> | <b>4,211,257</b>      |
| Changes during the period               | -161,093         | 1.1852        | 3,232,138             |
| <b>Value as at 30/06/2021</b>           | <b>2,913,266</b> | <b>2.5550</b> | <b>7,443,395</b>      |

#### **14. Non-current lease liabilities**

Non-current lease liabilities amount to Euro 8,568,017 (Euro 6,856,513 at 30 June 2020).

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 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 30 June 2021 the amount of these fees was equal to Euro 100,481.

#### **15. Other non-current financial liabilities**

At 30 June 2021, other non-current financial liabilities amount to Euro 4,483 and relate entirely to Antares Vision North America. At 31 December 2020 this item amounted to Euro 6,845.

#### **16. Retirement benefit obligations**

Retirement benefit obligations are shown in the consolidated financial statements at 30 June 2021 for Euro 7,220,978 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 to employees and the effect of discounting the liability that existed at the reference date.

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

- projection for each employee in the payroll at the valuation date of the severance indemnities already set aside and of the future severance indemnities that will be accrued until the assumed time of payment, projecting the employee's remuneration;
- determination for each employee of the probable severance indemnity payments to be made by the Company in the event of termination of employment due to dismissal, resignation, disability, death and retirement, as well as in the event of advance payments requested by the employee;

- discounting to the valuation date of each probable payment;
- re-proportioning, for each employee, of the probable services and discounted on the basis of period of service accrued at the valuation date compared with the equivalent overall period of service at the assumed date of liquidation.

The individual demographic assumptions adopted were as follows:

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

The technical bases used are listed below:

| ECONOMIC ASSUMPTIONS                                    |            |            |
|---|------------|------------|
| Description   | 30/06/2021 | 31/12/2020 |
| Annual discount rate                                    | 0.79%      | 0.53%      |
| Annual inflation rate                                   | 0.80%      | 0.80%      |
| Annual rate of increase in severance indemnity (T.F.R.) | 2.10%      | 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                      | 30/06/2021 | 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 30 June 2021:

| IAS 19 EVALUATIONS RECONCILIATION                           |                  |                  |               |                |                |                  |
|---|------------------|------------------|---------------|----------------|----------------|------------------|
| Description   | ANTARES VISION   | FT SYSTEM        | CONVEL        | PEN-TEC        | TECNEL         | TOTAL            |
| <b>Defined Benefit Obligation (DBO) beginning of period</b> | <b>4,822,016</b> | <b>1,973,522</b> | <b>97,309</b> | <b>141,144</b> | <b>184,680</b> | <b>7,218,672</b> |
| Service Cost  | 525,861          | 217,746          | 14,734        | 12,846         | 9,306          | 780,493          |
| Interest Cost   | 8,158            | 3,315            | 153           | 220            | 314            | 12,160           |
| Benefits paid   | - 45,976         | - 46,991         | - 15,111      | - 22,998       | -              | - 131,076        |
| Adjustments   | -                | -                | -             | -              | -              | -                |
| <b>Expected DBO end of period</b>                           | <b>5,310,060</b> | <b>2,147,592</b> | <b>97,084</b> | <b>131,213</b> | <b>194,301</b> | <b>7,880,249</b> |
| A(G)/L from experience                                      | - 155,886        | 22,723           | 2,323         | - 682          | - 6,768        | - 138,290        |
| A(G)/L from change of demographic                           | -                | -                | -             | 1              | 2              | 3                |
| A(G)/L from discount rate exchange                          | - 365,125        | - 159,728        | - 7,402       | - 7,913        | - 6,754        | - 546,923        |
| <b>Defined Benefit Obligation (DBO) end of period</b>       | <b>4,789,049</b> | <b>2,010,586</b> | <b>92,005</b> | <b>122,619</b> | <b>180,780</b> | <b>7,195,040</b> |



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<br>DBO 30/06/2021 | FT SYSTEM<br>DBO 30/06/2021 | CONVEL<br>DBO 30/06/2021 | PEN-TEC<br>DBO 30/06/2021 | TECNEL<br>DBO 30/06/2021 |
| Turnover rate +1%                                      | 4,701,490                        | 1,966,304                   | 90,174                   | 120,819                   | 179,747                  |
| Turnover rate -1%                                      | 4,892,870                        | 2,062,837                   | 94,196                   | 124,712                   | 181,930                  |
| Inflation rate +0.25%                                  | 4,944,217                        | 2,079,910                   | 95,226                   | 126,124                   | 183,658                  |
| Inflation rate -0.25%                                  | 4,640,647                        | 1,944,369                   | 88,934                   | 119,255                   | 177,976                  |
| Discount rate +0.25%                                   | 4,602,531                        | 1,929,079                   | 88,240                   | 118,538                   | 177,199                  |
| Discount rate -0.25%                                   | 4,987,006                        | 2,097,159                   | 96,013                   | 126,921                   | 184,481                  |

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 | 991,144        | 344,309   | 36,451 | 24,587  | 14,221 |
| Duration                   | 23.2           | 23.3      | 23.6   | 20.5    | 12.5   |

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

| ESTIMATED FUTURE DISBURSEMENTS |                |           |        |         |        |
|--------------------------------|----------------|-----------|--------|---------|--------|
| Years                          | ANTARES VISION | FT SYSTEM | CONVEL | PEN-TEC | TECNEL |
| 1                              | 273,482        | 78,267    | 5,570  | 12,445  | 8,138  |
| 2                              | 210,694        | 81,075    | 4,823  | 5,342   | 8,534  |
| 3                              | 239,310        | 91,326    | 5,935  | 6,075   | 8,914  |
| 4                              | 266,622        | 101,128   | 6,997  | 6,783   | 9,279  |
| 5                              | 347,986        | 110,508   | 8,014  | 7,471   | 9,657  |

## 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 30 June 2021 the deferred taxes recognised under liabilities in the statement of financial position amount to Euro 16,218,112. 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.

The PPAs carried out during the half year led to the recognition of the following deferred tax liabilities:

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

### **18. Other non-current liabilities**

At 30 June 2021, other non-current liabilities amount to Euro 374,639, compared with the balance of Euro 136,592 at 31 December 2020.

| <b>OTHER NON-CURRENT LIABILITIES</b> |                                    |                               |                |
|--------------------------------------|------------------------------------|-------------------------------|----------------|
| Description                          | Customers advances beyond the year | Other non-current liabilities | Total          |
| <b>Value as at 31/12/2020</b>        | <b>64,324</b>                      | <b>72,268</b>                 | <b>136,592</b> |
| Changes during the period            | 52,347                             | 185,700                       | 238,047        |
| <b>Value as at 30/06/2021</b>        | <b>116,671</b>                     | <b>257,968</b>                | <b>374,639</b> |

Other non-current liabilities include Euro 142,500 recognised during the half year as the present value of the earn-out foreseen in the Pen-Tec purchase agreement, which FT System will have to pay to the sellers if certain conditions are met.

## **Current liabilities**

### **19. Current loans and borrowings**

Current loans and borrowings amount to Euro 35,116,925 compared with Euro 33,915,953 last year.

The movements and composition of this item are shown below:

| <b>CURRENT LOANS AND BORROWINGS</b>                         |   |                |                     |                                   |
|---|---|----------------|---------------------|-----------------------------------|
| Description   | Medium/long-term loans (share within 12 months) | Credit Cards   | Other current loans | Total current loans and financing |
| <b>Value as at 31/12/2020</b>                               | <b>28,803,870</b>                               | <b>112,083</b> | <b>5,000,000</b>    | <b>33,915,953</b>                 |
| Change during the period                                    | 253,126   | 62,374         | -                   | 315,500                           |
| Effect of the change in the scope of consolidation - rfXcel | 855,449   | 30,022         | -                   | 885,471                           |
| <b>Value as at 30/06/2021</b>                               | <b>29,912,445</b>                               | <b>204,480</b> | <b>5,000,000</b>    | <b>35,116,925</b>                 |

This item includes the portion within 12 months of medium/long-term loans that the Parent Company has with leading banks. Reference should be made to Note 13 on non-current loans and borrowings for a more detailed analysis of the nature and formation of this item.

The amount of Euro 204,480 refers to the balance due on corporate credit cards.

Other current loans include a short-term loan received from the Parent Company and repaid in July 2021.

## **20. Current lease liabilities**

Current lease liabilities amount to Euro 1,778,725 (Euro 1,812,104 at 31 December 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 14.

## 21. Other current financial liabilities

At 30 June 2021, other current financial liabilities amount to Euro 946,997, compared with Euro 1,490,486 last year. The amount of Euro 568,648 represents the change in the fair value of the following derivative instruments taken out by the Parent Company:

| Type of derivative contract              | Loan agreement    | Effective date of the contract | Contract expiry date | Acquired interest rate | Currency | Notional upon stipulation | Mark to market **** as at 30/06/2021 |
|--|-------------------|--------------------------------|----------------------|------------------------|----------|---------------------------|--------------------------------------|
| Interest Rate Swap (Intesa Sanpaolo)     | Mediocredito loan | 31/10/2019                     | 30/06/2025           | 0.00%                  | Euro     | 50,000,000                | 369,460                              |
| Interest Rate Swap (Iccrea Bancaimpresa) | Syndicated loan   | 31/03/2019                     | 31/03/2023           | 0.02%                  | Euro     | 17,777,778                | 60,948                               |
| Interest Rate Swap (Iccrea Bancaimpresa) | Leasing           | 01/08/2016                     | 01/02/2026           | 0.45%                  | Euro     | 3,660,067                 | 79,577                               |
| Interest Rate Swap (Unicredit) *         | Leasing           | 01/12/2019                     | 01/12/2026           | 0.80%                  | Euro     | 926,343                   | 43,710                               |
| Interest Rate Swap (Unicredit) **        | Leasing           | 01/12/2019                     | 01/12/2026           | 0.80%                  | Euro     | 335,458                   | 11,146                               |
| Interest Rate Swap (Intesa Sanpaolo)     | Mediocredito loan | 22/11/2018                     | 15/06/2023           | 0.25%                  | Euro     | 1,500,000                 | 6,212                                |
| Interest Rate Swap (BNL) ***             | BNL loan          | 31/12/2019                     | 31/12/2025           | 0.10%                  | Euro     | 15,000,000                | 84,682                               |
| Interest Rate Swap (BNL)                 | BNL loan          | 28/02/2020                     | 28/02/2026           | 0.15%                  | Euro     | 2,000,000                 | 11,738                               |
| Interest Rate Swap (BNL)                 | BNL loan          | 30/06/2020                     | 31/12/2025           | 0.15%                  | Euro     | 13,000,000                | 60,495                               |
| Interest Rate Swap (MPS)                 | MPS loan          | 13/02/2020                     | 30/06/2025           | 0.20%                  | Euro     | 10,000,000                | 30,166                               |
| Interest Rate Swap (MPS)                 | MPS loan          | 23/03/2020                     | 30/06/2025           | 0.28%                  | Euro     | 10,000,000                | 36,089                               |
| Interest Rate Swap (Mediobanca)          | Mediobanca loan   | 18/02/2020                     | 18/02/2025           | 0.22%                  | Euro     | 20,000,000                | 95,076                               |
| Interest Rate Swap (UBI)                 | UBI loan          | 31/03/2020                     | 31/03/2025           | 0.08%                  | Euro     | 10,000,000                | 57,700                               |
| <b>Total</b>                             |                   |                                |                      |                        |          |                           | <b>946,997</b>                       |

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

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

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

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

Despite being for hedging purposes, the changes in the fair value of these derivatives were charged to the income statement as it was impossible to demonstrate that there was a hedging relationship between the derivative and the item being hedged.

## 22. Current provisions for risks and charges

At 30 June 2021, current provisions for risks and charges amount to Euro 760,585 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          |
| <b>Value as at 31/12/2020</b>                                | <b>552,792</b>         | <b>50,254</b>             | <b>25,319</b>                             | <b>628,364</b> |
| Uses of the period   | 67,311                 | -                         | -   | 67,311         |
| Provisions for the period                                    | 144,563                | 265                       | 10,076                                    | 87,858         |
| Effect of the change in the scope of consolidation - Pen-Tec | -                      | 44,628                    | -   | 44,628         |
| <b>Value as at 30/06/2021</b>                                | <b>630,043</b>         | <b>95,147</b>             | <b>35,395</b>                             | <b>760,585</b> |

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 data and involved adjusting the provision by Euro 144,563 after using Euro 67,311 during the half year.

The amount of Euro 95,147 represents the potential liabilities estimated on outstanding disputes, relating to FT System for Euro 19,393, FT System Hexagone for Euro 8,415, Imago Technologies for Euro 22,711 and Pen-Tec for Euro 44,628.

The provision for agents' severance indemnity amounts to Euro 35,395, after setting aside Euro 10,076 during the period.

### **23. Contract liabilities**

First-time adoption of IFRS 15 led to a deferral of revenues compared with Italian accounting standards due to the fact that they can only be recognised after installation.

This deferral generated an FTA Reserve at 1 January 2018 of Euro 15,250,613. The value recorded under contract liabilities reflects the value of the goods (net of their cost of sales) delivered to the customer, but for which installation has not yet been completed. The changes are reported below:

| <b>CONTRACTUAL LIABILITIES</b> |                      |
|--------------------------------|----------------------|
| Description                    | Contract liabilities |
| <b>Value as at 31/12/2020</b>  | <b>10,769,569</b>    |
| Changes during the period      | - 3,830,607          |
| <b>Value as at 30/06/2021</b>  | <b>6,938,962</b>     |

### **24. Trade payables**

The balance of trade payables is equal to Euro 18,435,128 (Euro 14,281,461 at 31 December 2020), all with a duration of less than twelve months.

| <b>TRADE PAYABLES</b>  |                   |
|--|-------------------|
| Description  | Trade payables    |
| <b>Value as at 31/12/2020</b>                                | <b>14,281,461</b> |
| Changes during the period                                    | 2,391,304         |
| 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           |
| <b>Value as at 30/06/2021</b>                                | <b>18,435,128</b> |

The increase during the period is attributable for Euro 1,762,362 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 40,212,504 compared with Euro 26,175,243 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             |
| <b>Value as at 31/12/2020</b>                                | <b>14,750,277</b>       | <b>4,852,065</b>      | <b>2,459,075</b>                         | <b>1,792,152</b> | <b>2,248,429</b>                     | <b>73,245</b>  | <b>26,175,243</b> |
| Changes during the period                                    | 3,600,767               | 857,746               | - 21,731                                 | 309,051          | 898,687                              | - 19,107       | 5,625,412         |
| Effect of the change in the scope of consolidation - Pen-Tec | 144,303                 | 15,520                | 9,522                                    | 19,623           | -                                    | -              | 188,969           |
| Effect of the change in the scope of consolidation - Tecnel  | -                       | 11,962                | 26,841                                   | 61,187           | 14,251                               | 16,419         | 130,660           |
| Effect of the change in the scope of consolidation - rfXcel  | 5,724,915               | 846,006               | -  | 1,521,298        | -                                    | -              | 8,092,220         |
| <b>Value as at 30/06/2021</b>                                | <b>24,220,263</b>       | <b>6,583,299</b>      | <b>2,473,707</b>                         | <b>3,703,311</b> | <b>3,161,367</b>                     | <b>70,557</b>  | <b>40,212,504</b> |

Advances from customers relate to amounts collected from customers as an advance on sales still to be completed. At 30 June 2021 they were affected by the inclusion in the scope of consolidation of rfXcel for Euro 5,724,915 and of Pen-Tec for Euro 144,303.

Payables to personnel include amounts due at the end of the period for wages and salaries. At 30 June 2021, they were affected by the inclusion of rfXcel in the scope of consolidation for Euro 846,006.

Payables to social security institutions amount to Euro 2,473,707 (Euro 2,459,075 at 31 December 2020) and are attributable for Euro 1,504,433 to the Parent Company. This item includes payables to INPS and INAIL of Italian companies and those to local social security institutions of foreign companies.

Tax payables include direct taxes due, net of any advances paid, and the amounts withheld from employees' salaries. The increase compared with 31 December 2020 depends for Euro 1,521,298 on the inclusion of rfXcel in the scope of consolidation.

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

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## INCOME STATEMENT

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### 26. Revenue

Revenue at 30 June 2021 amounts to Euro 74,969,751, compared with Euro 58,006,304 at 30 June 2020. The figure has been significantly affected by the change in the scope of consolidation, as better illustrated in the following table:

| REVENUES  |                |
|---|----------------|
| Description                                       | Revenue        |
| Value as at 30/06/2020                            | 58,006,304     |
| Value as at 30/06/2021                            | 74,969,751     |
| <i>of which relating to Convel</i>                | 954,299        |
| <i>of which relating to Antares Vision GmbH *</i> | -              |
| <i>of which relating to Applied Vision</i>        | 11,390,009     |
| <i>of which relating to Pen-Tec</i>               | 1,203,238      |
| <i>of which relating to Tecnel</i>                | 133,491        |
| <i>of which relating to rFXcel</i>                | 3,354,326      |
| <i>of which relating to Antares Vision India</i>  | 17,180         |
| Change  | 16,963,447     |
| <i>Change on a like-for-like basis</i>            | <i>-89,096</i> |

*\* the branch's revenues were realized entirely versus the Parent Company*

Net of the effect of the change in scope, revenue is in line with that of the comparative period. This result is to be considered satisfactory considering that it was achieved despite the fact that the epidemiological emergency only partially affected the first half of 2020, unlike the corresponding period of 2021. It is also evidence of the resilience that Antares Vision has been able to show and of the foresight involved in making certain strategic investments. It should also be noted that, historically for Antares Vision, a larger portion of revenue is generally concentrated in the second half of the year. To this can be added the synergies deriving from the recent acquisitions, integration of which has already commenced.

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

| REVENUES               |                   |                   |
|------------------------|-------------------|-------------------|
| Area                   | 30/06/2021        | 30/06/2020        |
| America                | 19,508,349        | 9,804,660         |
| Asia                   | 7,271,067         | 2,914,977         |
| Europe                 | 25,844,289        | 35,751,371        |
| Italy                  | 16,594,358        | 7,413,409         |
| Middle East and Africa | 5,751,688         | 2,121,887         |
| <b>Total</b>           | <b>74,969,751</b> | <b>58,006,304</b> |

## 27. Other income

At 30 June 2021, other income amounts to Euro 1,532,148, mostly relating to the Parent Company, compared with Euro 3,183,794 in the previous period.

The composition and changes of the item are shown below:

| OTHER INCOME           |                  |                |                  |
|------------------------|------------------|----------------|------------------|
| Description            | Operating grants | Other revenues | Total            |
| Value as at 30/06/2020 | 2,868,657        | 315,137        | 3,183,794        |
| Value as at 30/06/2021 | 1,266,695        | 265,453        | <b>1,532,148</b> |
| Change                 | -1,601,962       | -49,684        | -1,651,646       |

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, Euro 785,609 are for the second tranche of a non-refundable loan linked to the Digital Agenda tender and Euro 323,447 for the portion of the R&D tax credit pertaining to the half-year, appropriately deferred in line with the matching principle. The reduction in operating grants is linked to the different method of calculating the grant between the two periods under review as envisaged by the law, which was more unfavourable to Antares Vision.

## 28. Change in finished and semi-finished products

The change in finished and semi-finished products is positive for Euro 424,476. Their composition and changes are shown below:



### CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

| Description                                      | Change in inventories of finished products | Change in inventories of semi-finished products and work in progress | Total            |
|--|--|--|------------------|
| Value as at 30/06/2020                           | -4,826,920                                 | -359,878   | -5,186,798       |
| Value as at 30/06/2021                           | -1,344,474                                 | 919,998  | <b>-424,476</b>  |
| <i>of which relating to Convel</i>               | - 26,342                                   | 57,745   | 31,403           |
| <i>of which relating to Antares Vision GmbH</i>  | 19,479                                     | -  | 19,479           |
| <i>of which relating to Applied Vision</i>       | - 155,205                                  | 148,740  | - 6,465          |
| <i>of which relating to Pen-Tec</i>              | - 32,403                                   | 3,360  | - 29,043         |
| <i>of which relating to Antares Vision India</i> | -  | 23,358   | 23,358           |
| <b>Change</b>                                    | <b>3,482,446</b>                           | <b>1,279,876</b>   | <b>4,762,322</b> |
| <i>Change on a like-for-like basis</i>           | <i>3,676,917</i>                           | <i>1,046,674</i>   | <i>4,723,591</i> |

Change in inventories of finished products is negative for Euro 1,344,474 due to the sales made close to the end of the period.

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; it therefore represents a conscious investment in view of the higher orders expected in the second half of the year.

### **29. Raw materials and consumables**

Raw materials and consumables amount to Euro 17,374,375, compared with Euro 9,395,950 at 30 June 2020.

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

### RAW MATERIALS AND CONSUMABLES

| Description                                      | Change in inventories of raw materials | Goods            | Consumables       | Total             |
|--|--|------------------|-------------------|-------------------|
| Value as at 30/06/2020                           | -4,281,582                             | 11,470,624       | 2,206,908         | 9,395,950         |
| Value as at 30/06/2021                           | -1,448,119                             | 17,799,305       | 1,023,189         | <b>17,374,375</b> |
| <i>of which relating to Convel</i>               | -45,370                                | 414,016          | 16,521            | 385,167           |
| <i>of which relating to Antares Vision GmbH</i>  | -                                      | 38,572           | -                 | 38,572            |
| <i>of which relating to Applied Vision</i>       | -617,973                               | 4,169,191        | 21,019            | 3,572,236         |
| <i>of which relating to Pen-Tec</i>              | -146,406                               | 768,786          | 6,297             | 628,677           |
| <i>of which relating to Tecnel</i>               | -50,833                                | 77,712           | 416               | 27,295            |
| <i>of which relating to rFXcel</i>               | -                                      | -                | -                 | -                 |
| <i>of which relating to Antares Vision India</i> | -12,733                                | 40,206           | -                 | 27,473            |
| <b>Change</b>                                    | <b>2,833,463</b>                       | <b>6,328,681</b> | <b>-1,183,719</b> | <b>7,978,425</b>  |
| <i>Change on a like-for-like basis</i>           | <i>3,706,778</i>                       | <i>820,200</i>   | <i>-1,227,972</i> | <i>3,299,005</i>  |

Similarly, to the change in inventories of semi-finished products and work in progress, the increase in raw materials is attributable to the desire to acquire materials in view of the second half of the year, a period when Antares Vision's sales and deliveries tend to be more concentrated.

### 30. Personnel costs

Personnel costs amounted to Euro 28,636,000 compared with Euro 20,111,832 at 30 June 2020. Changes in this item are shown below:

| PERSONNEL COSTS                                  |                   |
|--|-------------------|
| Description                                      | PERSONNEL COSTS   |
| Value as at 30/06/2020                           | 20,111,832        |
| Value as at 30/06/2021                           | <b>28,636,000</b> |
| <i>of which relating to Convel</i>               | 383,495           |
| <i>of which relating to Antares Vision GmbH</i>  | 382,510           |
| <i>of which relating to Applied Vision</i>       | 2,247,414         |
| <i>of which relating to Pen-Tec</i>              | 183,307           |
| <i>of which relating to Tecnel</i>               | 114,632           |
| <i>of which relating to rFXcel</i>               | 1,880,657         |
| <i>of which relating to Antares Vision India</i> | 70,115            |
| Change   | 8,524,168         |
| <i>Change on a like-for-like basis</i>           | <i>3,262,039</i>  |

61.7% of the increase in Personnel costs (26.1% of the 42.3%) is attributable to changes in the scope of consolidation. Excluding this, the increase comes to 38.3% (or 16.2%) compared with the figure at 30 June 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 (670 at 30 June 2020<sup>9</sup>, 783 at 31 December 2020 and 949 at 30 June 2021) is therefore to be considered a conscious investment for the future, aimed at the fulfilment of the Antares Vision strategy.

<sup>9</sup> Excluding Convel, acquired on 30 June 2020, but whose personnel costs have been included in the Group's income statement only from July 2020.

### 31. Amortisation and depreciation

At 30 June 2021, the balance of amortisation and depreciation amounts to Euro 5,309,318 compared with Euro 2,278,145 at 30 June 2020.

| AMORTISATION AND DEPRECIATION                    |                                |  |               |                  |
|--|--------------------------------|--|---------------|------------------|
| Description                                      | Amortisation intangible assets | Depreciation property, plant and equipment | Write-downs   | Total            |
| Value as at 30/06/2020                           | 1,305,739                      | 838,640                                    | 133,767       | 2,278,145        |
| Value as at 30/06/2021                           | 3,948,856                      | 1,212,496                                  | 147,967       | <b>5,309,318</b> |
| <i>of which relating to Convel</i>               | 1,827                          | 24,579                                     | -             | 26,406           |
| <i>of which relating to Antares Vision GmbH</i>  | 2,566                          | 788  | -             | 3,354            |
| <i>of which relating to Applied Vision *</i>     | 547,400                        | 209,421                                    | -             | 756,821          |
| <i>of which relating to Pen-Tec</i>              | 1,135                          | 21,326                                     | -             | 22,461           |
| <i>of which relating to Tecnel</i>               | 230                            | 15,418                                     | -             | 15,648           |
| <i>of which relating to rXcel</i>                | 44,182                         | 52,577                                     | -             | 96,758           |
| <i>of which relating to Antares Vision India</i> | 48                             | 8,018                                      | -             | 8,066            |
| <b>Change</b>                                    | <b>2,643,117</b>               | <b>373,856</b>                             | <b>14,200</b> | <b>3,031,173</b> |
| <i>Change on a like-for-like basis</i>           | <i>2,045,731</i>               | <i>41,729</i>                              | <i>14,200</i> | <i>2,101,659</i> |

\* this is amortisation and depreciation deriving from the PPA, included in the Applied Vision statement of financial position at the date of acquisition

Amortisation amounts to Euro 3,948,856, compared with Euro 1,305,739 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 half-year generated amortisation for the customer list of Euro 1,666,769 (Euro 534,685 at 30 June 2020) and for the technologies of Euro 733,761 (Euro 193,098 at 30 June 2020). There is also higher amortisation as a result of the investments in development costs and proprietary software.

Depreciation is mostly on buildings for Euro 834,086 (Euro 715,356 at 30 June 2020) and on furniture and fittings for Euro 249,403 (Euro 15,717 at 30 June 2020). The increase with respect to the comparative figure is almost exclusively attributable to the change in the scope of consolidation.

Write-downs include the write-down of trade receivables which at 30 June 2021 amounts to Euro 147,967 (Euro 133,767 at 30 June 2020). This is a provision of expected losses which was estimated on the basis of past experience and an ageing analysis of receivables, in accordance with IFRS 9.

Antares Vision 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.

### 32. Capitalised development costs

Capitalised development costs amount to Euro 2,993,833, of which Euro 2,385,971 for the Parent Company and Euro 607,862 for FT System. In the comparative period, this item amounted to Euro 2,145,374.

These are solely personnel costs incurred during the half-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 30 June 2021, sales and marketing costs amount to Euro 2,809,739, an increase compared with the figure of Euro 1,673,309 in the first half of last year.

| SALES AND MARKETING COSTS                        |                           |
|--|---------------------------|
| Description                                      | Sales and marketing costs |
| Value as at 30/06/2020                           | 1,673,309                 |
| Value as at 30/06/2021                           | <b>2,809,739</b>          |
| <i>of which: relating to Convel</i>              | 79,606                    |
| <i>of which relating to Antares Vision GmbH</i>  | 8,824                     |
| <i>of which relating to Applied Vision</i>       | 446,765                   |
| <i>of which relating to Pen-Tec</i>              | 116,375                   |
| <i>of which relating to Tecnel</i>               | 5,055                     |
| <i>of which relating to rfXcel</i>               | 65,890                    |
| <i>of which relating to Antares Vision India</i> | 67                        |
| Change   | 1,136,430                 |
| Change on a like-for-like basis                  | 413,846                   |

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 increase is largely (64%) linked to the change in the scope of consolidation.

### 34. Service costs

At 30 June 2021, service costs amount to Euro 23,975,498 and compares with the balance of Euro 11,579,452 in the same period of last year.

Changes in this item are shown in the following table:

| SERVICE COSTS                                    |                   |
|--|-------------------|
| Description                                      | SERVICE COSTS     |
| Value as at 30/06/2020                           | 11,579,452        |
| Value as at 30/06/2021                           | <b>23,975,498</b> |
| <i>of which relating to Convel</i>               | 254,645           |
| <i>of which relating to Antares Vision GmbH</i>  | 142,020           |
| <i>of which relating to Applied Vision</i>       | 1,236,932         |
| <i>of which relating to Pen-Tec</i>              | 135,441           |
| <i>of which relating to Tecnel</i>               | 67,078            |
| <i>of which relating to rFXcel</i>               | 1,299,439         |
| <i>of which relating to Antares Vision India</i> | 14,346            |
| Change   | 12,396,046        |
| Change on a like-for-like basis                  | 9,246,145         |

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 30/06/2020 | 1,018,701          | 1,305,011           | 2,726,890       | 1,280,240                  | 1,136,650               | 1,662,037                        | 599,152                        | 905,848                       | 944,922             | <b>11,579,452</b> |
| Value as at 30/06/2021 | 590,482            | 2,424,757           | 3,194,647       | 2,751,055                  | 1,575,677               | 9,915,470                        | 793,311                        | 1,226,221                     | 1,503,879           | <b>23,975,498</b> |
| Change                 | -428,219           | 1,119,746           | 467,756         | 1,470,815                  | 439,027                 | 8,253,433                        | 194,159                        | 320,373                       | 558,957             | 12,396,046        |

Net of the effect deriving from changes in the scope of consolidation, which have an impact on the increase in service costs for Euro 3,149,901 (25.4%), the costs involved in the acquisitions and the translisting to the MTA are included here as IFRS 3 does not allow them to be capitalised.

### **35. Other operating expenses**

Other operating expenses amount to Euro 1,181,768 with the following changes during 2021:

| OTHER OPERATING EXPENSES                         |                          |
|--|--------------------------|
| Description                                      | OTHER OPERATING EXPENSES |
| Value as at 30/06/2020                           | 1,663,758                |
| Value as at 30/06/2021                           | <b>1,181,768</b>         |
| <i>of which relating to Convel</i>               | 10,908                   |
| <i>of which relating to Antares Vision GmbH</i>  | 26,672                   |
| <i>of which relating to Applied Vision</i>       | 104,161                  |
| <i>of which relating to Pen-Tec</i>              | 3,613                    |
| <i>of which relating to Tecnel</i>               | 4,279                    |
| <i>of which relating to rXcel</i>                | 41,224                   |
| <i>of which relating to Antares Vision India</i> | 4,150                    |
| Change   | -481,990                 |
| Change on a like-for-like basis                  | -676,997                 |

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 30/06/2020   | 3,188                  | 47,425                           | 1,609,576                | 3,568                     | 1,663,758        |
| Value as at 30/06/2021   | 146,017                | 138,559                          | 893,071                  | 4,121                     | <b>1,181,768</b> |
| Change                   | 142,829                | 91,134                           | - 716,506                | 553                       | 481,990          |

The accruals to provisions include the provision for product guarantees, which has been revised upwards for a total of Euro 144,563 (Euro 69,270 for Antares Vision S.p.A. and Euro 75,293 for Applied Vision).

### 36. Financial charges

Financial charges amount to Euro 5,202,632, compared with Euro 3,675,356 for the previous period. The effect on this item of changes in the scope of consolidation with respect to the comparative period is negligible.

| FINANCIAL CHARGES         |                   |
|---------------------------|-------------------|
| Description               | Financial charges |
| Value as at 30/06/2020    | 3,675,356         |
| Value as at 30/06/2021    | <b>5,202,632</b>  |
| Changes during the period | 1,527,276         |

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 3,232,138 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 747,954, almost exclusively relating to the Parent Company, 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**

The changes in financial income, which at 30 June 2021 amounted to Euro 954,063, are shown in the table below:

| FINANCIAL INCOME          |                  |
|---------------------------|------------------|
| Description               | Financial income |
| Value as at 30/06/2020    | 42,756           |
| Value as at 30/06/2021    | <b>954,063</b>   |
| Changes during the period | 911,307          |

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

The item includes the Euro 716,234 change in the fair value of the available-for-sale securities held by the Parent Company and the Euro 249,832 change in the fair value of the derivatives subscribed by it to hedge fluctuations in interest rates, as explained in Note 22 on other current financial liabilities.

### **38. Foreign exchange gains and losses**

Foreign exchange gains and losses show a positive net balance of Euro 1,033,811 (negative net balance of Euro 1,393,193 at 30 June 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 30 June 2021 this item has a positive balance of Euro 244,765 compared with a negative balance of Euro 249,677 in the comparative period and includes the adjustment of the value of the investments according to the equity method.

More specifically, the 37.5% stake in Orobix was revalued by Euro 15,524 and the 10% stake in Siempharma was revalued by Euro 61,667 for Antares Vision's share of their profits for the period. This item also includes the Euro 167,575 fair value adjustment of the investment in Antares Vision India at the date it acquired total control.

#### 40. Income taxes

Income taxes are positive for Euro 140,359 at 30 June 2021 (negative for Euro 1,820,846 at 30 June 2020).

At 30 June 2021, there are no temporary differences or carry-forward tax losses on which deferred tax assets or liabilities have not been recognised. In fact, as already explained in Note 6, to which reference should be made, deferred tax assets have been accrued on these losses, as these results are considered to be temporary.

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

|  | 30/06/2021     | %            | 30/06/2020       | %             |
|--|----------------|--------------|------------------|---------------|
| Profit before taxes  | 3.185.434      |              | 6.170.757        |               |
| Theoretical taxes  | 888.736        | 27,90%       | 1.721.641        | 27,90%        |
| Different IRAP taxable effect  | 63.513         | 1,99%        | 51.034           | 0,83%         |
| Income elements that do not go towards forming the tax base                  | 265.658        | 8,34%        | 792.803          | -12,85%       |
| Deduction of own invested capital (ACE)                                      | 776.366        | 24,37%       | 191.424          | -3,10%        |
| Non-deductible costs   | 950.367        | -29,83%      | 308.639          | 5,00%         |
| Tax neutrality effect of fair value measurement of equity instruments        | 775.713        | -24,35%      | 549.643          | 8,91%         |
| Tax neutrality effect of the application of the equity method to investments | 40.080         | 1,26%        | -                | -             |
| Reversal of deferred tax assets  | 244.002        | -7,66%       | -                | -             |
| Effect of other foreign legislation  | 76.088         | 2,39%        | 174.117          | 2,82%         |
| <b>Total</b>   | <b>140.359</b> | <b>4,41%</b> | <b>1.820.846</b> | <b>29,51%</b> |

#### 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.

In calculating the number of shares, the treasury shares held by the Parent Company (33,916) were considered as a reduction of the shares outstanding.



| EARNINGS PER SHARE  |             |            |
|---|-------------|------------|
| Description   | 30/06/2021  | 30/06/2020 |
| Profit / (loss) attributable to the ordinary shareholders of the Parent Company | - 2.706.965 | 4.644.106  |
| Dilution  | 3.232.138   | 1.970.047  |
| Total post-dilution profit / (loss)   | 525.173     | 6.614.153  |
| Weighted average number of ordinary shares                                      | 60.915.570  | 58.009.711 |
| Weighted average potential ordinary shares                                      | 601.421     | 616.470    |
| Weighted average potential ordinary shares                                      | 61.516.990  | 58.626.181 |
| Earning per Share (EPS)   | - 0,04      | 0,08       |
| Earnings per Share (EPS) diluted  | 0,01        | 0,11       |

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## OTHER INFORMATION

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### Share-based payments

#### Stock Option Plans

The Shareholders' Meeting of Antares Vision S.p.A. (the Parent Company) on 20 May 2020 approved the guidelines for a share-based incentive plan called the "2020-2022 Stock Option Plan" (the 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 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 (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").

The cost of share-based payment transactions amounts to Euro 112,863 for employees and Euro 26,983 for directors.

## Changes during the year

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

|  | 30/06/2021 |      | 31/12/2020 |      |
|--|------------|------|------------|------|
|  | 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    | 2,33 | 333.000    | 2,24 |
| 1st tranche of SOP I                       |            |      | 333.000    | 2,24 |
| 2nd tranche of SOP I                       | 333.000    | 2,48 |            |      |
| 1st tranche of SOP II                      | 413.000    | 2,22 |            |      |
| cancelled during the period                | 7.000      | 2,24 |            |      |
| 1st tranche of SOP I                       | 7.000      | 2,24 |            |      |
| exercised during the period                | -          | -    |            |      |
| expired during the period                  | -          | -    |            |      |
| outstanding at the end of the period       | 1.072.000  | 2,31 | 333.000    | 2,24 |
| 1st tranche of SOP I                       | 326.000    | 2,24 | 333.000    | 2,24 |
| 2nd tranche of SOP I                       | 333.000    | 2,48 |            |      |
| 1st tranche of SOP II                      | 413.000    | 2,22 |            |      |
| exercisable at the end of the period       | -          | -    | -          | -    |

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

|   | 1st tranche of SOP I | Employees       | Directors       |
|---|----------------------|-----------------|-----------------|
| Weighted fair value at the measurement date (€) |                      | 2,2361          | 2,2416          |
| Exercise price of the option (€)                |                      | 11,4140         | 11,4480         |
| Dividends expected (€)                          |                      | -               | 0,2850          |
| Expected volatility (%)                         |                      | 0,3047          | 0,2801          |
| Risk-free interest rate (%)                     | -                    | 0,0040          | -               |
| Expected useful life of options (in years)      |                      | 2,7753          | 4,4466          |
| Weighted average price per share (€)            |                      | 11,4140         | 10,8705         |
| Model adopted                                   |                      | Black & Scholes | Black & Scholes |

| <b>2nd tranche of SOP I</b>                     |   | <b>Employees</b> |
|---|---|------------------|
| Weighted fair value at the measurement date (€) |   | 2,4818           |
| Exercise price of the option (€)                |   | 12,0341          |
| Dividends expected (€)                          |   | 0,3086           |
| Expected volatility (%)                         |   | 0,2922           |
| Risk-free interest rate (%)                     | - | 0,0040           |
| Expected useful life of options (in years)      |   | 3,6192           |
| Weighted average price per share (€)            |   | 11,8914          |
| Model adopted                                   |   | Black & Scholes  |

| <b>1st tranche of SOP II</b>                    |   | <b>Employees</b> |
|---|---|------------------|
| Weighted fair value at the measurement date (€) |   | 2,2164           |
| Exercise price of the option (€)                |   | 12,0700          |
| Dividends expected (€)                          |   | -                |
| Expected volatility (%)                         |   | 0,2944           |
| Risk-free interest rate (%)                     | - | 0,0040           |
| Expected useful life of options (in years)      |   | 2,8548           |
| Weighted average price per share (€)            |   | 11,5986          |
| Model adopted                                   |   | Black & Scholes  |

#### **Guarantees given, commitments and other contingent liabilities**

At 30 June 2021, the Group had provided guarantees to its customers consisting of Euro 210,822 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 1,696,783 in advance bonds on advance payments already received from customers.

#### **Information on risk**

##### **Risk of Covid-19**

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

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

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.

### **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.

### **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.

There has been a gradual reduction in trade receivables from the last quarter of 2019. In fact, comparing the figure at 31 December 2019 with the balance at 30 June 2021, trade receivables have decreased by 16.1% precisely as a result of a more targeted debt collection policy.

### **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.

It should be noted that, in some cases, these long-term loan agreements require a commitment by Antares Vision to comply with covenants on a consolidated basis, all of which have always been respected.

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 of the branch, 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.

The following is a sensitivity analysis which shows the effects on the profit, and consequently on consolidated shareholders' equity, deriving from a 7% increase or decrease in the exchange rates of foreign currencies compared with the effective rates on 30 June 2021.

### **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.

Antares Vision has also started preparatory work for the Non-Financial Report, which will be prepared for the first time at 31 December 2021. This document will translate into fact Antares Vision's commitment to the question of environmental sustainability, among other things, and will be another key element of competitiveness for the benefit of transparency and adaptation to international best practices.

### 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 the Group and related parties, the following information is provided on the first half of 2021 in accordance with IAS 24:

| TRANSACTIONS WITH RELATED PARTIES |                                    |                                       |                  |                    |
|-----------------------------------|------------------------------------|---------------------------------------|------------------|--------------------|
| Related parties                   | Trade payables<br>as at 30/06/2021 | Trade receivables<br>as at 30/06/2021 | Costs<br>H1 2021 | Revenue<br>H1 2021 |
| Orobix                            | 18.865                             | 302.560                               | 76.340           | 248.000            |
| Siempharma                        | 138.177                            | 1.371.407                             | 374.372          | 550.854            |
| <b>Total</b>                      | <b>157.042</b>                     | <b>1.673.967</b>                      | <b>450.712</b>   | <b>798.854</b>     |



Dealings with related parties for the comparative period are shown below (31 December 2020 for balance sheet items and 30 June 2020 for income statement items):

| <b>TRANSACTIONS WITH RELATED PARTIES</b> |  |   |                          |                            |
|--|--|---|--------------------------|----------------------------|
| <b>Related parties</b>                   | <b>Trade payables<br/>as at 31/12/2020</b> | <b>Trade receivables<br/>as at 31/12/2020</b> | <b>Costs<br/>H1 2020</b> | <b>Revenue<br/>H1 2020</b> |
| Antares Vision India Private Limited *   | 51.990                                     | 44.647  | 173.578                  | 44.647                     |
| Orobix                                   | -  | 14.915  | 35.031                   | 12.546                     |
| Siempharma                               | 984.206                                    | 809.631                                       | 947.856                  | 92.058                     |
| <b>Total</b>                             | <b>1.036.196</b>                           | <b>869.193</b>                                | <b>1.156.465</b>         | <b>149.251</b>             |

\* 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. It was approved on 28 April 2021 and can be viewed on the Company's website at the following link:

[https://it.antaresvision.com/upload/blocchi/X7711al Annex1-1X\\_Procedura-per-le-Operazioni-con-Parti-Correlate-Antares-Vision.pdf](https://it.antaresvision.com/upload/blocchi/X7711al Annex1-1X_Procedura-per-le-Operazioni-con-Parti-Correlate-Antares-Vision.pdf)

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

The effects of intercompany transactions have been eliminated on consolidation.

#### Compensation to board members and the independent auditors

The fees due to members of the Board of Directors and Board of Statutory Auditors and the auditors EY S.p.A. are shown in the following table:

| <b>COMPENSATION TO BOARD MEMBERS AND THE INDEPENDENT AUDITORS</b> |                  |                           |                             |
|---|------------------|---------------------------|-----------------------------|
| <b>Description</b>  | <b>Directors</b> | <b>Statutory auditors</b> | <b>Independent auditors</b> |
| Compensation for the period                                       | 1.155.018        | 44.219                    | 25.000 *                    |

\* amount referred to the Interim Consolidated Financial Statements.

## Subsequent events

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 digitization 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 "Traceability Project", which together with the Infrastructure Project is referred to as the "Project" ).

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 a more purely corporate point of view, from 20 September 2021, the ordinary shares of Antares Vision S.p.A. will be included in the FTSE Italia Mid Cap index, which brings together the top 60 Italian companies by stock market capitalisation not included in the FTSE MIB 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. 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 Group's shareholder base and visibility, for the benefit of all stakeholders.

Lastly, it should be noted that July and August 2021 saw the exercise of 362,560 warrants<sup>10</sup>, corresponding to 74,981 ordinary shares with consequent increase in capital for Euro 180 and in the share premium reserve for Euro 7,318. As a result of this exercise, at the date of preparation of this document there are still .... warrants outstanding.

### Explanatory notes, final part

These explanatory notes, as well as the entire interim 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.

Travagliato, 13 September 2021

The Board of Directors

Emidio Zorzella

Massimo Bonardi

Alioscia Berto

Marco Claudio Vitale

Martina Monaco

Fabio Forestelli

Cristina Spagna

Fiammetta Rocchia

Fabiola Mascardi

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<sup>10</sup>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.**

**Half-year financial report as of 30 June 2021**

**Review report on the half-year financial report  
(Translation from the original Italian text)**

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working world**EY S.p.A.  
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## Review report on the half-year financial report (Translation from the original Italian text)

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

### Introduction

We have reviewed the half-year financial report, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of other comprehensive income, the statement of changes in the consolidated shareholders' equity, the consolidated statement of cash flows and the related explanatory notes of Antares Vision S.p.A. and its subsidiaries (the "Antares Vision Group") as of 30 June 2021. The Directors of Antares Vision S.p.A. are responsible for the preparation of the half-year financial report in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this half-year financial report based on our review.

### Scope of review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-year financial report.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year financial report of Antares Vision Group as of June 30, 2021 is not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Brescia, 13 September 2021

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

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