



ANTARESVISION

OUR TECHNOLOGY, YOUR SAFETY.

FINANCIAL STATEMENTS 2019

WE PROTECT PRODUCTS
THROUGHOUT THEIR LIFE
CYCLE WITH SOLUTIONS
FOR INSPECTION,
TRACKING, SMART DATA
MANAGEMENT.

WE GUARANTEE
INTEGRITY AND
TRANSPARENCY TO
CREATE A UNIQUE VALUE:
TRUST

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COMPANY

OUR EVOLUTION IS A HISTORY OF CREATIVITY AND TECHNOLOGICAL INNOVATION.

Our story started in 2007, with the development of vision technologies to offer safer products for consumers.

Once a small company, we are now market leaders, but our purpose is still guided by the same pioneering spirit of the early days.

Our solutions are shaped by the meeting of knowledge and creativity. That is why technology is never a goal, but rather an instrument through which we express ourselves.

Our research is devoted to all of us, because we devote our excellent skillsets to the development and implementation of technologies focused on people's health and safety.

We are close to global Institutions and Authorities to fight counterfeiting and promote informed and responsible consumption.



VALUES



BRAVERY We go beyond our certainties

The courage that leads to tackling ambitious challenges with no fear of the competition, but by upholding one's values with flexibility and responsibility.

ENERGY We achieve results thanks to the strength of our ideas

Energy as the lifeblood that helps manage complex situations with planning and determination.

PASSION No mountain is too high for our hearts and minds

Passion as the ability to always find a solution with ingenuity and creativity, with the involvement and collaboration of all resources.

INNOVATION Let's look together and see the future

Innovation as a creative ability which leads to increased skills and to see far.

OUR VISION

Living technology for a healthier and a safer world.

OUR MISSION

Leading the complete process of protecting the products throughout their lifecycle, Antares Vision delivers the most comprehensive and scalable global solution in inspection systems, track & trace and smart data management. driven by competence, energy and passion, we have fun in providing innovative technologies and developing strong partnerships with our customers to co-create added value.

INSPECTION

We offer inspection systems and automatic machines to guarantee the integrity and conformity of products, containers and packaging.

TRACK & TRACE

We develop solutions to identify and trace products, from production to the supply chain, all the way to the end consumer.

SMART DATA MANAGEMENT

We open new roads to data analysis, to tackle the new challenges of efficiency and productivity.

BUSINESS AREAS

**A NATURAL CHOICE:
THE MOST COMPREHENSIVE AND FLEXIBLE SOLUTION.**

Our systems inspect any product to assure its quality and integrity: from the individual unit to primary packaging, up to inspecting the final package.

Our tracking solutions make it possible to monitor products along the entire supply chain, providing assurance to the validity and authenticity of products on the market.

Smart management of the data generated by the production processes allows us to turn data into valuable information, able to monitor and improve efficiency performance. Moreover, all the data generated along the value chain are managed and shared to create an effective dialogue along the supply chain, from manufacturer to end user.

TRUSTPARENCY®

TRUSTPARENCY combines trust and transparency. Two values that are strictly connected to our technologies: through inspection and traceability we guarantee transparency in processes, which turns into trust and consumer awareness.

WE GUARANTEE QUALITY, INTEGRITY AND TRACEABILITY, FROM THE RAW MATERIAL TO THE END CONSUMER.

We protect products throughout their lifecycle. We provide innovative technologies through our competence, energy and passion and we develop strong partnership with our customers to create added value.

We are a global leader. Independent, competent and flexible, we are able to assure the highest level of innovation and technology to the most demanding industrial sectors:

PHARMA / MEDICAL DEVICE / FOOD / BEVERAGE / COSMETICS / LUXURY

A close-up photograph of a hand holding a clear pipette with a blue tip, positioned over the neck of a dark glass bottle. The bottle is part of a larger array of similar bottles, which are slightly out of focus in the background. The lighting is soft, highlighting the hand and the pipette.

STRATEGIC DEVELOPMENTS

DIVERSIFICATION AND INTERNATIONALIZATION: HERE IS OUR ROADMAP.

With the aim to continue supporting our growth and development strategy, in 2019 we stipulated investment agreements with T2 Software, a specialised Brazilian software company, and Orobix, Italian leader in artificial intelligence services and new technologies. Also in 2019, we acquired 100% of the Ft System, a world-wide leader in control and inspection for the Food and Beverage sectors.

In 2020, we announced the acquisition of 82.83% of Croatian company Tradeticity d.o.o., within our strategy of strengthening internal skills for the development of software solutions for traceability and serialization.

Thanks to the recently opened branches in India, Russia, Hong Kong and China, we have a presence in over 60 countries with comprehensive and flexible solutions, and related services: we have we have 5 Italian sites (Brescia, Parma, Piacenza, Latina and Vicenza), 15 foreign branches (Ireland, Germany [2], France [2], USA [2], Latin America [2], India, Russia, Hong Kong, China, Croatia and Serbia), one Innovation and Research Center (Italy) and Ireland and a network of over 30 partners worldwide.



LISTING ON THE STOCK EXCHANGE

AN HISTORIC MOMENT.

As of April 18th, 2019, trading of ordinary shares and warrants has started on AIM Italia / Alternative Investment Market. The start of trading follows the Business Combination, announced to the market on December 19th, 2018, between ALPI Spa (Special Purpose Acquisition Company promoted by Mediobanca) and Antares Vision Spa.

We landed on the Stock Exchange while an expansion stage was in full swing, in Italy as well as abroad, evidencing the value of our vision, the effectiveness of the choices we have made until now and the appreciation of our products on the target markets.

Opening the capital to the market is not just an historic event, but above all a strategic step to continue the path started in 2007 and support the industrial development plan.

PROCESSES

INNOVATION IS A STATE OF MIND.

We cooperate with Universities and Research Centres to develop the most advanced technologies in terms of imaging, vision, Internet of Things, Artificial Intelligence, Business Intelligence.

We receive inputs and requests from several end users, in new markets and applications, thanks to the diversification of our production portfolio.

Developing know-how and innovation is a continuous commitment, essential to maintain technological leadership.

SERVICE

THANKS TO OUR EXPERIENCE, WE TAKE CARE OF OUR CUSTOMERS.

We are close to our customers with the most comprehensive service package, because it is developed jointly with them and based on our experience in managing world-class companies, in the most demanding industrial sectors with the highest added value – from Pharma/Medical Devices to Cosmetics, from Food to Beverage, from Tobacco to Fashion, from Printing to Automotive to Logistics.















Support solutions by Antares Vision are provided locally as well as globally. Our constantly expanding network of local branches and qualified partners worldwide makes it possible to optimise response times, as well as assuring an extremely flexible and cost-saving service and maintenance activity.

PRESENCE

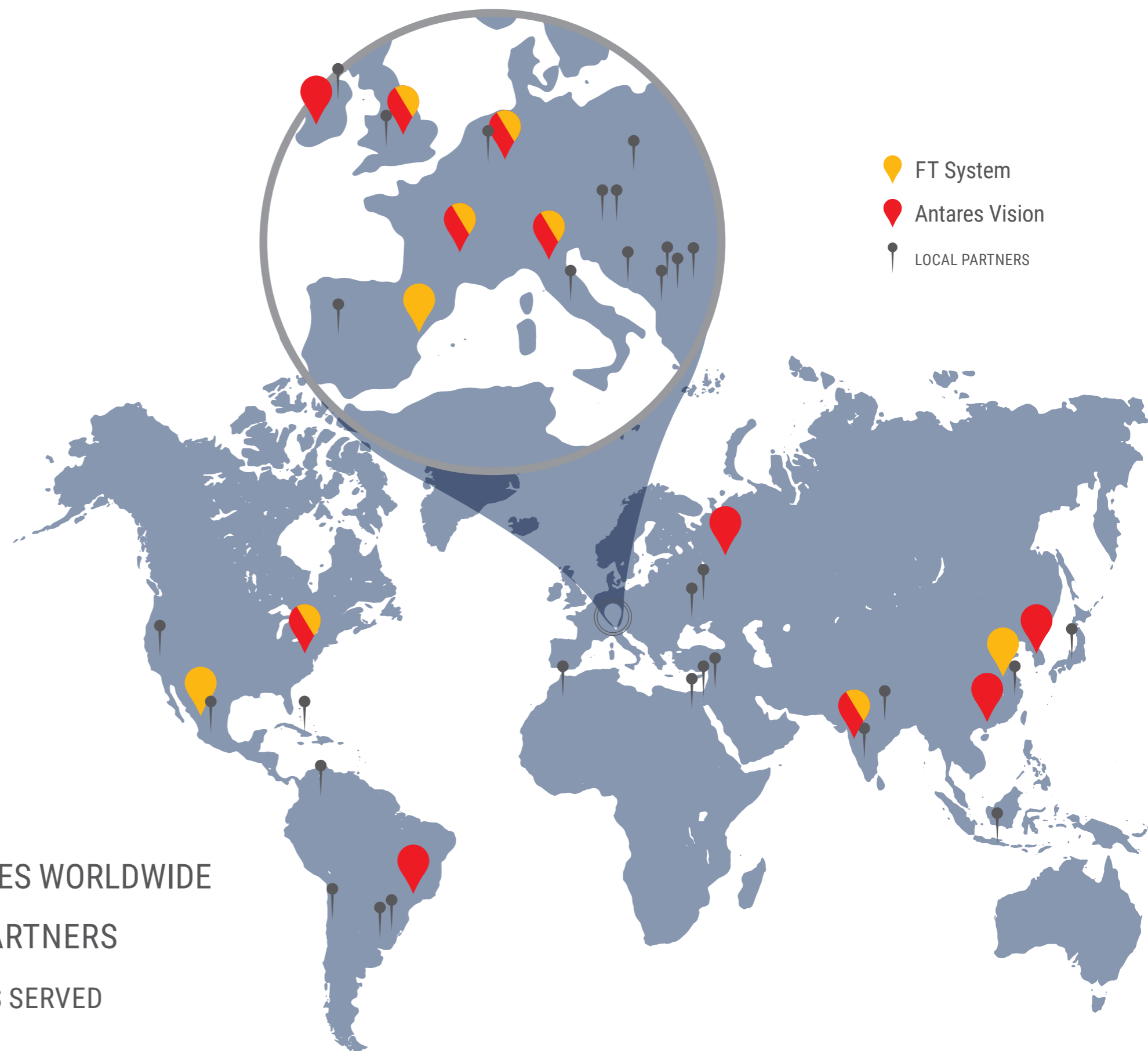
A GLOBAL NETWORK OF QUALIFIED PARTNERS.

Our network of strategically located operative branches is supported by qualified partner companies that ensure Antares Vision solutions and services are readily available all over the world. From 24/7 remote assistance to hardware and software maintenance activities, to spare parts and training services, the support provided by the network aims at assuring the utmost operability of our solutions.

19 COMPANY SITES

-  ITALY
-  FRANCE
-  SPAIN
-  UK
-  IRELAND
-  GERMANY
-  RUSSIA
-  USA, CANADA
-  MEXICO, LATAM
-  BRAZIL, LATAM
-  INDIA
-  CHINA
-  SOUTH KOREA
-  ASIA PACIFIC

690+ EMPLOYEES WORLDWIDE
30+ LOCAL PARTNERS
60+ COUNTRIES SERVED
3 R&D SITES



CORPORATE SOCIAL RESPONSIBILITY

ETHICAL AND SUSTAINABLE GROWTH.

Our constant search for technological innovation, our courage, our energy and our passion go hand in hand with the proud and positive identity of a company strongly tied to its origins in the region.

The social purpose of our company's activities is to be a shared value at all levels, under the banner of ethics and sustainability.

That is why we actively take part in the social, cultural and economic development of our community, where we draw resources from – first and foremost human capital – and we wish to contribute by redistributing added value.

A LETTER FROM THE CHAIRMAN



Emidio Zorzella

Dear Shareholders,

“For our Group, 2019 represented a turning point, with the listing on the AIM Italia market through the Business Combination with the SPAC Alp.I, a transaction that brought in resources worth EUR 50 million to strengthen the industrial growth and development of Antares Vision. During the year, Antares Vision continued its commitment to develop its core business in the supply of Inspection, Track & Trace, and Smart Data Management solutions for the pharmaceutical sector and for all the most demanding sectors. We also consolidated our international presence by setting up new branches, while the investments plan, aimed at diversifying the business, continued with strategic acquisitions and the expansion of Antares Vision systems also in the food & beverage sector is now concretely underway.

In September 2019 we bought 100% of FT System S.r.l. (“FT System”), one of the world leaders in inspection systems for the beverage and food sector, which counts the major multinationals of the sector among its more than 2,000 customers, whereas in December we bought 37.5% of Orobix, a transaction that will allow us to strengthen our positioning in smart data management and boost the activities of R&D and of the Innovation Centre.

In light of the international context generated by the Covid-19 health emergency, Antares Vision believes

it is more relevant and urgent than ever to ensure the TRUSTPARENCY of production processes around the world, increasing the use of technology to guarantee the distribution of safer, traceable and origin-certified products. Over the course of 2020, taking advantage of the slower rate of activities due to the global impact of Covid-19, Antares Vision will intensify its efforts to complete new strategic acquisitions and to boost the development of new technological solutions (first and foremost the traceability platform for the Agri-Food sector, stemming from our experience in the pharmaceutical field, also benefiting from funding from MISE [Ministry of Economic Development], so as to make it available as of 2021 for pilot projects supporting products Made in Italy). Antares Vision will also further strengthen its organisational structure, through the implementation of professional and managerial education plans, designed to support the entire work force (employees, managerial staff and executives) and the analysis of all processes, to streamline times and costs. After the transition to the IFRS, Antares Vision starts adjusting its company processes to be ready to transition to the main market”

Emidio Zorzella

Chairman and Managing Director
Antares vision

HIGHLIGHTS

IMPROVEMENT OF PERFORMANCE

- **The value of production grew by 28.7%**, supported by a positive trend in revenues (increasing by 25.5% y/y) also thanks to the acquisition of FTS
- **Value added has increased by 40.8% y/y** thanks to higher revenues as well as higher revenues of the after-sales services, connected to the wider installed base. As a matter of fact, the Gross Contribution Margin went from 63.7% to 72.2%.
- This improvement in performance has allowed AV to more than offset the higher **cost of labour** (+60%), arising from the new hires (in addition to the personnel base included in FtS) required to sustain growth in coming years.
- As a consequence, a **significant improvement in EBITDA is recorded (22.7%)**.
- **Net profits** record a 27.9% increase thanks to the improved performance as well as to the positive effect of the mark-to-market of warrants, partially offset by the extraordinary costs connected to the IPO and by the costs of the Alp.I. business combination.

RECENT STRATEGIC INITIATIVES

- AV has completed 2 strategic acquisitions:
 - FTS to **widen the offering of products** in the beverage sector, further **extend the geographic presence** and **increase the cross-selling** of track&trace and smart data management solutions
 - Orobix to **break into the AI sector**, through a company that specialises in AI services.
- This **will make it easier to transfer AV solutions** beyond the pharmaceutical sector, thus boosting the diversification process.
- Thanks to the integration of FTS and the transfer of AV technology, we anticipate a **significant improvement in FTS profitability**, consistent with AV (500/600 bps).
- **Geographic expansion continued**, with branches opened in Hong-Kong, Russia and India.

Source: Antares Vision

CORPORATE BODIES

BOARD OF DIRECTORS

Emidio Zorzella
Chairman and Managing
Director

Massimo Bonardi
Managing Director

Alioscia Berto
Director with powers

Marco Costaguta
Director

Massimo Perona
Director

Marco Claudio Vitale
Director

Dante Roscini
Director

BOARD OF STATUTORY AUDITORS

Enrico Broli
Chairman

Germano Giancarli
Standing auditor

Paolo Prandi
Standing AUDITOR

Paolo Belleri
Alternate Auditor

Luca Savino
Alternate Auditor

IN-BOARD COMMITTEES

**Committee for transactions
with related parties**

Marco Claudio Vitale
Chairman

Dante Roscini
Member of the Committee

Marco Costaguta
Member of the Committee

COMPENSATION COMMITTEE

Marco Claudio Vitale
Chairman

Dante Roscini
Member of the Committee

Massimo Perona
Member of the Committee

AUDITING FIRM

EY S.p.A.

SUPERVISORY BODY

Silvia Baresi
Fabio Cardella
EMME & PS S.r.l.
(in the person of Girolamo Matranga)

NOMINATED ADVISOR EQUITA SIM S.P.A.

FINANCIAL REPORT 2019

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2019 REPORT ON OPERATIONS

Dear Shareholders,

We submit for your examination and approval the Consolidated financial report for the year ended on 31/12/2019 of the companies belonging to Antares Vision S.p.A. (hereinafter also referred to as "Antares Vision"), consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes.

This is to illustrate the activities, to show the consolidated income statement, balance sheet and cash flow, to point out the most significant facts that characterised the management of Antares Vision and to inform you on the events occurred in the first part of 2020.

Please refer to the Notes to the Financial Statements for the analysis of the main risks and how to manage them.

ACTIVITIES CARRIED OUT

Antares Vision guarantees the protection of products throughout their life cycle by deploying 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*.

Through its offices in Italy and its foreign branches, 2 innovation and research centres in Italy and Ireland and a network of over 30 *partners* worldwide, Antares Vision has a presence in over 60 countries with comprehensive and flexible solutions, hardware&software and related services.

With 20 years of experience in vision technologies, Antares Vision supplies 10 of the world's 20 leading pharmaceutical companies: over 25,000 inspection systems guarantee product safety and quality each day, while 6,500 inspection tests and over 3,500 serialization lines installed all over the world guarantee the traceability of over 5 billion products throughout the entire distribution chain.

Furthermore, an expansion of Antares Vision systems also in the agri-food and beverage sectors is well under way through implementation of an investment plan for business diversification that also continued in 2019.

CONSOLIDATION AREA

At the closing date of the financial year, in addition to the Financial Statements of the Parent Company Antares Vision S.p.A., the consolidation area included the Financial Statements of the following subsidiaries:

- **IMAGO TECHNOLOGIES GMBH**, based in Friedberg, Germany, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION INC.**, based in New York, USA, of which Antares Vision holds 100% of the share capital and which in its turn holds 70% of the share capital of **ANTARES VISION NORTH AMERICA LLC**, based in New Jersey, USA;
- **ANTARES VISION DO BRASIL**, based in Sao Paulo, Brazil, of which Antares Vision holds 99.99% of the share capital, which in its turn holds 99.99% of the share capital of **LEGG SYSTEM COMERCIO E SERVICOS DE PECAS INDUSTRIAIS E AUTOMACAO LTDA**, based in Sao Paulo, Brazil, 51% of the share capital of **T2 SOFTWARE**, based in Sao Paulo, Brazil, and indirectly through the latter, 73% of the share capital of **PHARMATRACK SISTEMAS LTDA**;

- **ANTARES VISION FRANCE SAS**, based in Rillieux-la-Pape, France, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION IRELAND LIMITED**, based in Galway, Ireland, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION RUS OOO**, based in Moscow, Russia, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION ASIA PACIFIC LIMITED**, based in Hong Kong, of which Antares Vision holds 100% of the share capital;
- **FT SYSTEM SRL**, based in Alseno (PC), of which Antares Vision acquired 100% of the share capital on 30/09/2019 and which in its turn wholly owns **FT HEXAGONE SARL**, based in Challes les Eaux, France, and **FT NORTH AMERICA LLC**, based in Massachusetts, USA.

Please refer to the Notes for a more detailed description of the changes to the consolidation area occurred during 2019 compared to December 31st, 2018.

OPERATING PERFORMANCE

In 2019 Antares Vision continued its commitment to developing the *core business* of the supply of *Inspection, Track & Trace*, and *Smart Data Management* solutions for pharmaceuticals and the consumer good for connected sectors.

The investment plan aimed at diversifying the business continued with the acquisitions of strategic shareholdings and prestigious *partnerships*, specifically with the acquisition of FT System S.r.l. and its subsidiaries in France and the United States ("FT System"), and an expansion of Antares Vision systems in the agrifood & beverage sector is now also concretely underway.

Below the breakdown of sales by geographic area, pro-forma, i.e. assuming the consolidation of FTS from 1st of January 2019:

Consolidated IFRS	2019	2018
AFRICA	1.475	150
NORTH AMERICA	15.245	13.053
SOUTH AMERICA	3.969	584
ASIA	9.964	6.473
NORTH EUROPE	20.049	12.441
WESTERN EUROPE	30.433	28.498
EASTERN EUROPE	19.027	21.201
ITALY	34.915	24.687
MIDDLE EAST	7.670	6.698
Total Revenues	142.747	113.786

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The breakdown of revenues by type of market and BU is set out below, with the same pro-forma logic:

Consolidated IFRS	2019	2018
EXTRA-PHARMA	32.578	5.304
SERVICES	3.676	111
SMART DATA	0	0
T&T	935	1.045
INSPECTION	27.968	4.148
PHARMA	109.340	107.181
SERVICES	9.396	5.635
SMART DATA	1.658	1.800
T&T	78.194	81.833
INSPECTION	20.093	17.912
ALTRO	829	1.302
Total Revenues	142.747	113.786

ALTERNATIVE PERFORMANCE MEASURES

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

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

- these indicators are only calculated based on historical Group data and do not provide an indication of future Group trends;
- the APMs are not required by IFRS and, albeit being derived from the Group's consolidated financial statements, they are not subject to auditing;
- the APMs should not be considered as being in lieu of the indicators required by IFRS;
- said APMs must be interpreted jointly with the Group's financial information contained in the Group's consolidated financial statements and relevant notes;
- the definitions of the indicators used by the Group, as they do not originate from the accounting principles of reference, might not be consistent with those adopted by other Groups hence not be comparable;
- the APMs used by the Group have been drawn up with continuity, defined and set out consistently for all the periods covered by financial information included in this report on operations.

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

- the Gross Contribution Margin, Value Added, EBITDA and EBIT, jointly with other relative profitability indicators, make it possible to show the changes in operative performance and provide useful information on the Group's ability to sustain indebtedness; these indicators are also commonly used by analysts and investors, for the purpose of assessing company performance;

- the net financial indebtedness, together with other asset and liability composition indicators and the financial elasticity indicators, are conducive to a better assessment of the Group's overall equity soundness and its ability to maintain a structural balance over time;
- the net trade working capital, net working capital and net invested capital make it possible to better assess the ability to meet short-term commercial commitments through current trade assets, as well as the consistency between the structure of loans and that of sources of financing in temporal terms.

MAIN INCOME STATEMENT DATA

The Consolidated Income Statement at 31/12/2019 is set out below, reclassified according to the management criteria adopted for management control and compared to the figures at 31/12/2018 (in thousands of Euro). The Consolidated Income Statement is provided in two versions: the first, "1219 YTD FTS 3 mth" which consolidates FT System from

Antares Vision Consolidated Income Statement ('000,€)	1219 YFD	1219 YTD	1218 YTD	1219 VS 1218	1219 VS 1218
	FTS 3 mth	FTS 1 2 mth		FTS 1 2 mth	FTS 3 mth
Revenues from sales	122,405	142,747	113,786	25.5%	7.6%
Capitalisation of development costs	3,620	3,954	1,238	219.4%	192.4%
Inspection machine contribution (H2020)	1,718	1,718	107	1506.5%	1506.5%
Tax credit	1,049	1,049	971	8.0%	8.0%
Value of production	128,791	149,469	116,102	28.7*	10.9%
Changes in inventories of raw materials and finished goods	471	888	70	1173.9%	576.4%
Purchases	30,131	36,063	36,350	-0.8%	-17.1%
Changes in inventories of work in progress	214	266	2	10732.7%	8619.0%
Cost of sales	30,817	37,218	36,422	2.2%	-15.4%
% margin on revenues from sales	25.2%	26.1%	32.0%		
Commissions	3,089	3,188	3,219	-1.0%	-4.0%
Installation costs	5,241	5,992	4,025	48.9%	30.2%
Gross Contribution Margin	89,644	103,071	72,436	42.3%	23.8%
% margin on revenues from sales	73.2%	72.2%	63.7%		
Use of third-party assets	1,394	1,844	1,533	20.3%	-9.1%
Operational costs	133	134	101	33.1%	31.9%
Costs for services	20,045	23,042	15,363	50.0%	30.5%
Added value	68,071	78,050	55,438	40.8%	22.8%
% margin on revenues from sales	55.6%	54.7%	48.7%		
Cost of labour	36,544	42,045	26,092	61.1%	40.1%
Employees	31,032	36,533	21,868	67.1%	41.9%
Associates	5,512	5,512	4,224	30.5%	30.5%
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	31,528	36,006	29,346	22.7%	7.4%
% margin on revenues from sales	25.8%	25.2%	25.8%		
Write-down of receivables	364	450	220	104.3%	65.3%
Depreciations	1,744	1,930	556	246.8%	213.3%
Intangible fixed assets	565	664	326	103.8%	73.4%
tangible fixed assets	1,179	1,266	231	448.6%	410.9%
Earnings before interest and taxes (EBIT)	29,420	33,626	28,569	17.7%	3.0%
% margin on revenues from sales	24.0%	23.6%	25.1%		
Financial income and expenses	-2,882	-3,018	922	-427.2%	-412.5%
Extraordinary income and expenses	3,076	3,076	431	613.1%	613.0%
Reversal of other provisions for risks	-1	-1	-4	-75.8%	-75.8%
Result before taxes	29,227	33,568	27,220	23.3%	7.4%
% margin on revenues from sales	25.9%	23.5%	23.9%		
Income taxes	6,734	7,907	7,454	6.1%	-9.7%
Profit / (loss) of minority interests	410	410	29	1313.0%	1313.0%
Net result	22,083	25,251	19,737	27.9%	11.9%
% margin on revenues from sales	18.0%	17.7%	17.3%		

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

the acquisition date (that is September 30th, 2019), and the second, included for management purposes only to more extensively clarify the Group's trends, "1219 YTD FTS 12 mth", which consolidates FT System as if it were acquired as of January 1st, 2019.

The figures below were adjusted for some extraordinary entries, reclassified under EBIT and made up of costs linked to the listing (EUR 1,464 thousand), to the acquisitions completed during the year (EUR 575 thousand), to the mark-to-market valuation of the derivative instruments (EUR 570 thousand) and to the balance of extraordinary proceeds and expenses (EUR 467 thousand) for a total of EUR 3,076 thousand.

2019 sees a marked rise in financial results of Antares Vision, showing an increase in the Value of Production of 28.7% (10.9% considering only 3 months of consolidation of FT System) compared to the figure for December 31, 2018, clearly connected to the acquisition of FT System, which for Antares Vision was a crucial step towards diversification into sectors other than Pharma. FT System is indeed one of the world leaders in inspection systems for the food and beverage sector, counting the biggest multinationals in the sector among its more than 2,000 customers.

The Gross Contribution Margin and the Value Added, amounting to 103,071 (89,644) EUR thousand and 78,050 (68,071) EUR thousand, increased respectively by 42.3% (23.8%) and 40.8% (22.8%) compared to the previous year. This improvement, in addition to the effects of acquisition of FT System, is attributable to the continuing increase of the turnover generated by software and especially by after-sales assistance activities, that obviously benefit higher margins than the hardware solutions. The combined effect of this significant improvement and of the FT System acquisition has more than offset the higher personnel costs, which increased by over 60% (40%), or over 30% without considering the FT System acquisition, consistently with the hiring policy pursued in order to provide Antares Vision with the necessary resources to deal with the anticipated growth in the coming years. The increase in human resources should, therefore, be considered as a planned investment for the future, aimed at implementing the strategy of Antares Vision. This dynamic translated into EBITDA amounting to 36,006 (31,528) EUR thousand, corresponding to a percentage on turnover of 25.2% (25.8%) or +22.7% (+7.4%) on 2018 (25.8% as a percentage on turnover).

EBIT shows a significant increase of 17.7% (3.0%), although not as marked as EBITDA following a greater amortisation load deriving from capitalisations carried out starting from second half of 2018.

The shrinking margins are due to the FT System transaction, as well as to the effect of higher amortisation linked to the capitalisation of development costs and of the costs connected to the listing. Nevertheless it is believed that the integration of the solutions offered and the addition of traceability systems and smart data management to the FT System product range will make it possible to eliminate the margin gap between FT System and Antares Vision, which is between 500bps and 600bps.

In terms of the Company's net profit, it stands at 25,251 (23,083) EUR thousand, up by 27.9% (11.9%). The net profit is significantly affected by the extraordinary items (detailed at the beginning of the paragraph), by the (positive) effect of the mark-to-market of the warrants issued upon business combination with Alp.I (IAS 32) amounting to 4,536 EUR thousand and by the (negative) effect of fair value valuation of the shares issued upon the Alp.I transaction (IFRS2) amounting to 1,000 thousand Euro. The adjusted net profit for extraordinary entries (net of the related theoretical fiscal effect) and the effect of warrants and of the fair value of the Alp.I assets (fiscally exempt in the consolidated statement) is equal to EUR 23,934 thousand (20,765), up 21.3% (5.2%).

MAIN BALANCE SHEET FIGURES

The Balance sheet is set out below, reclassified according to sources and uses criteria as of 31/12/2019 and 31/12/2018 (in EUR thousand).

Antares Vision Consolidated statement of financial position (*000, €)	1219 YTD	1218 YTD
Property	13,221	6,393
Financial fixed assets	3,813	0
Tangible fixed assets	738	163
Intangible fixed assets	62,641	2,287
Total fixed assets	80,414	8,843
<i>Incidence % on net invested capital</i>	<i>75.2%</i>	<i>39.1%</i>
Raw materials	17,678	17,361
Finished products	5,841	4,137
Work in progress	2,056	743
Total inventories	25,574	22,241
Trade receivables	56,505	41,451
Trade payables	-19,244	-12,056
Advances from customers	-10,487	-14,231
Net trade working capital	52,349	37,405
<i>Incidence % on net invested capital</i>	<i>48.9%</i>	<i>167.9%</i>
Other current assets	17,014	13,460
Other current liabilities	-35,309	-34,303
Net working capital	34,054	16,563
<i>Incidence % on net invested capital</i>	<i>31.8%</i>	<i>74.4%</i>
Employee Severance Fund	-5,687	-2,601
Other provisions for risks	-453	-64
Provision for doubtful accounts	-1,364	-465
Net invested capital	106,964	22,276
<i>Incidence % on net invested capital</i>	<i>100.0%</i>	<i>100.0%</i>
Shareholders' equity	117,740	52,659
Shareholders' equity	117,740	52,659
<i>Incidence % on total sources of funding</i>	<i>110.1%</i>	<i>236.4%</i>
Net long-term financial payables and fin. leasing	107,604	32,236
Cash resources	-118,380	-62,619
Net financial debt	-10,776	-30,383
<i>Incidence % on total sources of funding</i>	<i>-10.1%</i>	<i>-136.4%</i>
Total sources of funding	106,964	22,276
<i>incidence % on total sources of funding</i>	<i>100.0%</i>	<i>100.0%</i>
Net financial debt adjusted for warrants effect	-15,291	-30,383

The total fixed assets shows a significant increase following:

- the investments made in the Travagliato and Parma sites for the expansion of the offices and the production area;
- the acquisitions of:
 - o 100% of FT System (which generated a Goodwill of 56,635 EUR thousand),

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- 37.5% of Orobix S.r.l.,
 - 51% of T2 Software S.A. (which generated a Goodwill of 101 EUR thousand),
 - 10% of Siempharma S.r.l.;
- of the development costs capitalised as described in detail elsewhere in this document.

The net working capital is increasing, as a consequence of the FT System contributions, as well as owing to a larger volume of sales in the second half of the year compared to the previous year when, on the contrary, business had been brisker in the first half in view of the entry into force in Europe of the regulations on pharmaceutical product traceability.

Assets also increased owing to normal annual allocations and the balances of FT System that were entered in the consolidated financial statements.

The Shareholders' Equity is EUR 117,740 thousand, significantly improving in comparison to EUR 52,659 thousand in 2018; in addition to the profit for the year, this also benefits from the equity resources deriving from the Business Combination with Alp.I, and reflects the equity adjustments (negative by EUR 43,910 thousand) stemming from the adoption of IFRS.

MAIN FINANCIAL DATA

It is deemed appropriate to set out below the Net Consolidated Financial Position at 31/12/2019 compared with 31/12/2018 (in Euro thousand).

Antares Vision Net financial position	31/12/2019	31/12/2018
Bank deposits	85,047	39,179
Cash and cash assets	201	158
Cash and Cash Equivalents	85,248	39,337
Current securities available for sale	33,132	23,282
Current financial receivables	118,380	62,619
Bank payables (due within the year)	-15,434	-7,016
Other lenders debt (due within the year)	-881	-2,444
Short-term financial debt	-16,315	-9,460
Net short-term financial position	102,065	53,159
Bank payables (due after one year)	-84,410	-18,512
Other lenders (due after one year) *	-6,879	-4,264
Net medium and long-term financial position	10,776	30,383
Warrant mark-to-market effect	4,515	-
	15,291	30,383
Derivative mark-to-market effect	-569	-76
Net financial position	14,722	30,307

* In order to best appreciate the comparison with 31/12/2019, the figures at 31/12/2018 were adjusted without the non-refundable loan related to the Horizon 2020 project, posted under operating grants during the first half of 2019 only after obtaining final certification from the issuing body.

The Net Financial Position (adjusted for the effect stemming from the mark-to-market valuation of warrants, as it will not lead to a financial cash-out) is positive by EUR 15,291 thousand (14,722 thousand if the fair value valuation of derivatives is taken into account), in comparison to the positive value of EUR 30,383 thousand (EUR 30,307 thousand) for the previous financial year (figures recalculated to neutralise the effect of the Horizon 2020 non-refundable loan which, although partially issued in 2018, had initially been booked under financial debt and not under contributions to operating expenses until the definitive certification was obtained from the issuing body over the course of 2019). The change is mainly linked, on the one hand, to the positive operating cash flow and to the cash flows derived from the EUR 50,000 thousand capital increase following the Business Combination with Alp.I and, on the other hand, to the cash-out for the acquisitions of 100% of FT System for an overall disbursement of EUR 67,713 thousand (including approximately EUR 8,000 thousand of net cash in FT System), 37.5% of Orobix for a disbursement of EUR 3,250 thousand, and 51% of T2 Software S.A. for a disbursement of EUR 500 thousand. In addition, there are the tangible investments (mainly for expanding the production facilities in Italy), intangible investments (development cost capitalisations) and investments in subsidiaries (to open branches in Russia, India and Hong Kong).

Lastly, it should be noted that, over the course of the second semester of 2019, approximately EUR 77,000 thousand of cash resources were collected by obtaining medium/long-term loans, negotiated with primary credit institutions at particularly favourable conditions (average cost of 0.8% after taxes, without guarantees and with minimum covenants, which are widely adhered to), thanks to the Company's excellent credit rating. These cash resources were partially collected to fund the acquisition of FT System and partially for possible future acquisitions. The balance sheet shows gross cash resources of almost EUR 120 million, increased in March 2020 to EUR 160 million, again thanks to new loans with similar conditions to those raised in 2019.

SIGNIFICANT EVENTS

As mentioned above, one of the most significant events of 2019 was certainly the Business Combination between the parent company Antares Vision S.p.A. and Alp.I S.p.A., a SPAC (Special Purpose Acquisition Company) promoted by Mediobanca along with other promoters from the financial world. This transaction brought EUR 50 million to Antares Vision intended to finance its industrial growth and development and it led the Company to be listed on the AIM Italia market as of 18th April 2019, thereby obtaining greater visibility, reliability and credibility in relation to all stakeholders.

Antares Vision further consolidated its presence on foreign markets, not only through existing branches, but also by setting up new branches.

On 12th April 2019, Antares Vision Rus O.O.O. was founded, 100% controlled by Antares Vision S.p.A. to exploit the business opportunities offered by the new traceability regulations in the East European market.

On 20th April 2019, Antares Vision India Private Limited was founded, following the completion of a joint venture with Indian company Jay Instruments and Systems Private Limited. Although Antares Vision S.p.A. holds 51% of the share capital, it should be noted that in these consolidated Financial Statements the shareholding was valued according to the Equity Method due to the presence of shareholders' agreements which lead to joint control.

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On 22nd August 2019, a new branch, Antares Vision Asia Pacific Limited, was set up in Hong Kong. The company, governed by Hong Kong law, is fully controlled by Antares Vision S.p.A.. Setting up Antares Vision Asia Pacific will allow Antares Vision to break into the Chinese market and growing countries in Asia, through a direct presence in the area, exploiting the strong growth potential of inspection systems and tracking solutions in various target sectors, including the pharmaceutical and food & beverage.

On September 13 2019, through a share capital increase, the subsidiary Antares Vision do Brasil bought 51% of T2 Software S.A., a Brazilian company specialised in solutions for smart data management and active in consultancy for the processes of serialisation and product traceability.

Furthermore, in 2019 the company continued pursuing the investments plan for the strategic diversification of the business.

Indeed, on 30th September 2019, 100% of FT System S.r.l. was acquired (and indirectly of its subsidiaries in France and the United States). The company was founded in Alseno in 1998 and specialises in testing and inspection technologies mainly for bottling in the beverage and food industry.

Eventually, in December 2019, through a EUR 3.25 million capital increase, Antares Vision acquired a 37.5% share of the capital of Orobix S.r.l., a company founded in 2009 in Bergamo that operates in artificial intelligence services. At the same time a shareholders' agreement was signed with the majority shareholder, Girolamo Initiatives S.r.l., which envisages, in favour of Antares Vision, incremental acquisition options to be exercised within pre-set time-frames (from 30th June 2023 and from 30th June 2025) for 30% of the Orobix share capital overall.

The resources provided through the capital increase will be used to support the development plans, which are aimed at making Orobix one of the top leading AI Service Companies. At the same time, the acquisition will allow Antares Vision to strengthen its position in smart data management, thanks to the experience gained by the Bergamo-based company, and to boost the activities of R&D and of its Innovation Centre.

An important partnership was also initiated in August 2019 between the Parent Company and the Berlucchi winery for an innovative experimentation project involving hyperspectral technology applied to grapes. Antares Vision's mission includes quality inspection, tracking and protecting the authenticity of products throughout their life cycle. The best way to do so is through high-profile collaborations with equally leading partners whose success hinges on research and innovation, to offer and guarantee products that are ever more controlled and excellent, along the entire supply chain.

From the mere point of view of accounting, it should be noted that these consolidated financial statements have been prepared in accordance with the international accounting standards, in order to submit to all stakeholders, current as well as potential, financial statements that meet consistently and universally accepted criteria. The transition to IFRS (International Financial Reporting Standards) at consolidated level was approved with a resolution passed by the Board of Directors last February 17th and is a further effort towards compliance with the best practices in terms of information and transparency, as well as an essential step with a view to possibly applying for listing on the Italian Mercato TelematicoAzionario.

Lastly, a year full of significant corporate events, it is worth mentioning some important accolades that celebrate the calling to innovation and technological development of Antares Vision.

First and foremost, the celebrated Ernst & Young "Entrepreneur of the year" award, which was awarded to the founders of Antares Vision, Emidio Zorzella and Massimo Bonardi, in the "Innovation & Digital Transformation" category with the following reason: «For the passion, technological development and trust in people that made it possible to transform a "laboratory of ideas" into a leading international group in its sector in just over 10 years». The award, which in recent years has been extended to 150 cities and 65 countries, awards entrepreneurs who have contributed significantly to the growth of the Italian economy by demonstrating unparalleled resourcefulness, creativity and commitment, and is awarded by a Jury, independent of EY, composed of well-known personalities in the world of institutions, economy and business.

Antares Vision was also one of the winners of the Medicine Maker's 2019 Innovation Award thanks to AVionics, a software that allows pharmaceutical companies to monitor in real time the performance and efficiency of equipment throughout the production process.

The Medicine Maker's Innovation Award is awarded in December each year and highlights innovation in the development of medicinal products and production technologies in the field of medicine and pharmaceuticals that were launched on the market during the year.

This award proves how data aggregation can be crucial in decision making to provide an overall picture of production processes and to improve their efficiency.

INFORMATION CONCERNING THE ENVIRONMENT AND PERSONNEL

It is deemed appropriate to provide the following information concerning the environment and the personnel.

ENVIRONMENT

Antares Vision is very sensitive to the issues of environmental sustainability and protection. Antares Vision has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and with the "Join the Antares Vision Green Side" campaign launched in November 2019 at the *Headquarters*, it predated by more than one year the ban on all disposable plastic products such as cutlery, plates, straws and containers. The first step involves eliminating disposable plastic water bottles in favour of stainless steel water bottles, to be filled using new drinking fountains. That is how the company will avoid consuming more than 3,000 bottles of water per month in the Travagliato facility alone; not including the about 2,500 take-away lunches delivered to the company each month, which will no longer come with plastic water bottles. 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 phase of the "Join the Green Side" campaign is currently promoted by the Antares Vision headquarters in Travagliato, but will be extended to the other branches in Italy and abroad, thus involving the nearly 700 employees of the multinational.

The effort will continue in 2020 and will focus on the introduction of energy efficiency and renewable energy systems with a view to achieving energy self-sufficiency in 2023, as well as further extending waste sorting, by providing specific areas and identifying best recycling practices, with the aim of sorting and recycling up to 95% of waste.

PERSONNEL

On the topic of safety, it should be noted that no significant events related to accident indices are reported.

The protection of safety in the workplace is always given careful consideration, as is the preventative assessment of all possible sources of risk for workers' health. Following the entry into force of It. 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 Coronavirus (COVID-19), Antares Vision immediately took steps to strictly comply with and enforce all updated directives by the competent Authorities in real time.

As for the Parent Company, the Decree of the (It.) Prime Minister of March 22nd, 2020 classified it as an essential business, thereby not requiring operations to be suspended. The commitment to dealing with the situation in the best possible way translated into measures to protect the safety of workers and visitors, while continuing to assure 100% operability and *business* continuity. Remote working was activated, videoconferencing was favoured over meetings and, in agreement with customers, production and installation activities were managed according to smart methods, in order to put employees' protection first.

The number of employees for each individual company is provided below, with a comparison with the figures at 31/12/2018. For better comparability with the previous operating period, it is deemed appropriate to set out separately the figures of the sub-group FT, acquired in 2019. It should also be noted that the table below does not consider the Antares Vision India Private Limited branch, a 51% stake of which is held, as it is not included in the consolidation area, nor the Antares Vision Asia Pacific Limited branch, which had no employees as at 31 December 2019.

Position	Apprentices	Production workers	Office workers	Middle managers	Managers	Total as at 31/12/2019	Total as at 31/12/2018
Antares Vision	16	1	335	16	3	371	279
Imago Technologies			28			28	12
Antares Vision do Brasil			30		1	31	16
Antares Vision North America			38			38	35
Antares Vision France			13			13	12
Antares Vision Ireland			2			2	3
Antares Vision Russia			11			11	N/A
TOTAL EXCLUDING FT GROUP	16	1	457	16	4	494	357
FT System	14	28	73	5	1	121	N/A
FT Hexagone			7			7	N/A
FT North America			11		1	12	N/A
TOTAL INCLUDING FT GROUP	30	29	548	21	6	634	N/A

Human resources are one of the critical factors for success of Antares Vision. Under this guiding principle, the policy of supporting and fostering in-company talent for the development, production and distribution of our products continued being pursued in 2019. This entailed implementing training plans, aimed at fostering creative and production skills, improving computer literacy, language courses, using new technologies, prevention of risks in the workplace and supporting individual initiatives.

The significant increase in the number of employees stems from a recruitment policy aimed at providing Antares Vision with the necessary resources to tackle the expected growth in coming years. It is therefore a conscious investment for the future, aimed at achieving the business strategy.

Antares Vision constantly devotes careful consideration to the recruitment process in order to ensure the hires are qualified and possess skills, aptitudes and motivation that are functional to the company's production framework, also with a view to fostering the personnel's development and career paths. At the same time, Antares Vision strongly believes in young people and upholds a culture that fosters their inclusion and highlights their talents. During 2019 over 88% of new recruits at Antares Vision (with the exception of the FT System sub-group, the figures for which are not very significant as it was included in the consolidation area in the last quarter of the year) were hired on permanent contracts, and 51% of them were under 30.

RESEARCH AND DEVELOPMENT ACTIVITY

During 2019, Antares Vision continued pursuing its research and development activities.

The Parent Company aimed its efforts at the following innovative projects:

1. ADAPTING SERIALISATION SOLUTIONS FOR THE BEVERAGE MARKET

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

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

Thanks to the introduction of the "Core Model" project starting from 2015, Antares Vision has been able to establish a position on the pharmaceutical market as a turnkey supplier of solutions for pharmaceutical product traceability within the production facility, covering operational needs ranging from level 1 (field devices), level 2 (line supervisors), level 3 (production facility and distribution centre supervisors) and, with the introduction of the ATSF04 solution, achieving level 4 (corporate supervisors), in order to be able to independently liaise with governmental bodies and all the players of the distribution chain (level 5).

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

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

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

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

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

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

2. VRI-EVO INSPECTION MACHINE FOR LIQUID AND FREEZE-DRIED PRODUCTS, COMBINED WITH TRACEABILITY SETUP

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

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

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

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

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

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

3. SMART WARD PLATFORM (SWP)

With the Smart Ward Platform project (SWP), Antares Vision seeks to complete “last mile” trackability 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 digitalising all ward activities, guaranteeing:

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

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

- development of a *SMART BEDSIDE*;
- development of a *SMART BEDSIDE TABLE*;
- development of a *SMART CABINET* for the ward's pharmaceutical products;
- development of a *SMART TROLLEY*;
- development of the ward management software and interface with the hospital's management system.

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4. 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, trackability and Big Data Analytics technologies to create an ecosystem of products and services targeting the agrifood market, and more in general, the consumer goods market.

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

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



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

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

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

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

The element of radical innovation brought by this project onto the market is a platform (TFP) capable of uniquely tracking each individual process of the entire supply chain, designed to cater for the thousands of SMEs that make up the Italian food industry and intend to safeguard the interests of national productions abroad. This is an essential

element to defend and support the exclusive positioning of Italian food production, based on the huge and unrivaled 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 projects of the Parent Company are complemented by the 4 projects of the Italian subsidiary FT System.

1. APPLICATION ANGLE

In bottling plants, after filling, plastic bottles are capped by a capping station, with an internally threaded cap that is screwed onto the threaded bottle neck.

These bottling plants generally include an inspection station, where the bottle capping torque is measured and compared with a reference value in order to ascertain the conformity of the capping torque to preset standards. The test is performed on a sample of a few bottles picked from the production line. These quality checks are evidently very important: if the capping torque is too high, the users might have difficulties in unscrewing the cap; on the other hand, if the capping torque is too low, the vessel might not be capped properly, leading to a risk of leaks or deterioration of the liquid contained in the bottles.

The most commonly used inspection equipment and methods in bottling lines, however, are subject to high margins of error and their efficiency is limited. This is mainly due to the fact that owing to the various operations that the bottles and caps undergo before reaching the inspection station – most notably, filling – the surface of both bottles and caps is not perfectly clean, but is often covered with matter, such as drops of liquid, that may make it difficult to correctly identify the required markers.

The Application angle project makes it possible to remove the foreign matter from cap and bottle and, through vision technology, establishes the position of the markers and their relative angle. The problem posed by the presence of drops of liquid and any other foreign matter is effectively solved and the errors in establishing the correct position of the markers are eliminated.

2. ROBOQCS

A number of quality checks are performed on a bottling line, such as weighing or measuring the vessel's capping torque. They are generally performed manually by the workers of the facility, by collecting a sample of vessels from the production line. At the end of the operations the data are collected and filed and the vessels, which are often damaged while performing the tests, cannot be marketed and must therefore be disposed of.

The aim of the QCS project (Quality Control System) is to achieve a quality check system placed on the inspection line that performs quality tests on the vessels in a fully automated manner and non destructive, so much so that the vessels can be placed back into the production line as they are intact and fit to be marketed. This makes it possible to improve the quality of the end product, which is automatically and repetitively ascertained, as well as line efficiency, avoiding the need to discard the samples used for the tests. A further evolution of the project consists of the RoboQCS system which, through an anthropomorphic robot, allows sampling and quality checks to be performed, without the encumbrance and space issues deriving from the size of the QCS system, infeed and outfeed belts and sampling device.

3. FBI (FULL BOTTLE INSPECTION)

In a bottling line, the severity of the risk that may result from the presence of a foreign body in a bottle is evident, both in economic and health terms. If the foreign body is detected by the distributor, before placing on the market, they are entitled to return the entire production batch; if the foreign body is not detected, however, it might seriously harm the end customer and their health.

In the market of bottling plant inspections, there are no specific solutions designed to check for foreign bodies in line on conveyor belt and on full bottles. The existing inspection systems are achieved by adaptation of checks on empty bottles, which focus on surface defects of the bottles (cracks, leaks etc.) but only partially address the inspection needs. Other systems on the market have high costs, large footprint and complexity.

Luckily, the likelihood of a foreign body entering a bottle during the bottling process is extremely low. Indeed this low probability means that the checks for foreign bodies are not added to the production line, since most scrapped bottles would make up what is referred to as “false reject”, i.e. conforming samples incorrectly identified as defective.

The purpose of the FBI project is to develop a foreign body check inside full bottles, via in line inspection, hence with a relatively compact system and at low costs, while reducing the number of false rejects below 0.02% of overall production.

4. 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, for instance, to faulty execution of the sealing process.

The aim of the project is to identify the factors that may 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 might cause leaks, including microscopic ones, that cannot be immediately identified, 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.

To pursue the projects above Antares Vision has incurred costs, mostly expensed in the Income Statement. The capitalisation recorded under Increase of fixed assets for development costs at 31/12/2019 amounts to Euro 3,619,619 in total, of which Euro 3,495,704 for the Parent Company and Euro 123,915 for FT System S.r.l. for the 3 months it contributed to the consolidated accounts. It is believed the positive outcome of these projects might reflect on the turnover with positive effects on the company's performance.

EQUITY SHARES AND SHARES OR STAKES OF PARENT COMPANIES

It is noted that no Company included in the consolidation area holds or has held stakes of the Parent Company during the financial year.

INFORMATION RELATED TO RISKS AND UNCERTAINTIES PURSUANT TO ART. 2428, PARA. 3, ITEM 6-BIS, OF THE IT. 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.

NON-FINANCIAL CONSOLIDATED DECLARATION

In accordance with the provisions of It. Legislative Decree 254/2016, Antares Vision is not required to draw up the Non-financial consolidated declaration.

Nevertheless, as it is well aware of the fact that its environmental and social performance is a qualifying element for the competitiveness of its business as well as being essential for its various stakeholders, the management of Antares Vision has identified certain non-financial Key Performance Indicators (KPI) that translate “good deeds” into objective and measurable parameters to be achieved in the next 6 years.

KPI 1: percentage of production sites that use energy efficiency and/or renewable energy systems

	2019	2020	2021	2022	2023	2024	2025
Objective in % with respect to the number of production sites	0%	50%	50%	50%	100%	100%	100%

KPI 2: inclusion of personnel under 30

	2019	2020	2021	2022	2023	2024	2025
Permanent recruitment of personnel under 30	50%	52%	54%	56%	58%	60%	60%

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

KPI 1 is an ambitious objective that falls under the “Carbon Free” project of Antares. There still remain many steps to undertake, however, although no production sites with energy from renewable sources were active at the end of 2019, a process towards maximum energy efficiency is set to be initiated, with the aim of achieving energy self-sufficiency in 2025.

KPI 2 signifies the commitment of Antares Vision towards the inclusion of young employees and fostering a culture of talent. During 2019, recruitments with a permanent contract of personnel under 30 concerned 51% of the total.

BUSINESS OUTLOOK

The first months of 2020 were characterised by the health emergency linked to the spread of Coronavirus (COVID-19). *Management* monitored the evolving situation closely and implemented all the guidelines issued by the Competent authorities with the utmost promptness and accuracy. The health and well-being of employees, associates and partners were prioritised by adopting protection and prevention measures, such as switching to *remote working*, organising video conferences in place of meetings, carefully managing production and installation activities.

As for the Parent Company, the Decree of the (It.) Prime Minister of March 22nd, 2020 classified Antares Vision as well as FT System as essential businesses, thereby not requiring their operations to be suspended. Antares Vision was more than pleased with this choice. The pharmaceutical industry, the main target sector for Antares Vision, together with the beverage sector, has been and is under pressure during this emergency and in many cases it has called for the activation of *task forces* and continuous cycle productions. In such a situation it is essential for Antares Vision to guarantee the continuity of supplies and services provided to customers, although with testing and technical assistance operations carried out remotely.

At the time of drafting this document, Antares Vision and its management remain vigilant; yet, although the current situation inevitably has a negative impact on the delivery and installation times of the solutions offered and, thereby, will delay revenues, and although it is premature to be making reasonably plausible forecasts of the impact that this health emergency will have on the entire economic system, in Italy and the world, it is certain that this event will drive the sense of urgency to implement strict standards and regulations that strengthen and guarantee the safety of the people, also in relation to the quality, authenticity and sustainability of essential products, such as medicines, foods, beverages, cosmetics.

For this reason, Antares Vision has passionately and wholeheartedly adhered to the initiative “Innovate for Italy”, launched by the Ministry of Health, by the National Institute of Health, and by the World Health Organisation, proving that it is ready to place its skills and expertise at the service of the scientific community and the entire population.

At this time of uncertainty, Antares Vision’s commitment to safety and health is unwavering, combining the three macro business areas: inspection, traceability and smart data management. The inspection systems guarantee total quality control for product integrity. Track & Trace is the tool to follow every product from its origin throughout the production process, along the entire value chain, all the way to the end consumer. The combination of both technologies and the implementation of a single smart data management system that combines traceability and inspection functions, is the strategy for guaranteeing product safety and transparency of the supply chain, fighting counterfeiting, preserving the reputation of the trademark, managing any faulty product recalls thoroughly and promptly, and establishing a relationship with the end consumer based on trust. This is the background to the agreement signed on 10th April 2020 to acquire 82.83% of Tradeticity d.o.o., with a call option to acquire the remaining 17.17% after the approval of the financial statements as at 31st December 2021. Tradeticity, a company founded in Zagreb in 2017 and specialised in the software management of advanced traceability and serialisation processes, has consolidated

expertise and market shares in the pharmaceutical sector, operating on both the domestic and international market. The acquisition, which will entail a cash disbursement of approximately 1,040 EUR thousand, is planned to close by mid May 2020 at the latest, when certain conditions precedent are completed and it will allow Antares Vision to extend its geographical presence to Eastern Europe, increasing market penetration and boosting the creation and implementation of tracking and serialisation solutions along the entire pharmaceutical supply chain.

To be in a position to seize all future challenges, Antares Vision will also be able to rely on the strategic potential of Orobix, to increase the value of its offer on the market and fully exploit artificial intelligence applications in all sectors, for both data analysis and image analysis for quality control. Today, artificial intelligence systems play a crucial role in the digital transformation process of businesses and offer a significant competitive advantage on the market.

CONCLUSIONS

Dear Shareholders,

We would like to thank you for your trust, and hereby certify that the Consolidated Financial Statements are consistent with the accounting entries of the Companies controlled by Antares Vision and provide a true and fair view of the balance sheet, statement of income, and cash flow of Antares Vision.

Travagliato, 20th April 2020

The Board of Directors

EMIDIO ZORZELLA

MASSIMO BONARDI

MARCO CLAUDIO VITALE

MARCO COSTAGUTA

ALIOSCIA BERTO

DANTE ROSCINI

MASSIMO PERONA

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position	Notes	31/12/2019	31/12/2018	01/01/2018
		of which from related parties	(*)	(*)
Assets				
Non-current assets				
Fixed assets, plants and machinery	1	11,662,337	6,555,619	5,465,012
Right of use	2	2,297,153		
Goodwill	3	56,736,514		
Other fixed assets	4	5,904,660	2,287,253	1,245,884
Investments in associates and joint ventures	5	3,413,462		
Investments in other companies	6	400,017		
Non-current financial assets	7	174,498	100,687	153,645
Prepaid tax assets	8	9,688,125	7,631,515	6,291,492
Total non-current assets		90,276,765	16,575,074	13,156,033
Current assets				
Inventories	9	25,573,982	22,240,898	23,361,911
Trade receivables	10	55,709,757	41,062,292	31,748,866
Other receivables	11	7,199,182	5,727,873	5,792,912
Other current financial assets	12	33,132,228	23,282,246	3,460,837
Cash equivalent and short term deposits	13	85,199,801	39,336,931	12,292,475
Total current assets		206,814,951	131,650,240	76,657,001
Total Assets		297,091,716	148,225,314	89,813,034
Shareholders' equity and liabilities				
Shareholders' equity				
Share Capital	14	142,606	127,612	108,284
Other reserves	14	109,888,374	46,704,383	21,207,280
FTA Reserve	14	-15,250,613	-15,250,613	-15,250,613
Profits/ (losses) brought forward	14	287,421	1,111,450	17,310,995
Profit/(loss) for the year	14	22,082,939	19,736,729	
Total shareholders' equity		117,150,726	52,429,561	23,375,946
Minority Interest capital and reserve	14	179,903	200,746	715,332
Profit / (loss) pertaining to minority interests	14	409,619	28,990	
Total minority interest in shareholders' equity		589,522	229,736	715,332
Total shareholders' equity		117,740,248	52,659,297	24,091,278
Non-current liabilities				
Non-current loans and financing	15	84,409,815	18,304,234	872,929
Non-current financial liabilities for leasing	16	6,878,811	4,263,627	4,238,039
Other non-current financial liabilities	17	12,946	208,443	1,152,359
Net liabilities for pension funds	18	5,686,808	2,600,740	2,013,120
Deferred taxes	19	356,839	145,542	
Other non-current liabilities	20	620,500	337,753	
Total non-current Liabilities		97,965,719	25,860,340	8,276,447
Current liabilities				
Current loans and financing	21	15,600,163	7,198,070	742,195
Current financial liabilities for leasing	22	880,920	2,443,500	315,297
Other current financial liabilities	23	568,648	1,535,558	220,722
Current provisions for risks and charges	24	452,601	63,839	42,763
Contractual liabilities	25	25,309,281	25,377,005	21,152,029
Trade payables	26	19,243,832	12,055,988	10,298,966
Other payables	27	19,330,305	21,031,718	24,673,337
Total current liabilities		81,385,749	69,705,678	57,445,309
Total Shareholders' equity and liabilities		297,091,716	148,225,314	89,813,034

* No relationships with related parties

Income statement	Notes	2019	2018
		of which from related parties	(*)
Revenues	28	122,203,444	113,537,838
Other income	29	3,450,243	1,326,134
Changes in finished and semi-finished products	30	1,863,543	-1,829,099
Raw materials and consumables	31	-32,555,339	-34,592,234
Personnel costs	32	-34,272,789	-24,528,610
Amortisation and depreciation	33	-1,743,512	-556,443
Net write-down in financial assets	34	-280,782	-220,283
Increase of fixed assets for development costs	35	3,619,619	1,238,043
Commissions for agents	36	-3,088,830	-3,480,760
Installation costs	37	-5,241,092	-4,024,999
Other operational expenses	38	-27,038,595	-18,726,834
Operating result		26,915,911	28,142,754
Financial charges	39	-2,426,330	-619,625
Financial income	40	4,644,959	86,532
Foreign exchange gains and losses	41	92,323	-390,114
Pre-tax profit		29,226,862	27,219,547
Income taxes		-6,734,304	-7,453,828
Current taxes	42	-6,519,335	-8,626,259
Prepaid taxes	42	-57,121	1,262,236
Deferred taxes	42	-113,337	-89,806
Taxes related to previous financial years	42	44,512	-1
Profit / (loss) for the year		22,492,558	19,765,719
Profit / (loss) of minority interests		409,619	28,990
Profit / (loss) pertaining to the Group		22,082,939	19,736,729
Earnings per share			
- Basic, profit for the year attributable to the ordinary shareholders of the Parent Company	43	0.40	(**)
- Diluted, profit for the year attributable to the ordinary shareholders of the Parent Company	43	0.31	(**)

* No relationships with related parties

** Not applicable since, as at 31 December 2018, the legal form of the Parent Company was that of a Limited Liability Company

Comprehensive Income Statement	2019	2018
Profit for the year	22,492,558	19,765,719
Other components of the comprehensive income statement		
Other components of the comprehensive income statement to be subsequently reclassified in the profit/loss for the year (net of tax):		
Differences on translation of foreign financial statements	39,941	(438,014)
Total other components of the comprehensive income statement to be subsequently reclassified in the profit/(loss) for the year net of tax	39,941	(438,014)
Other components of the comprehensive income statement not to be subsequently reclassified in the profit/(loss) for the year net of tax		
(Loss)/profit from write-up on defined benefit plans	(111,925)	(47,418)
Tax effect	26,862	11,380
Total other components of the comprehensive income statement not to be subsequently reclassified in the profit/(loss) for the year net of tax	(85,063)	(36,038)
Total other components of the income statement net of tax	(45,122)	(474,052)
Total comprehensive profits/(loss) net of tax	22,447,436	19,291,667
Attributable to:		
Parent Company Shareholders	22,039,336	19,256,163
Minority shareholders	408,100	35,504

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash flow statement (indirect method)	2019	2018
RESULT FROM OPERATING ACTIVITIES NET OF TAXES	22,492,558	19,765,719
Amortisation and permanent impairment of fixed assets, plant and machinery	385,530	230,760
Amortisation and permanent impairment of intangible fixed assets	564,578	325,683
Depreciation and permanent impairment of rights of use	793,404	-
Financial Income	- 109,442	86,532
Financial charges	1,828,494	538,079
Financial charges for leasing	105,473	134,227
Tax	6,734,304	7,453,828
Paid Financial charges	- 441,605	724,987
Paid taxes	- 9,012,395	8,656,152
Other non-monetary movements	- 5,720,740	45,668
Net change of employee severance indemnities and pension funds	2,183,898	117,751
Net change of risk provisions and charges	305,444	97,361
Net change of deferred tax assets and liabilities	- 1,845,313	1,211,605
Changes in working capital:		
(Increase)/decrease of inventories	- 3,333,084	1,121,013
(Increase)/decrease of trade receivables	- 14,928,247	8,665,719
(Increase)/decrease of other non financial assets	1,725,192	1,423,652
Increase/decrease of trade payables	7,187,843	1,757,022
Increase/decrease of other non financial liabilities	- 1,486,390	961,499
NET CASH FLOWS FROM OPERATING ACTIVITIES	- 15,063,054	- 5,465,290
Investment activities:		
Acquisitions of tangible fixed assets net of divestments	- 5,492,248	1,321,367
Net investments in intangible assets	- 4,181,986	1,305,673
Investments in financial fixed assets	- 10,014,667	20,000,000
Disinvestments of financial fixed assets	164,684	178,591
Registration of rights of use IFRS 16	- 3,090,557	-
Acquisition of minority interests	- 3,813,478	-
Price paid for acquisition	- 64,229,578	-
Cash acquired from the acquisition	7,493,064	-
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	- 83,164,765	- 22,448,449
Financing activities:		
New disbursements of financial payables	77,000,000	5,200,000
Reimbursements of financial payables	- 7,202,307	11,154,880
Payment of share capital for leasing liabilities	1,052,603	2,153,791
Share Capital increase	14,994	40,000,000
Other equity movements	50,732,841	1,006,436
CASH FLOWS FROM FINANCING ACTIVITIES	121,598,131	35,192,475
NET CHANGE OF CASH AND CASH EQUIVALENTS	45,862,869	27,044,456
Net cash and cash equivalents at the start of the year	39,336,931	12,292,475
Net cash and cash equivalents at the end of the year	85,199,801	39,336,931

Statement of changes to the Consolidated Shareholders' Equity									
Shareholders' equity	31/12/2018	Allocation of the previous year profit	Issuance of warrants and exercised warrants	Business combinations	Other share capital increases	Other changes	Other components of the Comprehensive Income Statement	Result for the year	31/12/2019
Share Capital	127,612		2,994	12,000					142,606
Other reserves	46,704,383	21,861,129	9,035,311	50,988,000			629,827		109,888,374
Share premium reserve	39,980,672		14,689	50,988,000					90,983,361
Legal reserve	98,798								98,798
Extraordinary reserve	8,234,037	21,861,129							30,095,166
Reserve for translation differences	- 1,238,878						39,941		- 1,198,937
OCI Reserve	- 370,246						669,768		- 1,040,014
Warrant reserve	-		9,050,000						9,050,000
FTA Reserve	- 15,250,613								- 15,250,613
Profits / (losses) carried forward	1,111,450	2,124,401				1,300,372			287,421
Profit / (loss) for the year	19,736,728	19,736,728						22,082,939	22,082,939
Shareholders' equity	52,429,561		9,032,317	51,000,000		1,300,372	629,827	22,082,939	117,150,726

Shareholders' equity	01/01/2018	Previous allocation	Issuance of warrants and exercised warrants	Business combinations	Other share capital increases	Other changes	Other components of the Comprehensive Income Statement	Result for the year	31/12/2018
Share Capital	108,284				19,328				127,612
Other reserves	21,207,280	15,380,450	-	30,066,105	39,980,672	676,138	474,052	-	46,704,383
Share premium reserve	3,981,716			3,981,716	39,980,672				39,980,672
Legal reserve	98,798								98,798
Extraordinary reserve	18,261,838	15,380,450		26,084,384		676,138			8,234,037
Reserve for translation differences	- 800,064						438,014		- 1,238,878
OCI Reserve	- 334,208						36,038		- 370,246
FTA Reserve	- 15,250,613								- 15,250,613
Profits / (losses) carried forward	17,310,995	15,380,450				819,095			1,111,450
Profit / (loss) for the year	-							19,736,728	19,736,728
Shareholders' equity	23,375,946			30,066,105	40,000,000	142,957	474,052	19,736,728	52,429,561

CORPORATE INFORMATION

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

The Parent Company Antares Vision S.p.A. is incorporated and based in Italy, with registered office in Travagliato (BS) in via del Ferro 16. Since 18 April 2019 the Company has been listed on the AIM (*Alternative Investment Market*) managed by Borsa Italiana S.p.A..

These Consolidated Financial Statements of Antares Vision for the year ended on 31 December 2019 were approved by the Board of Directors with a resolution passed on 20 April 2020.

In execution of the Shareholders' Meeting resolution of 2 July 2018 on the assignment for the three-year period 2018, 2019, 2020, auditing is performed by EY S.p.A., registered Auditors under no. 70945 published on the Official Journal Suppl. 13 - IV Special Series 17/2/1998, registered with the Consob Special Register of Auditing Firms under no. 2 resolution no. 10831 of 16/7/1997, appointed through the Brescia office, Corso Magenta 29 for statutory auditing of the annual accounts pursuant to art. 13 of It. legislative Decree no.39/2010.

DECLARATION OF CONFORMITY TO THE INTERNATIONAL ACCOUNTING STANDARDS AND TRANSITION TO IFRS

For the first time, the Consolidated Financial Statements of Antares Vision have been drawn up in compliance with the International Financial Reporting Standards (hereinafter referred to as IFRS or IAS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Committee (IFRIC) and

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

implemented by the European Union. The transition to the IFRS accounting standards was approved with a resolution passed by the Board of Directors on February 17th and is a further step towards compliance with the best information and transparency practices towards all stakeholders.

The figures of the previous year set out for comparison purposes have been reclassified according to the new accounting standards. For an analysis of said reclassification and the effects of the transition to IFRS, please refer to the section on First Time Adoption (FTA) presented below in these Notes.

The Financial Statements in question consist of the Statement of financial position, Income Statement, Comprehensive Income Statement, the Statement of changes in Shareholders' Equity and the Cash Flow Statement, as well as these explanatory notes, together with the Directors' Report on operations.

It includes the accounting data of Antares Vision S.p.A. and its Subsidiaries.

These Consolidated Financial Statements are set out in Euro. Unless indicated otherwise, all the amounts are expressed in units of Euro.

FINANCIAL STATEMENTS

Antares Vision has adopted the following financial statements:

- a Statement of financial position that separately sets out current and non-current assets and current and non-current liabilities;
- an Income statement that sets out the costs using a classification based on their nature;
- a Comprehensive Income Statement, that sets out the revenue and cost items that are not recognised in the profit (loss) for the year as requested or permitted by the IFRS;
- a Cash Flow Statement that sets out the cash flows from operations using the indirect method;
- a Statement of changes to the Consolidated Shareholders' Equity.

An asset is current when:

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

All other assets are classified as non current.

A liability is current when:

- it is estimated to be settled within its normal operating cycle ;
- it is mainly held for the purpose of being traded;
- it must be settled within twelve months from the year end date; or

- the entity does not have the unconditional right to defer settlement of the liability for at least twelve months from the year end date.

The contractual terms of the liability that might entail its extinction by issuing equity instruments, at the option of the counterparty, do not affect its classification.

Antares Vision classifies all other liabilities as non current.

Assets and liabilities for deferred and prepaid taxes are classified under non current assets and liabilities.

The adoption of these statements assures the best representation of the equity, economic and financial situation of Antares Vision.

Finally, it is pointed out that, with reference to the Consob Resolution no. 15519 of 27 July 2006, any dealings with related parties have been outlined in the financial statements.

FIRST TIME ADOPTION (FTA)

1. Reconciliation statements between Italian and international accounting standards

1.1. Introduction

Antares Vision prepared the first IFRS consolidated financial statements at 31 December 2019. The date of transition to the international accounting standards, as indicated by IFRS 1, was set for January 1st, 2018.

In view of the above and taking into account the Recommendation of CESR (Committee of European Securities Regulators) published on 30 December 2003, in order to assure sufficient comprehensibility of the effects of the transition to the new rules for the financial statements accounts, the information required by the international accounting standard IFRS 1 "First Time Adoption of International Financial Reporting Standards" is provided below, with special reference to the reconciliations required by paragraphs no. 39 and no. 40 of said standard, jointly with the relevant explanatory notes of the drafting criteria and items. Specifically, said information concerns the impact of the conversion to the International Accounting Standards (IAS/IFRS), with reference to 2018, on the assets and liabilities on the economic performance and cash flows set out herein.

To this end, the following have been prepared:

- the notes concerning the rules of IFRS 1 - First time adoption and the other selected IFRS, including the Directors' assumptions on the IFRS standards and interpretations entered into force and on the accounting policies adopted when preparing the first financial statements according to IFRS at 31 December 2019;
- the reconciliation of the Shareholders' Equity according to the previous accounting principles with that one compliant with IFRS at the following dates:
 - date of switching to IFRS (January 1st, 2018);
 - year end date at 31 December 2018 drawn up based on the previous standards;
 - the reconciliation of the net income in the 2018 financial statements prepared according to the previous accounting standards with the net income derived from application of IFRS for the same year;

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- the comments to the reconciliation statements;
- the analytical reconciliation statements of the Balance Sheets as at January 1st, 2018, December 31st, 2018 and the 2018 Income Statement.

As illustrated below in more detail, the IFRS Balance Sheet and the IFRS Income Statement are obtained by adjusting the final figures, prepared in accordance with Italian law, according to IFRS reclassifications and adjustments to reflect the changes in the presentation, recognition and valuation criteria required by the international accounting standards.

The information set out in this section seeks to provide an exhaustive picture of the process for transition to the international accounting standards for Antares Vision.

1.2. Presentation of the financial figures set out in compliance with IFRS at December 31st, 2018

The aim of the financial data set out in compliance with IFRS is to provide a picture of the economic and financials situation of Antares Vision at December 31st, 2018, in accordance with the measurement and valuation criteria set forth by the IFRS approved by the European Commission, as described below.

The effects of the transition to IFRS derive from changes in accounting standards and, as a consequence, and as required by IFRS 1, they are reflected in the initial Shareholders' Equity at the date of transition (January 1st, 2018), net of the fiscal effect. The transition to IFRS entailed retaining the estimates previously made according to the Italian accounting standards, unless the adoption of the IFRS accounting standards required making estimates according to different methods.

The adjustments were made in compliance with IFRS accounting standards in force at December 31st, 2019, adopted by the International Accounting Standards Board (IASB) and approved by the European Commission, and with the interpretations of the International Financial Reporting Committee (IFRIC) and of the Standing Interpretations Committee (SIC).

Please note that the approval process by the European Commission and the activity for adjustment and interpretation by the appropriate official bodies is constantly evolving.

1.3. Rules for application, accounting options adopted when adopting the IFRS and IFRS accounting standards.

NOTE TO FIRST TIME ADOPTION OF THE INTERNATIONAL ACCOUNTING STANDARDS

With reference to the options set forth by the IFRS, the following were opted for:

PRESENTATION METHODS OF THE FINANCIAL STATEMENTS

For the Balance Sheet Statement, the "current/non current" criterion was adopted, while in the Income Statement, costs were classified by nature; this entailed reclassification of the historical financial statements prepared according to the layouts set forth by articles 2424 and 2425 of the Italian Civil Code.

Optional exemptions set forth by the IFRS upon first time adoption of the IFRS (January 1st, 2018)

- Benefits to employees: the accumulated actuarial gains and losses since the start of the plans up to the date of transition to IAS/IFRS were charged directly to the Shareholders' Equity at the transition date (January 1st, 2018).

Selected accounting treatments within the accounting options set forth by the IFRS

- Valuation of tangible and intangible assets: Antares Vision has opted for accounting for these items by retaining the cost criterion, consistently with the records of the financial statements prepared according to the Italian accounting standards.

1.4. Main impacts derived from the adoption of the IFRS on the Consolidated financial statements at December 31st, 2018

Reconciliation of the Shareholders' equity at December 31st, 2018 and of the 2018 net income

		2018							
		Shareholders' equity at 01.01.2018	Result for the year 2018	Share Capital	Dividends	Exchange differences	OCI	Other changes	Shareholders' equity at 31.12.2018
Total shareholders' equity according to the Italian accounting standards	Notes	39,676	22,874	219			438	8,181	71,389
IFRS 15									
Revenue Recognition	1.5.1	(15,251)	(3,046)						(18,297)
IAS 19									
Severance indemnity	1.5.2	(334)	(9)				(36)		(379)
IAS 38									
Intangible fixed assets	1.5.3	-	(54)						(54)
Total shareholders' equity in accordance with international accounting standards		24,091	19,766	219	-	-	402	8,181	52,659

1.5. Explanatory notes to the reconciliation statements

The main IFRS adjustments made to the figures calculated according to the Italian accounting standards are commented below.

The amounts set out below must be considered as net of the relevant fiscal effect.

1.5.1. Revenues from contracts with customers

According to the Italian accounting standards (OIC) Antares Vision used to recognise the earnings from the sale of machinery, jointly with the related revenues for manuals, training, software and installation activities, upon delivery of the machinery or shipment (according to the applicable Incoterms).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting standard IFRS 15 - Revenue Recognition requires analysing the contracts according to the so-called 5-step model which entails:

- identifying the contract with the customer;
- identifying the *performance obligations* included in the contract;
- establishing the price of the transaction;
- allocating the price to the *performance obligations*;
- posting the revenues when the entity meets the performance obligation.

Based on the above, two performance obligations have been identified within the contracts: delivery of the goods and installation. The revenues will be posted after both performance obligations have been met.

Application of IFRS 15 has therefore resulted in deferred revenues, compared to the Italian accounting standards, for those contracts where neither performance obligations had been met at January 1st, 2018 and December 31st, 2018.

This different accounting setup has the following impacts:

- at January 1st, 2018: a decrease in Shareholders' equity of 15,251 EUR thousand;
- on 2018 profit/loss: a decrease in profits by 3,046 EUR thousand;
- at December 31st, 2018: an overall decrease in Shareholders' equity of 18,297 EUR thousand.

1.5.2. Discounting of Employee Severance Indemnities

The Italian accounting standards require recognising the Employee Severance Indemnity liability (TFR) on the basis of the nominal debt accrued towards individual employees according to the statutory provisions in force at the end date of the financial statements. According to the IFRS, the TFR accrued up to 31 December 2006 falls within the defined benefit plans subject to actuarial assessments (mortality, foreseeable remuneration changes, etc.) to express the current value of the benefit, payable at the end of the employment contract, accrued by the employees at the date of the financial statements. For IFRS purposes all actuarial profits and losses have been recognised at the date of transition to IFRS.

This different accounting setup has the following impacts:

- at January 1st, 2018: a decrease in Shareholders' equity totalling 334,208 EUR thousand;
- on the 2018 profit/loss: a net negative effect equal to EUR 8,677.

1.5.3. intangible fixed assets

IAS 38 sets forth that, in order to be capitalised, an intangible asset must be identifiable, separable, controllable and able to generate future economic benefits. Incorporation, extraordinary maintenance and other multi-year costs do not meet these requirements, therefore, they have been reversed. This adjustment generated the following effects:

- on the 2018 profit/loss: a net negative effect equal to EUR 53,794.

Reconciliation statements of the Balance Sheet as at January 1st, 2018 (in EUR thousand)

Statement of financial position	OIC 01.01.2018	ADJUSTMENT	RECLASSIFICATION	IFRS 01.01.2018
Assets				
Non-current assets				
Fixed assets, plants and machinery	5,465	-	-	5,465
Other fixed assets	1,246	-	-	1,246
Non-current financial assets	154	-	-	154
Prepaid tax assets	284	6,007	-	6,291
Total non-current assets	7,149	6,007	-	13,156
Current assets				
Inventories	23,362	-	-	23,362
Trade receivables	31,749	-	-	31,749
Other receivables	5,793	-	-	5,793
Other current financial assets	3,461	-	-	3,461
Cash equivalent and short term deposits	12,292	-	-	12,292
Total current assets	76,657	-	-	76,657
Total assets	83,806	6,007	-	89,813
Shareholders' equity and liabilities				
Shareholders' equity				
Share Capital	108	-	-	108
Other reserves	21,542	(334)	-	21,207
FTA Reserve	-	(15,251)	-	(15,251)
Profits/(losses) carried forward	17,311	-	-	17,311
Total shareholders' equity	38,961	(15,585)	-	23,376
Third party capital				
Third party profits	715	-	-	715
Total minority interest in shareholders' equity	715	-	-	715
Total shareholders' equity	39,676	(15,585)	-	24,091
Non-current liabilities				
Non-current loans and financing	873	-	-	873
Non-current financial liabilities for leasing	4,238	-	-	4,238
Other non-current financial liabilities	1,152	-	-	1,152
Net liabilities for pension funds	1,574	440	-	2,013
Total non-current Liabilities	7,837	440	-	8,276
Current liabilities				
Current loans and financing	742	-	-	742
Current financial liabilities for leasing	315	-	-	315
Other current financial liabilities	221	-	-	221
Current provisions for risks and charges	43	-	-	43
Contractual liabilities	-	21,152	-	21,152
Trade payables	10,299	-	-	10,299
Other payables	24,673	-	-	24,673
Total current liabilities	36,293	21,152	-	57,445
Total Shareholders' equity and liabilities	83,806	6,007	-	89,813

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation statements of the Balance Sheet as at December 31st, 2018 (in EUR thousand)

Statement of financial position	OIC 31.12.2018	ADJUSTMENT	RECLASSIFICATION	IFRS 31.12.2018
Assets				
Non-current assets				
Fixed assets, plants and machinery	6,556	-	-	6,556
Other fixed assets	2,362	(75)	-	2,287
Non-current financial assets	101	-	-	101
Prepaid tax assets	410	7,221	-	7,631
Total non-current assets	9,429	7,146	-	16,575
Current assets				
Inventories	22,241	-	-	22,241
Trade receivables	41,062	-	-	41,062
Other receivables	5,728	-	-	5,728
Other current financial assets	23,282	-	-	23,282
Cash equivalent and short term deposits	39,337	-	-	39,337
Total current assets	131,650	-	-	131,650
Total assets	141,079	7,146	-	148,225
Shareholders' equity and liabilities				
Shareholders' equity				
Share Capital	128	-	-	128
Other reserves	48,186	(370)	-	47,816
FTA Reserve	-	(15,251)	-	(15,251)
Profit/loss for the year	22,568	(2,831)	-	19,737
Total shareholders' equity	70,882	(18,452)	-	52,430
Third party capital	201	-	-	201
Third party profits	306	(277)	-	29
Total minority interest in shareholders' equity	507	(277)	-	230
Total shareholders' equity	71,389	(18,730)	-	52,659
Non-current liabilities				
Non-current loans and financing	18,304	-	-	18,304
Non-current financial liabilities for leasing				
Non-current financial liabilities for leasing	4,264	-	-	4,264
Other non-current financial liabilities	208	-	-	208
Net liabilities for pension funds	2,101	499	-	2,600
Deferred taxes	146	-	-	146
Other non-current liabilities	338	-	-	338
- Other non-current liabilities	338	-	-	338
Total non-current Liabilities	25,361	499	-	25,860
Current liabilities				
Current loans and financing				
Current financial liabilities for leasing	7,198	-	-	7,198
Current financial liabilities for leasing	2,444	-	-	2,444
Other current financial liabilities	1,459	-	-	1,459
Current provisions for risks and charges	140	-	-	140
contractual liabilities	-	25,377	-	25,377
Trade payables	12,056	-	-	12,056
Other payables	21,032	-	-	21,032
Total current liabilities	44,329	25,377	-	69,706
Total Shareholders' equity and liabilities	141,079	7,146	-	148,225

Reconciliation statement of the Income Statement at December 31st, 2018 (in EUR thousand)

Income statement	OIC 31.12.2018	ADJUSTMENT	RECLASSIFICATION	IFRS 31.12.2018
Revenues	118,918	(5,380)	-	113,538
Other income	1,326	-	-	1,326
Changes in finished and semi-finished products	(2,984)	1,155	-	(1,829)
Raw materials and consumables	(34,592)	-	-	(34,592)
Personnel costs	(24,529)	-	-	(24,529)
Amortisation and depreciation	(650)	94	-	(556)
Net write-down in financial assets	(220)	-	-	(220)
increase of fixed assets for development costs	1,238	-	-	1,238
Commissions for agents	(3,481)	-	-	(3,481)
Installation costs	(4,025)	-	-	(4,025)
Other operational expenses	(18,573)	(154)	-	(18,727)
Operating result	32,428	(4,285)	-	28,143
Financial charges	(594)	(26)	-	(620)
Financial Income	87	-	-	87
Foreign exchange gains and losses	(390)	-	-	(390)
Pre-tax profit	31,531	(4,311)	-	27,220
Income taxes	(8,656)	1,202	-	(7,454)
Net result	22,875	(3,109)	-	19,766

CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements include the financial statements of Antares Vision S.p.A. and its subsidiaries at 31 December, 2019.

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 said entity.

Specifically, Antares Vision controls a subsidiary if, and only if, Antares Vision has:

- power over the entity it has invested in (or holds valid rights that give it the current ability to control the significant activities of the entity it has invested in);
- exposure or entitlement to variable returns, deriving from its relationship with the entity it has invested in;
- the ability to exercise its power over the entity it has invested in to affect the amounts of its returns.

In general, the assumption is that the majority of voting rights entails control. To support said assumption and when Antares Vision holds less than the majority of voting rights (or similar rights), Antares Vision considers all significant events and circumstances to establish whether it controls the entity it has invested in, including:

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The profit (loss) for the year and each of the other components of the Comprehensive Income Statement are allocated to the shareholders of the parent company and to minority interests, even if this implies 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, revenues, costs and intra-group cash flows relating to transactions between Antares Vision entities are completely eliminated on consolidation.

CONSOLIDATION AREA

The Companies included in the consolidation area as at 31st December 2019 in addition to the Parent Company Antares Vision S.p.A. are listed below:

CONSOLIDATION AREA 2019								
Name	Country	Currency	Direct parent company	Direct investment	Indirect investment	Shareholders' equity (in euros)	Result for the year (in euros)	Consolidation method
Antares Vision Inc.	USA	USD	Antares Vision SpA	100.00%		2,582,214	761,418	Full consolidation
Antares Vision North America LLC	USA	USD	Antares Vision Inc	70.00%	70.00%	1,879,329	1,473,968	Full consolidation
Imago Technologies GmbH	Germany	Euro	Antares Vision SpA	100.00%		5,582,532	977,803	Full consolidation
Antares Vision do Brasil	Brazil	BRL	Antares Vision SpA	99.99%	-	582,617	- 2,012,995	Full consolidation
Legg System Ltda	Brazil	BRL	Antares Vision do Brasil	99.99%	99.99%	551	- 29,180	Full consolidation
T 2 Software S.A.	Brazil	BRL	Antares Vision do Brasil	51.00%	50.99%	580,621	- 62,206	Full consolidation
Pharmatrack Sistemas Ltda	Brazil	BRL	T 2 Software S.A.	73.00%	37.23%	97,105	- 1,353	Full consolidation
Antares Vision France SAS	France	Euro	Antares Vision SpA	100.00%		505,703	178,639	Full consolidation
Antares Vision Ireland Limited	Ireland	Euro	Antares Vision SpA	100.00%		2,588	17,263	Full consolidation
Antares Vision Rus OOO	Russia	RUB	Antares Vision SpA	100.00%		8,626	- 8,616	Full consolidation
Antares Vision Asia Pacific Limited	Hong Kong	HKD	Antares Vision SpA	100.00%		36,874	- 38,336	Full consolidation
FT System S.r.l.	Italy	Euro	Antares Vision SpA	100.00%		12,610,935	596,983	Full consolidation
FT North America	USA	USD	FT System S.r.l.	100.00%	100.00%	53,783	- 35,310	Full consolidation
FT Hexagone	France	Euro	FT System S.r.l.	100.00%	100.00%	295,380	- 18,589	Full consolidation

Investments in associated companies and joint ventures are as follows:

ASSOCIATED COMPANIES AND JOINT VENTURES						
Name	Country	Currency	Direct investment	Shareholders' equity (in euros)	Result for the year (in euros)	Consolidation method
Antares Vision India Private Limited	India	Euro	51.00%	240,108	- 84,829	Equity
Orobix S.r.l.	Italy	Euro	37.50%	3,375,163	- 44,835	Equity

CONSOLIDATION AREA 2019								
Name	Country	Currency	Direct parent company	Direct investment	Indirect investment	Shareholders' equity (in euros)	Result for the year (in euros)	Consolidation method
Antares Vision Inc	USA	USD	Antares Vision SpA	100.00%		1,789,041	391,484	Full consolidation
Antares Vision North America LLC	USA	USD	Antares Vision Inc	70.00%	70.00%	1,457,598	815,637	Full consolidation
Imago Technologies GmbH	Germany	Euro	Antares Vision SpA	100.00%		4,604,729	1,377,591	Full consolidation
Antares Vision do Brasil	Brazil	BRL	Antares Vision SpA	99.99%		1,408,133	45,400	Full consolidation
Legg System Ltda	Brazil	BRL	Antares Vision do Brasil	99.99%	99.99%	28,419	27,294	Full consolidation
Antares Vision France SAS	France	Euro	Antares Vision SpA	100.00%		327,064	36,555	Full consolidation
Antares Vision Ireland Limited	Ireland	Euro	Antares Vision SpA	100.00%		- 19,850	- 29,850	Full consolidation

It should be noted that in 2018 the scope of consolidation changed due to the acquisition of the company Legg System Ltda.

The scope of consolidation as at 31st December 2019 is different from that of the previous year due to the transactions described below.

On 12th April 2019, Antares Vision Rus O.O.O. was founded, 100% controlled by Antares Vision S.p.A. to exploit the business opportunities offered by the new traceability regulations in the East European market.

On 13th September 2019, the subsidiary Antares Vision do Brasil bought 51% of T2 Software S.A., a Brazilian company specialised in solutions for smart data management and active in consultancy for the processes of serialisation and product traceability and, indirectly, it bought also its subsidiary Pharmatrack Sistemas Ltda.

On 30th September 2019, the already mentioned acquisition of the total shareholding of FT System S.r.l. and, indirectly, of its subsidiaries in France and the United States was completed.

The investment in Antares Vision India Private Limited, a company incorporated on 20th April 2019 following the completion of the process of setting up a joint venture with the Indian company Jay Instruments and Systems Private Limited, has been valued in these consolidated financial statements according to the Equity Method, although the Parent Company holds 51% of the share capital as a result of shareholders' agreements leading to joint control.

The minority shareholding in Orobix S.r.l. (37.5%), acquired during the year through a share capital increase, is shown in these Consolidated Financial Statements according to the Equity Method.

As regards the result of the company Antares Vision do Brasil, it should be noted that the management considered the loss for the year to be entirely contingent and temporary. This assessment was carried out with prudence and is the result of a Business Plan aimed at restoring the subsidiary's economic and financial equilibrium over the next two years.

TRANSLATION OF FINANCIAL STATEMENTS DRAWN UP IN FOREIGN CURRENCIES

At the financial report date, the assets and liabilities of the Antares Vision Companies are converted into Euro at the exchange rate of that date, revenues and costs of each Comprehensive Income Statement or separate Income Statement are converted at the exchange rates at the date of the transactions. Exchange rate differences arising from translation are recognised in the Comprehensive Income Statement and booked to "Other reserves" under Shareholders' Equity. On disposal of a foreign operation, the portion of the Comprehensive Income Statement relating to that foreign operation is recognised in the Income Statement.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the financial statements of foreign subsidiaries, prepared in the local currency, into Euro, are shown in the following table:

Currency	Actual exchange rate at 31/12/2019	Average exchange rate 2019	Actual exchange rate at 31/12/2018	Average exchange rate 2018	Actual exchange rate at 01/01/2018
US Dollar	1.1234	1.1195	1.145	1.181	1.1993
Brazilian Real	4.5157	4.4134	4.444	4.3085	3.9729
Hong Kong Dollar	8.7473	8.7715	8.9675	9.2559	N/A
Russian Rouble	69.956	72.4553	79.7153	74.0416	N/A

DISCLOSURE ON BUSINESS COMBINATIONS

Merger of Alp.I S.p.A. into Antares Vision S.p.A.

Since April 18th 2019, Antares Vision has been listed on the Italian Stock Exchange, on the AIM Italia/Alternative Investment Market for dynamic and competitive SMEs. This result was achieved through the Business Combination announced on 19th December 2018 with Alp.I S.p.A., the *Special Purpose Acquisition Company* (SPAC) promoted by Mediobanca together with other promoters from the financial world, which represents a *reverse takeover* in accordance with the AIM Issuers' Regulations, and which has further bolstered the Company's growth and industrial development, giving it greater visibility, reliability and credibility with all *stakeholders*. This business integration was carried out through the merger by incorporation of Alp.I into Antares Vision.

In accordance with the terms of the merger plan approved by the shareholders' meetings of the two companies, the merger was implemented by issuing (i) 4,700,000 ordinary Antares Vision shares, to be assigned, jointly with the 2,000,000 already held by ALP.I, in exchange for ordinary ALP.I shares, in a ratio of 67 ordinary Antares Vision shares for every 100 ordinary ALP.I shares, and (ii) 300,000 Antares Vision special shares, to be assigned in exchange for ALP.I special shares, in a ratio of 1 Antares Vision special share for every 1 ALP.I special share.

Although the merger took place between two legal entities, it was not considered a "*Business Combination*" for accounting purposes because it did not meet the requirements of IFRS 3 for this case. The merger, with which Antares Vision incorporated Alp.I, had the objective of accelerating the growth process of the industrial Group through the listing and the provision of new financial resources to the company. The merger of Alp.I into Antares Vision is a transaction whereby Antares Vision ("accounting acquirer") acquires from Alp.I ("accounting acquiree") its *net assets* and its *status* as a listed company. In the Consolidated Financial Statements, the accounting acquirer and the accounting acquiree are identified using the guidelines of IFRS 3.

In this scenario, Antares Vision acquired control of the resources present in Alp.I in exchange for the recognition to Alp.I's "original" shareholders of a minority stake in the *combined entity*. On the basis of this, Antares Vision would be required to apply the acquisition method set forth by paragraph IFRS 3, a, as described above, given the nature of Alp.I of *Special Purpose Acquisition Company*, the definition of *business* provided by paragraph B3 of Appendix B of IFRS 3, which requires the presence of *inputs, outputs* and processes, is not met.

Consequently, Antares Vision finds itself in a situation not regulated by IFRS 3 and must therefore develop, on the basis of the *guidance* provided by "IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*", an appropriate accounting policy to recognise the transaction as an acquisition of assets. In this regard, practice and doctrine believe that an appropriate reference could be "IFRS 2 - Share-based payment" (IFRS 2), allowing to grasp the substantial nature of the transaction described above, i.e. the acquisition by Antares Vision of the assets present in Alp.I in exchange for the recognition to the "original" shareholders of Alp.I of a minority stake in the *combined entity* (thus identifiable as a transaction with share-based payment).

After identifying the relevant accounting standard, the *fair value* of the goods or services received by granting the equity instruments was estimated, in accordance with IFRS 2. The goods or services received by Antares Vision through the combination are represented both by the financial resources present in Alp.I and by its *status* as a listed company. Since it is difficult to estimate with sufficient reliability the *fair value* of these goods or services received (especially the value component related to the *status* of listed company), the *fair value* is usually determined indirectly by reference to the *fair value* of the equity instruments at the granting date.

The *fair value* of the Antares Vision equity instruments assigned to Alp.I shareholders was determined indirectly on the basis of the weighted average market value of Alp.I shares in the month prior to the combination, net of the disbursements relating to the payment of a dividend of Euro 31 million to the original Alp.I shareholders and of the outlay for the acquisition by Alp.I of a stake in Antares Vision for Euro 20 million (shares that after entering the accounts of the *combined entity* were used to satisfy part of the exchange as described at the beginning of this paragraph).

Specifically, for the determination of the fair value of the share, it was considered appropriate to take as a reference an average market value of the shares rather than the exact value of the shares at the date of combination, as this value was not considered representative of the fair value because it was characterised by significant volatility of the shares during the days prior to the combination owing to limited trading.

Furthermore, it was deemed necessary to adjust this value to take into account the effects of the payment of the dividend to Alp.I's original shareholders, the effect of which had not yet been reflected in Alp.I's stock market price during the period considered as it occurred at the same time as the combination.

Finally, in order to make a consistent comparison between the net assets acquired and the *fair value* of the consideration paid, the effects of the investment in 2,000,000 shares held by Alp.I in Antares Vision, acquired by Alp.I from the shareholders of Antares Vision, immediately used for the exchange, were offset for a counter-value of Euro 20 million.

The following table summarises the effects of the merger of Alp.I into Antares Vision:

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EFFECT OF THE MERGER OF ALP.I IN ANTARES VISION

Bank deposits	49.339.858
Fixed assets	407.980
Prepaid tax assets	1.076.896
Other assets	430.025
Trade payables and other payables	(1.254.759)
Net assets acquired (A)	50.000.000
Number of Alp.i shares exchanged (B)	10.000.000
Last month's average stock market price of Alp.I shares	10,2
Price adjustment for dividend distribution	(3,1)
Adjustment for payment of Alp.I shares	(2,0)
Reference price (c)	5,1
Fair Value of transferred shares (B*C = D)	51.000.000
Financial expense recognised in the income statement (A - D)	(1.000.000)

Reference should be made to the following sections of these Explanatory Notes for a detailed analysis of the individual items.

ACQUISITION OF THE FT SYSTEM GROUP

As already mentioned in the section on the scope of consolidation, on 30th September 2019 the Parent Company acquired the entire shareholding of FT System S.r.l.. (and indirectly its subsidiaries in France and the United States), a company founded in Alseno in 1998, specialising in control and inspection technologies for bottling mainly in the *beverage* industry.

It is deemed appropriate to present the Balance Sheet of the FT System Group as at 30 September 2019 in summary form:

	30/09/2019
Fixed assets	2,788,757
Other non-current assets	515,154
Current assets	21,077,125
Non-current liabilities	3,579,435
Current liabilities	9,654,762
Shareholders' equity	11,146,839
Price paid	67,712,714
Goodwill	56,565,875

The price paid for the acquisition, which is not subject to adjustment mechanisms, was equal to Euro 67,712,714 (excluding ancillary charges related to the transaction, fully expensed in the Income Statement as required by IFRS

3), and is supported by *Fairness Opinion* prepared by an independent third party. The cash acquired with the transaction is equal to Euro 7,493,064, the net cash out is therefore equal to Euro 60,219,650.

The acquisition is part of the strategy of diversification of non-Pharma target sectors, pursued by Antares Vision and it reflects the mission of protecting the product throughout its entire life cycle.

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

In these Consolidated Financial Statements, the difference between the purchase price of the shares of FT System and the book shareholders' equity of the acquired Group has been provisionally recorded under the item Goodwill under assets in the Balance Sheet, taking advantage of the option provided by IFRS 3 to finalise the Purchase Price Allocation process within 12 months after the acquisition. At the end of the completion of the Purchase Price Allocation process, which involves the identification of the current values of the assets and liabilities acquired, including potential liabilities, Antares Vision may retroactively adjust the provisional amounts recorded at the acquisition date, so as to reflect the analyses performed on existing facts and circumstances at the acquisition date.

In order to provide more detailed and comprehensive information, the notes to the individual financial statement items and the related tables include, where significant, the contribution deriving from the inclusion of the FT Group in the scope of consolidation.

T2 SOFTWARE ACQUISITION

The acquisition of 51% of T2 Software S.A. and, indirectly, of its subsidiary Pharmatrack Sistemas Ltda, completed by Antares Vision do Brasil in September 2019, generated a difference between the purchase price and the book shareholders' equity of the acquired company equal to 101,690 Euro, also in this case provisionally recorded under the item Goodwill in the assets of the Statement of Financial Position, pending the completion of the Purchase Price Allocation process within 12 months of the acquisition granted by IFRS 3.

T2 Software is a Brazilian company specialising in solutions for smart data management and active in consultancy for serialisation and product trackability processes. The acquisition represents an opportunity for Antares Vision to further expand its presence in Latin America, strengthening its presence in the market, in the business of trackability and smart data management, thanks to synergies with Antares Vision do Brasil.

SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES

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 non-controlling interest in the acquiree. For each business combination, Antares Vision defines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest in the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified under administrative expenses.

Goodwill is initially recognised at cost represented by the excess of the total amount paid

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 checks again whether it has correctly identified all the assets acquired and all the liabilities assumed and it revises 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 (profit) is recognised in the Income Statement.

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 (or "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 EVALUATION

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

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

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

- Level 1 - listed (unadjusted) prices 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 within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - valuation techniques for which inputs are unobservable for the asset or liability.

The Consolidated Financial Statements show financial assets and liabilities and derivative instruments at fair value. For these balance sheet 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 balance sheet date.

NON-CURRENT ASSETS HELD FOR SALE

Antares Vision classifies non-current assets and disposable groups as held for sale if their book value will be recovered mainly through a sale transaction rather than through their continued use. These 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 they are unlikely to intervene

significant changes in the sale or that the sale is cancelled. The Management must have committed itself to the sale, the completion of which should be envisaged within one year from the date of classification .

Depreciation and amortisation of property, plants and machinery and intangible assets ceases when they are classified as available for sale.

Assets and liabilities classified as held for sale are presented separately under current items in the financial statements.

PROPERTY, PLANTS AND MACHINERY

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

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

- Buildings and light constructions: from 3% to 10%
- Plants and machinery: from 10% to 20%
- Industrial and commercial equipment: from 10% to 33%
- Other assets:
 - × Vehicles and internal means of transport: from 15% to 30%
 - × Office furniture and machines and data processing systems: 12% to 30%

The land is not depreciated.

Ordinary maintenance costs are charged to the Income Statement for the year in which they are incurred. Costs that increase the value or useful life of the asset are capitalised and depreciated in relation to the remaining useful life of the fixed assets to which they refer.

The carrying amount of an item of property, plants and machinery 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 emerges when the asset is derecognised (calculated as the difference between the net book value of the asset and the consideration received) is recognised in the Income Statement when the item is derecognised.

At the end of each financial year, Antares Vision checks that there are no indicators of impairment of tangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of these assets to determine the amount of any write-down. The recoverable value is equal to 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 taxes. If the reasons for the write-down cease to apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the Income Statement for the year.

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RIGHT OF USE

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 the accounting for finance leases governed by 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 will recognise 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). Lessees will be required to recognise interest expense on the lease liability and depreciation on the right of use separately.

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

The accounting method for the lessor in accordance with IFRS 16 remains substantially unchanged from the current accounting policy under IAS 17. Lessors will continue to classify all leases using the same classification principle in IAS 17 and they will distinguish two types of leases: operating and finance leases.

GOODWILL

Goodwill represents the difference between the purchase price paid 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 application of the international accounting standards. Consequently, the goodwill arising from these transactions has not been restated.

Goodwill represents an intangible asset with an indefinite useful life, therefore from 2019 it is not amortised but subjected to an impairment test at least annually, or more frequently if there are indications of impairment.

With regard to the shareholding and goodwill deriving from the acquisition of FT System S.r.l., the Board of Directors believes that the consideration for the acquisition (the subject of a Fairness Opinion prepared by an independent third party) is still a relevant indication of the value of the assets acquired, including goodwill. This is in light of the fact that the acquisition took place recently (on 30th September 2019) and, secondly, that the management information relating to the performance of the acquired company and its subsidiaries in the period from the acquisition to the date of preparation of this document did not show any evidence of impairment of the assets acquired.

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 any accumulated impairments. Intangible assets produced internally, with the exception of Development costs, are not capitalised and are recognised in the Income Statement for the year in which 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 amortisation period and the amortisation method of an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or in the manner in which the future economic benefits associated with the asset will be realised are recognised through a change in the period or method of amortisation, as appropriate, and they are considered changes in accounting estimates.

No intangible assets with an indefinite useful life other than goodwill have been recorded in these Consolidated Financial Statements.

Research costs are charged to the Income Statement for the year in which 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 to complete the intangible asset, so that it is available for use or sale;
- the intention to complete the asset and its ability and intention to use or sell it;
- the manner 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 impairments. Amortisation of the asset begins when development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits.

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

- Development costs: 20%
- Patents: 20%

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

At the end of each financial year, Antares Vision ascertains that there are no indicators of impairment of intangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of these assets to determine the amount of any write-down. The recoverable value is equal to the higher of the price that would be obtained from a sale and the value in use calculated by discounting prospective cash flows net

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of taxes. If the reasons for the write-down cease to apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the Income Statement for the year. Goodwill is never written up.

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

An associated company 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.

A joint venture is a jointly controlled 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 investment in Antares Vision India Private Limited, incorporated on 20 April 2019, valued in these Consolidated Financial Statements according to the Equity Method and recorded at a value equal to Euro 163,462. The subsidiary is still in the start-up phase, therefore, even in the absence of shareholders' agreements for joint control, any full consolidation of the Company would not have had a significant impact.

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 associated companies and the joint venture are prepared on the same date as the financial statements of Antares Vision. Where necessary, the financial statements are adjusted to bring them in line with Antares Vision's accounting standards.

Subsequent to the application of the equity method, Antares Vision assesses whether it is necessary to recognise an impairment of its investment in associated companies or joint ventures. Antares Vision assesses at each financial statements date whether there is objective evidence that investments in associated companies or joint ventures have suffered an impairment. In this case, Antares Vision calculates the amount of the loss as the difference between the recoverable value of the associated company or joint venture and the book value of the same in its financial statements, recording this difference in the Income Statement.

DEFERRED AND PREPAID TAXES

Deferred taxes are allocated according to the global liability allocation method. They are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount in the consolidated financial statements, with the exception of goodwill that is not deductible for tax purposes and those differences from investments in subsidiaries that are not expected to be reversed in the foreseeable future.

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 offset right. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply, in the respective jurisdictions of

the countries in which Antares Vision operates, in the years in which the temporary differences will be realised or extinguished.

INVENTORIES

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

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

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

The net realisable value is the estimated normal selling price in the normal course of business less estimated completion costs and estimated selling costs.

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, in the case of a financial asset not at fair value recorded in the Income Statement, the transaction costs.

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.

FOLLOW-UP ASSESSMENT

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 aimed at collecting contractual cash flows. These assets are subsequently valued 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 recognised in OCI ("FVOCI") are held as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets. For assets from debt instruments measured at fair value recognised in OCI, 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. The remaining changes in fair value are recognised in OCI. At the time of elimination, the cumulative change in fair value recognised in OCI is reclassified in the Income Statement.

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Financial instruments at fair value with changes recognised in the Income Statement ("FVT PL") are recognised in the statement of financial position at fair value and net changes in fair value recognised in the Income Statement.

This category includes derivatives and listed equity investments that Antares Vision has not irrevocably chosen to classify at fair value recognised in OCI. Dividends on listed 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 firstly when the rights to receive cash flows from the asset are extinguished, or when Antares Vision has transferred to a third party the right to receive cash flows from the asset or has assumed the contractual obligation to pay them in full and without delay and (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

IMPAIRMENT

Antares Vision records a write-down for expected losses (Expected Credit Loss or 'ECL') for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows 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. Therefore, Antares Vision does not monitor the changes in credit risk, but fully records the expected loss at each reference date.

CASH EQUIVALENTS AND SHORT TERM DEPOSITS

Cash and cash equivalents and short-term deposits include cash on hand and short-term deposits at sight, 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 and cash equivalents 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, in the case of loans, borrowings and payables, directly attributable transaction costs.

FOLLOW-UP ASSESSMENT

For the purposes of follow-up assessment, financial liabilities are classified into 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 with changes recognised in the Income Statement include liabilities held for trading and financial liabilities initially recognised at fair value with changes recognised in the Income Statement.

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 subscribed 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 on an accrual basis over the period of their accrual.

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 the financial charges in the Income Statement.

CANCELLATION

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 must 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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

provision for risks and charges will be partly or fully reimbursed, the indemnity is recognised separately under assets if, and only if, it is practically 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.

The provision for product guarantees is recognised when the product is sold or the service is provided to the customer. The initial recognition is based on historical experience. The estimated warranty costs are reviewed annually.

SEVERANCE INDEMNITY

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

The Italian legal entities of Antares Vision are not required to pay severance indemnity to the INPS Treasury Fund under Law 27 December 2006 no. 296 because none of them exceeded the limit of 50 employees during 2006 or the 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 the supplementary pension funds are considered a defined contribution plan.

TRANSLATION OF FOREIGN CURRENCY ITEMS

Monetary assets and liabilities denominated in foreign currency are recorded at the spot exchange rate on the closing date of the financial year, with the related exchange gains and losses recognised in the Income Statement. If the conversion gives rise to a net profit, a reserve for a corresponding amount must not be distributed until it is actually realised.

REVENUES FROM CONTRACTS WITH CUSTOMERS

Antares Vision is committed to 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. The control of 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 financing components.

Antares Vision considers whether there are other promises in the contract that represent obligations to do on which part of the consideration for the transaction must be allocated (e.g. guarantees).

PUBLIC GRANTS

Public grants are recognised when there is reasonable certainty that they will be received and that all the conditions relating to them are met. Grants related to cost components are recognised as revenues, but they are systematically allocated between the financial years so as to be commensurate with the recognition of the costs they are intended to offset. The contribution related to an asset is recognised as income in constant instalments, along

the expected useful life of the reference asset.

Where Antares Vision receives a non-monetary contribution, the asset and the related contribution are recorded at nominal value and released in 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 Financial Report date in the countries where Antares Vision operates and generates its taxable income.

Current taxes relating to items recognised directly under Shareholders' Equity are also recognised under 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, where appropriate, makes provisions.

Other taxes not related to income, such as property taxes, are included under 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 are obtained as the ratio between the Group's profit reported in the consolidated financial statements and the weighted average number of shares outstanding during the period, net of any treasury shares in portfolio.

Diluted earnings per share is obtained as 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. unsubscribed) with a dilutive effect.

CHANGES IN ACCOUNTING STANDARDS WITH EFFECT FROM 1 JANUARY 2019

In the first IFRS financial statements, the accounting standards effective from 1st January 2019 were applied from 1st January 2018 in line with the requirements of IFRS 1, with the exception of IFRS 16.

IFRS 16 - LEASES

IFRS 16 replaced 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 contains standards for the recognition, measurement, presentation and disclosure of leases and it requires the lessee to recognise most leases in the financial statements.

Antares Vision has completed the assessment project of the potential impacts resulting from the application of the new

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

principle on the transition date (1 January 2019). This process involved several stages, including the complete mapping of contracts potentially suitable to contain a lease and their analysis in order to understand the main clauses relevant to IFRS 16.

Antares Vision has chosen to apply the principle retrospectively, as of 1 January 2019 (modified retrospective method). In particular, it will account for leases previously classified as operating:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using for each contract the *incremental borrowing rate* applicable at the transition date;
- a right of use equal to the value of the financial liability at the transition date, net of any accrued income and prepaid expenses and deferred charges relating to the *lease* and recognised in the statement of financial position at the balance sheet date.

The following table shows the impact of the adoption of IFRS 16 at the transition date:

Date of transition	01/01/2019
Financial liabilities	2,471,027
Right of use	2,471,027

If the new standard had been applied from 1st January 2018 the effect on financial payables as at 31st December 2018 would have been Euro 1,388,273, the effect on the right of use would have been Euro 1,380,051, the effect on pre-tax profit as at 31st December 2018 would have been a worsening of Euro 8,222 (Euro 6,249 net of the tax effect). The effect on the pre-tax result as at 31st December 2019 would have been an improvement of € 1,240 (€ 942 net of the tax effect). In adopting IFRS 16, Antares Vision decided to make use of the exemption granted by the standard in relation to short-term leases (contracts with a duration of less than 12 months) for all classes of assets.

Antares Vision also availed itself of the exemption granted by the principle with regard to lease contracts for which the underlying asset is a low-value asset, i.e. lease contracts for which the unit value of the underlying assets does not exceed Euro 5,000 when new. The contracts for which the exemption has been applied fall mainly into the following categories:

- computers, phones and tablets;
- office and multifunction printers;
- other electronic devices.

For such contracts, the introduction of IFRS 16 will not result in the recognition of the financial liability of the lease and the related right of use, but the lease payments will be recognised in the income statement on a straight-line basis for the duration of the respective contracts. Please refer to Note 2 on Rights of Use for information on the contracts for which the exemption has been applied.

With reference to the transition rules, Antares Vision makes use of the following practical expedients available when choosing the modified retrospective transition method:

- classification of contracts expiring within 12 months of the transition date as *short term leases*. For these

contracts, lease payments will be recorded in the Income Statement on a straight-line basis;

- use of the information present at the transition date to determine the *lease term*, with particular reference to the exercise of extension and early termination options.

The transition to IFRS 16 introduces some elements of professional judgement and the use of assumptions and estimates in relation to the lease term, the definition of the incremental borrowing rate. The main ones are summarised below:

- Antares Vision does not apply IFRS 16 for contracts containing a lease that have an intangible asset as the underlying asset;
- contract renewal clauses are considered for the purposes of determining the duration of the contract when their exercise is considered reasonably certain, or when Antares Vision has the option to exercise them without the need to obtain the consent of the other party;
- *incremental borrowing rate*: Antares Vision has decided to use the incremental borrowing rate as the discount rate to discount *lease payments*.

This rate consists of the *free risk* rate adjusted for the Company's *credit spread* on the basis of its latest loan.

IFRIC Interpretation 23 Uncertainty of income tax treatments

The Interpretation defines the accounting treatment of income taxes when the tax treatment involves uncertainties that affect the application of IAS 12 and does not apply to taxes or levies that are not within the scope of IAS 12, nor does it specifically include requirements relating to interest or penalties attributable to uncertain tax treatment. Antares Vision has determined, based on transfer pricing studies, that its tax treatment (including that of its subsidiaries) is likely to be accepted by the tax authorities.

The interpretation, therefore, had no impact on the consolidated financial statements of the group.

Amendments to IFRS 9: Prepayments Features with Negative Compensation

Pursuant to IFRS 9, a debt instrument may be measured at amortised cost or fair value in the Comprehensive Income Statement, provided that the contracted cash flows are "only principal and interest payments on the reference amount" (the SPPI criterion) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset exceeds the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of who pays or receives reasonable compensation for early termination. These changes had no impact on the consolidated financial statements of Antares Vision.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 set out the accounting rules in case an amendment, reduction or settlement of the plan occurs during the reporting period. The amendments specify that when an amendment, curtailment or settlement of the plan occurs during the period, an entity is required to determine the cost of servicing for the remainder of the period after the amendment, curtailment or settlement of the plan, using the relevant actuarial assumptions to remeasure the net defined benefit liability (asset) so that it reflects the plan benefits and plan assets after that event. An entity is also required to determine net interest for the period remaining after the plan amendment, reduction or settlement: the net liability (asset)

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for defined benefit that reflects the benefits offered by the plan and plan assets after that event and the discount rate used to reset the net defined benefit liability (asset).

These changes did not have any impact on the Consolidated Financial Statements as Antares Vision did not record any changes, reductions or settlements of the plans during the reference period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments specify that an entity applies IFRS 9 for long-term investments in an associate or joint venture, for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interest).

This clarification is relevant because it implies that the expected loss model of IFRS 9 applies to such long-term investments.

The amendments also clarify that, in applying IFRS 9, an entity shall not take into account any losses of the associate or joint venture or any impairment of the investment, recognised as adjustments to the net investment in the associate or joint venture arising from the application of IAS 28 Investments in Associates and Joint Ventures.

These changes had no impact on the Consolidated Financial Statements.

Annual improvements 2015-2017 cycle

IFRS 3 Business combination

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in stages, including re-measurement at fair value of the investment previously held in the assets and liabilities of the joint operation. In doing so, the acquirer reassesses the interest previously held in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the first annual period beginning on or after 1 January 2019, with permitted earlier application.

This change did not have any impact on the consolidated financial statements of Antares Vision as there was no business combination in which joint control was obtained.

IFRS 11 Joint Arrangements

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if its activity constitutes a business as defined in IFRS 3.

The amendments clarify that the interests previously held in this joint operation are not remeasured.

An entity applies those amendments to transactions in which it has joint control from the beginning of the reporting period on or after 1st January 2019, with earlier application permitted.

This change has had no impact on the consolidated financial statements of Antares Vision.

IAS 12 Income Tax

The amendments clarify that the effects of taxes on dividends are linked to past transactions or events that generated distributable profits rather than distributions to shareholders. Therefore, an entity recognises the effects of income taxes arising from dividends in the income statement, other comprehensive income or equity consistent with the way

in which the entity has previously recognised such past transactions or events.

Since the Group's current practice is in line with these amendments, Antares Vision has not recorded any impact resulting from these changes on its consolidated financial statements.

IAS 23 Borrowing costs

The amendments clarify that an entity treats as non-specific financing any financing made that was intended from inception to develop an asset when all the actions necessary to prepare that asset for use or sale are completed.

Since the current practice of Antares Vision is in line with these amendments, Antares Vision has not recorded any impact resulting from these changes on its consolidated financial statements.

PRINCIPLES ENACTED BUT NOT YET IN FORCE

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, endorsed by the European Union on 29 November 2019, to align the definition of 'material' in the standards and to clarify certain aspects of the definition. The new definition indicates that information is material if, as a result of its omission, or as a result of its incorrect or unintelligible presentation ('obscuring'), one could reasonably expect to influence the decisions that the main users of the financial statements would make on the basis of the financial information contained therein.

The changes to the definition of materiality are not expected to have a significant impact on the Consolidated Financial Statements of Antares Vision.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to IFRS 3 Definition of a Business, pending endorsement by the European Union, to support entities in determining whether or not a set of assets acquired constitutes a business. The amendments clarify the minimum requirements for having a business, remove the assessment of whether market participants can replace any missing elements, add guidance to support entities in assessing whether an acquired process is substantial, narrow the definitions of business activity and output, and introduce an optional fair value concentration test. New illustrative examples have been published together with the changes.

Since the changes apply prospectively to transactions or other events occurring on or after the date of first application (1st January 2020), Antares Vision is not affected by these changes.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new standard on contracts

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of insurance covering detection 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 regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17, not yet endorsed by the European Union, will be in force for financial years beginning on or after 1st January 2021. This principle is expected to have no impact on Antares Vision.

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

On 23rd January 2020, the IASB issued amendments to the definitions of current and non-current assets in IAS 1, providing a more general approach to the classification of liabilities under that standard, based on contractual arrangements.

The amendments shall be effective for annual periods beginning on or after 1st January 2022 and shall be applied retrospectively. Earlier application will be permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

On 29 March 2018, the IASB issued a revised version of the Conceptual Framework for Financial Reporting which aims to update existing references in various standards and interpretations that are outdated. This instrument ensures that accounting standards are conceptually consistent and that transactions of the same type are treated in the same way, providing useful information to investors and others. The Conceptual Framework also helps companies to implement appropriate accounting policies when no IFRS standard governs the specific transaction; finally, it helps stakeholders in general to understand the accounting standards. The revised Conceptual Framework includes: a new chapter on the measurement and reporting rules for financial results; more accurate definitions and rules - particularly with regard to the definition of liabilities; clarifications on important concepts, such as administration, prudence and uncertainty in valuations; clarifications on definitions and recognition criteria for assets and liabilities. The amendments are in force on 1st January 2020.

Amendments to IFRS 9, IA S 39 and FIRS17: Interest Rate Benchmark Reform

On 26th September 2019, the IASB issued these amendments, which provide for temporary concessionst that allow for the continued use of hedge accounting during the period of uncertainty preceding the reform to replace the current interest rate benchmark with a risk-free alternative interest rate. These amendments shall enter into force on 1 January 2020 and may be applied earlier.

USE OF ESTIMATES

The preparation of the Financial Statements of Antares Vision requires the directors to make discretionary evaluations, 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 accounting value of these assets and/or liabilities.

In applying the accounting principles of Antares Vision, the directors made decisions based on the following discretionary evaluations (excluding those involving estimates) with a significant effect on the values recorded in the financial statements.

GOODWILL

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 checks again whether it has correctly identified all the assets acquired and all the liabilities assumed and revises 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 (profit) is recognised in the Income Statement.

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.

LEASE TERM AND INCREMENTAL BORROWING RATE

Antares Vision determines the duration of the lease as the non-cancellable period of the lease to which must be added both 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 that, 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 may 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 and therefore 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 with similar security, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The incremental

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, and making specific considerations on the conditions of the investee company.

IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment loss occurs when the book value 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 discounted cash flow model, which in turn derive from the budgets of the individual cash generating units and do not include 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 under evaluation. The recoverable amount depends significantly 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 related allowance for doubtful accounts to take account of their recoverable value. The determination of the amount of write-downs requires the Directors to make subjective assessments based on the documentation and information available regarding the solvency of the customer, as well as experience and historical collection trends.

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 requires processing various assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually.

Further details, including a sensitivity analysis, are provided below in these Explanatory 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 the recognised financial instrument.

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 are obsolescent and slow-moving are systematically assessed and, if their recoverable value is lower than their book value, they are written down. Write-downs are calculated on the basis of management's assumptions and estimates, derived from experience and historical results.

SEGMENT REPORTING

IFRS 8 requires that information be provided by sector using the same elements through which management prepares internal reporting. As Antares Vision operates in a single Cash Generating Unit (CGU) business sector, 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), internal reporting does not usually use details based on sector segmentation.

CAPITAL MANAGEMENT

For the purposes of managing the capital of Antares Vision, it was defined 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. The Group includes interest-bearing loans, loans, trade and other payables, less cash and cash equivalents, short-term deposits and current financial assets in the net debt. It should be noted that the financial covenants set out in the existing loan agreements were largely met at the date of preparation of this document.

Capital management	31.12.2019	31.12.2018
Interest-bearing loans and other loans	103,823,874	33,744,990
Other non-current financial liabilities	12,946	208,443
Cash equivalents and short term deposits	-85,199,801	-39,336,931
Current securities available for sale	-33,132,228	-23,282,246
Medium/long-term net debt	-14,495,210	-28,665,744
Trade and other payables	37,828,488	30,561,944
Net debt	23,333,278	1,896,200
Fair value of outstanding warrants	4,514,483	-
Shareholders' equity	117,150,726	52,429,561
Total capital	121,665,209	52,429,561
Capital and net financial debt	144,998,487	54,325,761
Gearing ratio	16%	3%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

NON-CURRENT ASSETS

1. PROPERTY, PLANTS AND MACHINERY

During 2019, Antares Vision's investments in property, plants and machinery totalled 11,662,337 euros, mostly related to the Italian entities of Antares Vision.

The inclusion in the scope of consolidation of the FT System Group led to an increase in the item of Euro 1,186,223 (net book value).

These investments amounted to Euro 6,555,619 as at 31st December 2018.

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

PROPERTY, PLANTS AND MACHINERY						
Description	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Historical cost 01/01/2018	5,566,767	10,775	165,637	392,050	-	6,135,229
Depreciation fund 01/01/2010	259,279	1,769	133,626	275,543	-	670,217
Book value 01/01/2018	5,307,488	9,006	32,011	116,507	-	5,465,012
Increases	1,238,047	3,188	25,469	54,756	-	1,321,460
Decreases	-	93	-	-	-	93
Depreciation for the period	152,990	3,848	8,601	65,321	-	230,760
Total changes	1,085,057	753	16,868	10,565	-	1,090,607
Historical cost 31/12/2018	6,804,814	13,963	191,106	446,807	-	7,456,689
Depreciation fund 31/12/2010	412,269	5,710	142,227	340,864	-	901,070
Book value 31/12/2018	6,392,545	8,253	48,879	105,942	-	6,555,619
Increases for purchases	3,556,163	33,232	56,690	95,030	610,063	4,351,178
Historical cost increases due to expansion of the scope of consolidation	875,906	464,533	303,915	708,441	20,000	2,372,795
Increases in the depreciation fund due to expansion of the scope of consolidation	275,429	250,344	248,812	411,987	-	1,186,572
Decreases	-	-	-	45,153	-	45,153
Depreciation for the period	255,194	48,140	35,876	46,320	-	385,530
Total changes	3,901,446	199,281	75,917	300,011	630,063	5,106,718
Historical cost 31/12/2019	11,236,883	511,728	551,711	1,205,124	630,063	14,135,509
Depreciation fund 31/12/2019	942,892	304,194	426,915	799,171	-	2,473,172
Book value 31/12/2019	10,293,991	207,534	124,796	405,952	630,063	11,662,337

The item Land and Buildings shows the value of land and buildings owned, as well as that relating to buildings held under finance leases, in compliance with IAS17. It therefore includes:

- the building where the registered office of Antares Vision S.p.A. is located, acquired through a financial lease stipulated on 30th January 2014 with the company Iccrea Banca Impresa Spa. The gross value of the property at the signing of the contract was equal to Euro 4,181,700, of which Euro 836,340 relating to the land and Euro 3,345,360 relating to the building.
- a warehouse located in the municipality of Sorbolo (PR), to which the local production unit of Antares Vision S.p.A. in Parma was transferred from 3rd October 2017: acquired through a financial lease stipulated on 21st July 2017 with the company Unicredit Leasing Spa. The gross value of the property at the signing of the contract was Euro 1,440,600, of which Euro 288,120 relating to the land and Euro 1,152,480 relating to the building;
- a second warehouse located in the municipality of Sorbolo (PR), aimed at expanding the local production unit in Parma, acquired through a financial lease stipulated on 26th March 2018 with Unicredit Leasing Spa. The gross value of the property at the signing of the contract was Euro 490,600 of which Euro 98,120 relating to the land and Euro 392,480 relating to the building.
- an industrial building adjacent to the current headquarters in Travagliato, to be used as production site and offices. The subscription, on 2nd July 2019, took place through the payment of € 673,293 and by taking over a leasing contract (with consequent assumption of a debt of € 956,707) stipulated with ICCREA Banca Impresa S.p.A.. The leasing contract, renegotiated upon taking over, provides for a residual term of 10 years and a variable rate equal to the 3-month Euribor plus a spread. The leasing contract also provides for the possibility of a further payment of up to 2,500,000 euros to be used for renovation work, part of which has already been started and recorded as an increase in the value of the building;
- the building where the registered office of FT System S.r.l. is located, acquired through a financial leasing contract stipulated on 31st October 2006 with Credem Leasing S.p.A.. Of the gross value of the property, equal to euro 765,000, euro 153,000 relates to the land and euro 612,000 to the building; a building owned by Antares Vision S.p.A. located in the municipality of Torbole Casaglia whose gross value is equal to euro 785,000 of which euro 235,500 relates to the land and euro 549,500 relates to the building.

The value of these fixed assets was increased by the value of the improvements made to them in accordance with international accounting standards.

Plants and machinery had a value of Euro 9,006 at 1st January 2018 and Euro 8,253 at 31st December 2018. During 2019 there were increases of Euro 33,232 for new purchases and Euro 214,189 as net book value from FT System.

The item Industrial and commercial equipment had a value of Euro 32,011 at 1st January 2018 and Euro 48,879 at 31st December 2018. During 2019, increases of Euro 56,690 were recorded for new purchases and Euro 55,103 as net book value from FT System.

Other assets include vehicles and cars for a net book value of Euro 144,127 (Euro 37,877 as at 31st December 2018), furniture and fittings for a net book value of Euro 116,645 (Euro 21,915 as at 31st December 2018) and electronic and office machines for a net book value of Euro 145,180 (Euro 46,151 as at 31st December 2018).

The increase in 2019 was influenced by the extension of the scope of consolidation for Euro 296,454.

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. RIGHTS OF USE

Antares Vision adopted IFRS 16 from 1st January 2019, with the simplified method that does not require the restatement of the previous year's results.

Antares Vision has leasing contracts in place for buildings and vehicles that are used in operating activities. There are not many leasing contracts that include options for renewal and cancellation.

The effects deriving from the adoption of the new standard are shown below, separately representing the contribution of the FT System Group:

RIGHTS OF USE			
Description	Property	Vehicles	Rights of use
Historical cost 01/01/2019	1,069,376	318,897	1,388,273
Increases	646,302	1,055,990	1,702,292
of which FT sub-group	380,492	856,417	1,236,909
Historical cost 31/12/2019	1,715,678	1,374,887	3,090,565
Depreciation fund 01/01/2019	-	-	-
Increases	276,661	516,743	793,404
of which FT sub-group	56,752	361,934	418,686
Depreciation fund at 31/12/2019	276,661	516,743	793,404
Net book value 31/12/2019	1,439,017	858,144	2,297,161

Information is provided below on the book values of financial liabilities for leasing and their changes during the period:

RIGHTS OF USE			
Description	Property	Vehicles	Rights of use
Value at 01/01/2019	1,069,376	318,897	1,388,273
New contracts	646,302	1,055,990	1,702,282
of which FT sub-group	380,492	856,417	1,236,909
Interests	33,426	12,139	45,565
of which FT sub-group	5,570	5,441	11,011
Interests	298,200	526,165	822,365
of which FT sub-group	61,200	365,400	426,600
Value at 31/12/2019	1,450,904	862,851	2,331,755

As already mentioned, Antares Vision availed itself of the exemption granted by IFRS 16 with regard to lease contracts for which the unit value of the underlying assets does not exceed Euro 5,000 when new. As a result of this exemption, the rents recorded in the income statement amount to Euro 63,730.

3. GOODWILL

Goodwill, entirely formed in 2019, amounts to Euro 56,736,514 and refers for Euro 56,634,529 to the acquisition of FT System and for Euro 101,985 to the acquisition of T2 Software by the subsidiary Antares Vision do Brasil. Both were consolidated as at 30th September 2019.

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

As already mentioned in the section dedicated to IFRS 3, in these Consolidated Financial Statements the effects of the transactions in question have been provisionally recorded entirely under the item Goodwill, taking advantage of the option of determining the final values of the Purchase Price Allocation within 12 months from the acquisition.

It should also be noted that management believes that the consideration for each acquisition (of which those related to the acquisition of FT System supported by a Fairness Opinion prepared by an independent third party) is a relevant indication of the value of the assets acquired, including goodwill.

4. OTHER INTANGIBLE ASSETS

The composition and changes of 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	Other intangible assets	Fixed assets under construction and advances	TOTAL
Historical cost 01/01/2018	1,434,626	152,471	94,971	1,074,156	-	2,756,224
Depreciation fund 01/01/2018	1,056,009	58,395	94,971	300,965	-	1,510,340
Book value 01/01/2018	378,617	94,076	-	773,191	-	1,245,884
Increases	1,238,043	-	13,131	208,606	-	1,459,780
Decreases	-	6,483	-	-	-	6,483
Depreciation for the period	286,925	29,198	2,432	93,373	-	411,928
Total changes	951,118	-35,681	10,699	115,233	-	1,041,369
Historical cost 31/12/2018	2,672,670	145,988	108,102	1,282,762	-	4,209,522
Depreciation fund 31/12/2018	1,342,935	87,593	97,403	394,338	-	1,922,269
Book value 31/12/2018	1,329,735	58,395	10,699	888,424	-	2,287,253
Increases for new capitalisations	123,915	-	282,950	-	3,495,704	-
Historical cost increases due to expansion of the scope of consolidation	553,393	609,684	378,193	-	-	1,541,270
Increases in the depreciation fund due to expansion of the scope of consolidation	229,494	244,941	339,006	-	-	813,440
Other changes	976,168	-	-	448,412	-	1,424,580
Depreciation for the period	340,653	177,594	46,331	-	-	564,578
Total changes	107,161	187,149	275,806	448,412	3,495,704	3,617,409
Historical cost 31/12/2019	2,373,810	755,672	769,245	834,350	3,495,704	8,228,781
Depreciation fund 31/12/2019	936,914	510,128	482,740	394,339	-	2,324,121
Book value 31/12/2019	1,436,896	245,544	286,505	440,011	3,495,704	5,904,660

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The item Other intangible assets includes only assets with a finite life and increased from Euro 1,245,884 at 1st January 2018 to Euro 2,287,253 at 31st December 2018 and Euro 5,904,660 at 31st December 2019.

The item Development costs amounts to Euro 1,436,896, already net of the related accumulated depreciation. This includes Euro 990,435 of costs capitalised in previous years by Antares Vision S.p.A. and Euro 446,461 of development costs originating from FT System S.r.l. (of which the share capitalised in 2019 is equal to Euro 117,719 net of the related amortisation).

The change of Euro 976,168 shown in the table under Other changes represents the elimination of the historical cost and related accumulated depreciation of a portion of development costs capitalised in previous years following the completion of their amortisation period.

During the year, the directors of Antares Vision S.p.A. also decided to book new costs for Euro 3,495,704, once they had verified the existence of a reasonable certainty that they would produce revenues in future years. As at 31st December 2019 these costs were not amortised as they were linked to projects still in progress.

Therefore, they were classified under Fixed assets under construction and advances.

The item Industrial patent rights and intellectual property rights results for Euro 145,988 from the purchase by Antares Vision S.p.A. of the business unit of Pharmamech S.r.l. with registered office in Collecchio (PR), an acquisition made in 2016 at the end of a lease and preliminary sale contract for the business unit signed on 31st October 2013. A further Euro 609,684 is attributable to FT System S.r.l. and concerns technical applications and devices that were directly used in the Company's industrial process. As a result of the amortisation process, the item is shown in the financial statements at a net book value of Euro 245,544.

Concessions, licenses, trademarks and similar rights increased from Euro 10,699 as at 31st December 2018 (Euro 0 as at 1st January 2018) to Euro 286,505 as at 31st December 2019. The increase in 2019 is mainly due to the purchase of new software licenses and for Euro 39,187 to the inclusion of FT System in the scope of consolidation.

5. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The value of the Equity Investments shown in the Consolidated Financial Statements as at 31st December 2019 amounts to Euro 3,413,462, entirely attributable to the Parent Company and compares with the zero balance as at 31st December 2018.

These are investments in the following companies:

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES			
Name	Operating headquarters	Equity investment %	Book value
ANTARES VISION INDIA PRIVATE LIMITED	MUMBAI, INDIA	51%	163,462
OROBIX SRL	BERGAMO, ITALY	37.5%	3,250,000

Their composition and changes are provided below:

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES		
Description	ANTARES VISION INDIA PRIVATE LIMITED	OROBIX SRL
Value as at 31/12/2018	-	-
Acquisitions	163,462	3,250,000
Impairment	-	-
Value at 31/12/2019	163,462	3,250,000

Antares Vision India Private Limited was founded on 20th April 2019, following the completion of a joint venture process with the Indian company Jay Instruments and Systems Private Limited.

Although the Parent Company Antares Vision S.p.A. holds a majority stake equal to 51% of the share capital, obtained at a subscription cost of Euro 163,462, it should be noted that in these Consolidated Financial Statements the stake has been valued according to the Equity Method due to the presence of shareholders' agreements leading to joint control. There were no effects on the income statement as the company is substantially at breakeven.

The Parent Company also holds a minority interest in Orobix S.r.l., a company based in Bergamo that operates in artificial intelligence systems of which Antares Vision S.p.A. acquired 37.5% of the share capital in December 2019 through a share capital increase. The equity investment is valued according to the Equity Method and recorded at a value of Euro 3,250,000. There were no effects on the income statement as the company is substantially at breakeven and the investment was acquired at the end of 2019.

6. INVESTMENTS IN OTHER COMPANIES

The item Investments in other companies, entirely formed during 2019, amounts to Euro 400,017, of which Euro 400,000 represented by the Parent Company's investment in Siempharma S.r.l..

Siempharma S.r.l. is a company active in the design and marketing of packaging machines, of which Antares Vision S.p.A. acquired 10% of the share capital on 28th January 2019 and herein recorded at purchase cost.

7. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets amounted to Euro 174,498 (Euro 100,687 as at 31st December 2018 and Euro 153,645 as at 1st January 2018) and relate to guarantee deposits paid to guarantee existing contracts.

8. PREPAID TAX ASSETS

Prepaid tax assets amount to Euro 9,688,125 (Euro 7,631,515 as at 31st December 2018 and Euro 6,291,492 as at 1st January 2018) and represent the temporary differences between the balance sheet values recorded in the financial statements of the individual Antares Vision companies and the corresponding values recognised for tax purposes, on the basis of the rates that are expected to be applied when these differences reverse, including the effects on non-current taxes deriving from first-time application of IFRS.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The composition and nature of the item is set out below:

PREPAID TAX ASSETS				
Description	Prepaid assets for IFRS application	Prepaid taxes for controlled losses	Other prepaid tax assets	Total
Value as at 01/01/2018	6,006,955	-	284,537	6,291,492
Change during the period	1,213,705	-	126,318	1,340,023
Value as at 31/12/2018	7,220,660	-	410,855	7,631,515
Change during the period	570,846	568,378	586,953	1,726,177
Effect of the change in the scope of consolidation	-	-	330,433	330,433
Value as at 31/12/2019	7,791,506	568,378	1,328,241	9,688,125

With regard to the value of Prepaid tax assets on losses of subsidiaries, formed during 2019, the amount of Euro 568,378 is entirely attributable to the company Antares Vision do Brasil. This value is calculated by applying the local tax rate of 34% on the tax loss recorded by the Brazilian subsidiary in 2019.

The Board of Directors considers this loss to be entirely temporary and has therefore deemed the conditions for recognising prepaid tax assets to be met.

The valuation was carried out in accordance with the general principle of prudence and it is the result of a Business Plan aimed at restoring the subsidiary's economic and financial equilibrium over the next 2 years, allowing the prepaid tax assets to be fully used to offset future taxable income.

The application of IFRS 15 resulted in the allocation of prepaid taxes for Euro 7,099,079 (Euro 5,901,416 as at 1st January 2018), the reversal of non-capitalised start-up costs for Euro 335,970, the entry relating to IFRS 16 for Euro 4,632 and the entry relating to IAS 19 for Euro 351,825 (Euro 105,539 as at 1st January 2018).

Other prepaid tax assets include the temporary differences generated by the elimination of unrealised intragroup margins, directors' fees that have not yet been paid, provisions for slow moving inventories and provisions for the guarantee fund.

CURRENT ASSETS

9. INVENTORIES

The value of Inventories as at 31st December 2019 was Euro 25,573,982 (Euro 22,240,898 as at 31st December 2018 and Euro 23,361,911 as at 1st January 2018), valued 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	Total inventories
Value as at 01/01/2018	14,581,422	485,401	8,295,088	23,361,911
Change during the period	2,779,944	257,593	-4,158,550	-1,121,013
Value as at 31/12/2018	17,361,366	742,994	4,136,538	22,240,898
Change during the period	-1,485,801	805,565	315,389	-364,847
Effect of the change in the scope of consolidation	1,801,975	507,088	1,388,868	3,697,931
Value as at 31/12/2019	17,677,540	2,055,647	5,840,795	25,573,982

During 2018, the method for configuring the cost of work in progress was changed from the sale price, determined on the basis of the state of processing, to the cost of materials used; the effect of this change, which is offset by a reduction in initial inventories, amounts to Euro 788, 283 (gross of the tax effect).

During 2019 the item Inventories increased from Euro 22,240,898 to Euro 25,573,982. The increase is due to the acquisition of FT System for a value that as at 31st December 2019 amounted to Euro 3,697,931 net of the obsolescence and slow-moving provision recorded in the financial statements of the subsidiary FT System S.r.l. for Euro 236,515 for raw, ancillary and consumable materials and Euro 381,747 for finished products (Euro 206,854 and Euro 377,003 as at 30th September 2019 respectively).

10. TRADE RECEIVABLES

Trade receivables have a maturity of less than 12 months and have therefore been recorded at their estimated realisable value, without the need 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 calculated on the basis of the examination of individual credit positions and taking into account past experience, specific by business and geographical area, as required by IFRS 9.

The changes in Trade receivables are shown below:

TRADE RECEIVABLES			
Description	Trade receivables	Provision for credit risks	Total trade receivables
Value as at 01/01/2018	32,237,499	488,633	31,748,866
Change during the period	9,213,542	99,884	9,313,426
Value as at 31/12/2018	41,451,041	388,749	41,062,292
Change during the period	7,182,642	255,408	6,927,234
Effect of the change in the scope of consolidation	7,871,690	151,459	7,720,231
Value as at 31/12/2019	56,505,373	795,616	55,709,757

As at 31st December 2019, the item amounted to Euro 55,709,757 (net of the related fund of Euro 795,616), compared to a balance of Euro 41,062,292 of the previous year (net of the related fund of Euro 388,749) and a balance of Euro 31,748,866 of 1st January 2018 (net of the related fund of Euro 488,633).

The increase recorded during 2019 is due to the enlargement of the consolidation area for Euro 7,720,231.

Antares Vision carefully evaluates the solvency of its customers, constantly monitors credit exposure and activates immediate debt collection procedures with counterparties for past due accounts. Legal action is rarely necessary.

Finally, it should be noted that there are no phenomena of commercial dependence or significant concentration with individual customers and the receivables portfolio is well broken down by geographical area, assuring country risk mitigation.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 OTHER RECEIVABLES

Other receivables amount to Euro 7,199,182 and compare with Euro 5,727,873 as at 31st December 2018. The voice is composed as follows:

OTHER RECEIVABLES				
Description	Tax receivables	Advances to suppliers	Other	Total other receivables
Value as at 01/01/2018	1,407,567	3,709,307	676,038	5,792,912
Change during the period	542,185	-	306,412	65,039
Value as at 31/12/2018	1,949,752	3,408,495	369,626	5,727,873
Change during the period	1,646,220	-	800,575	562,331
Effect of the change in the scope of consolidation	775,488	19,847	1,238,306	2,033,640
Value as at 31/12/2019	4,371,459	2,020,366	807,358	7,199,182

Tax receivables went from a balance of Euro 1,407,567 on 1st January 2018 to a balance of Euro 1,949,752 on 31st December 2018 to a balance of Euro 4,371,459 on 31st December 2019.

As at 31st December 2018, this item referred to the Parent Company for Euro 1,116,419 (mainly for VAT credit in addition to withholding tax and foreign VAT with refund), to Antares Vision Inc for Euro 618,691 (advances paid to the tax authorities), to Antares Vision do Brasil for Euro 130,657 (advances for taxes paid to the tax authorities).

As at 31st December 2019, the balance of Euro 4,371,459 refers to the Parent Company for Euro 3,820,046 and is mainly represented by the balance of direct taxes, receivable for Euro 2,297,361 as a result of a higher advance payment compared to the amount due at the end of the year, and VAT credit for Euro 1,382,490. The inclusion of FT System in the scope of consolidation contributes Euro 775,488.

The item Advances includes receivables for advances paid to suppliers, largely attributable to the Parent Company.

Other receivables moved from Euro 676,038 on 1st January 2018 to Euro 369,626 on 31st December 2018 and to Euro 807,358 on 31st December 2019. It mainly includes accrued income and prepaid expenses and, with regard to 2019 only, it is strongly influenced by the inclusion in the scope of consolidation of FT System, which includes in this item receivables due from the previous parent company.

12. OTHER CURRENT FINANCIAL ASSETS

The item Other current financial assets amounts to Euro 33,132,228 (Euro 23,282,246 as at 31st December 2018 and Euro 3,460,837 as at 1st January 2018) entirely attributable to the Parent Company.

OTHER CURRENT FINANCIAL ASSETS	
Description	Securities and deposit certificates
Value as at 01/01/2018	3,460,837
Changes during the period	19,821,409
Value as at 31/12/2018	23,282,246
Changes during the period	9,849,983
Value as at 31/12/2019	33,132,228

Significant cash investments were made during 2018. More specifically, the increase compared to 1st January 2018 is due to the purchase of certificates of deposit amounting to Euro 10,000,000, in addition to two policies for a further Euro 10,000,000 and periodic payments made in 2018 relating to Unibonus Impresa Plus policies.

During 2019, an additional 10,000,000 euros were invested in two class 1 insurance policies. It is deemed appropriate to provide below the details of current financial assets recognised in the Consolidated Financial Statements as at 31st December 2019.

It should be noted that the cost recorded as at 31st December 2019 approximates the fair value of the assets in the portfolio.

EQUITY SECURITIES IN PORTFOLIO HELD AT BCC DEL GARDA:

2,200 SHARES BCC DEL GARDA
PURCHASE COST INCURRED EURO 10,820
COUNTERVALUE AS AT 31/12/2019 NOMINAL EURO 10,820

EQUITY SECURITIES IN PORTFOLIO HELD AT BCC DI BRESCIA:

BCC SHARES OF BRESCIA
PURCHASE COST INCURRED EURO 1,434
COUNTERVALUE AS AT 31/12/2019 NOMINAL EURO 1,434

AXA MPS POLICY EFFECTIVE 18/02/2008, EXPIRY 18/02/2023, SINGLE PREMIUM

PURCHASE COST EURO 15,000

POLICY UNIBONUS IMPRESA PLUS NUMBER 3162527 24/08/2011 - 24/08/2021

AT CREDITRAS VITA SPA, PREMIUMS PAID OUT 104,974 EUROS

CERTIFICATE OF DEPOSIT ISIN CD08676AD24, EXPIRY 05/03/2021

HELD AT BCC DEL GARDA
COUNTERVALUE AS AT 31/12/2019 EURO 3,000,000

CERTIFICATE OF DEPOSIT ISIN CD08676SM12, EXPIRY 16/02/2021

HELD AT BCC DEL GARDA
COUNTERVALUE AS AT 31/12/2019 EURO 10,000,000

EUROVITA SPA POLICY ZA000000226, EFFECTIVE 12/12/2018

SINGLE PREMIUM
PURCHASE COST EURO 5,000,000

EUROVITA SPA POLICY 56210000026, EFFECTIVE 18/07/2019

SINGLE PREMIUM
PURCHASE COST EURO 4,000,000
POLICY CALI EUROPE S.A. EFFECTIVE 14/12/2018
SINGLE PREMIUM
PURCHASE COST EURO 11,000,000

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. CASH EQUIVALENTS AND SHORT TERM DEPOSITS

The balance of the item Cash and cash equivalents and short-term deposits, recorded at nominal value, amounts to Euro 85,199,801 and compares with Euro 39,336,931 last year and with Euro 12,292,475 on 1st January 2018.

CASH EQUIVALENTS AND SHORT TERM DEPOSITS				
Description	Bank and postal deposits	Money and other cash on hand	Prepaid payment cards	Total
Value as at 01/01/2018	12,290,388	2,087	-	12,292,475
Changes during the period	26,889,030	1,020	154,405	27,044,456
Value as at 31/12/2018	39,179,418	3,107	154,405	39,336,931
Changes during the period	38,397,624	640	-28,460	38,369,805
Effect of the change in the scope of consolidation	7,490,578	2,487	-	7,493,064
Value as at 31/12/2019	85,067,620	6,235	125,946	85,199,801

ASSETS HELD FOR SALE

As at 31st December 2019 there were no assets held for sale

SHAREHOLDERS' EQUITY

14. CAPITAL AND SHAREHOLDERS' EQUITY

The share capital as at 31st December 2019 amounted to Euro 142,606, Euro 142,420 paid in (Euro 127,612 as at 31st December 2018, fully paid in).

The share premium reserve recorded under Other reserves, on the other hand, had a value at the end of the year of Euro 89,983,361 (Euro 39,980,672 as at 31st December 2018).

The increase in share capital and share premium reserve compared to the previous year is linked to the Business combination with Alp.I S.p.A. and aimed at the listing of Antares Vision on the AIM market and, to a lesser extent, to the exercise of the Warrants issued in favour of the former shareholders of the SPAC itself. More specifically, as a result of the above-mentioned *Business Combination* transaction, the share capital increased by Euro 12,000 and the share premium reserve increased by Euro 50,988,000.

For further information, please refer to the Statement of Changes in the Consolidated Shareholders' Equity, included in the consolidated financial statements, where all the changes in the various items making up the Shareholders' Equity are analysed, and to the note on the method of accounting for the Business Combination with Alp.I.

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

	31/12/2019		31/12/2018	
	Shareholders' equity	of which: result for the year	Shareholders' equity	of which: result for the year
Shareholders' equity and result for the year as reported in the financial statements of the Parent Company	139,597,913	19,277,983	70,302,249	21,861,129
Surplus of shareholders' equity in the financial statements, including the results for the year compared to the book value of investments in consolidated companies	4,637,404	193,220	3,487,038	683,894
Foreign currency translation reserve	- 1,198,937	-	1,238,878	-
Elimination of unrealised margins	- 2,310,038	- 418,198	- 2,037,693	- 164,905
Net effect of leasing recognition using the financial method	869,926	283,792	369,279	188,185
Effect of the application of international accounting standards	- 24,445,542	2,746,142	- 18,452,434	- 2,831,575
<i>FTA Reserve</i>	- 15,250,613	-	- 15,250,613	-
<i>Effect of application of IFRS 15</i>	- 2,686,142	- 82,962	- 2,769,104	- 2,769,104
<i>Effect of application of IFRS 16</i>	- 11,970	- 11,970	-	-
<i>Effect of removal of non-capitalised costs</i>	- 868,222	- 814,429	- 53,794	- 53,794
<i>Employee Severance Fund discounting effect</i>	- 1,114,112	- 45,939	- 378,923	- 8,677
<i>Effect of IFRS 2 transaction Alp.I</i>	-	1,000,000	-	-
<i>Effect of change in fair value of warrants</i>	- 4,514,483	4,535,517	-	-
Shareholders' equity and result for the year as reported in the Group's financial statements	117,150,726	22,082,938	52,429,561	19,736,729
Minority interest in shareholders' equity and result	589,522	409,619	229,736	28,990
Consolidated shareholders' equity and result	117,740,248	22,492,557	52,659,297	19,765,719

NON-CURRENT LIABILITIES

15. NON-CURRENT LOANS AND FINANCING

As at 31st December 2019, non-current loans and borrowings amounted to Euro 84,409,815 (Euro 18,304,234 as at 31st December 2018 and Euro 872,929 as at 1st January 2018) entirely attributable to the Parent Company. The composition is shown below:

NON-CURRENT LOANS AND FINANCING			
Description	Medium/long-term loans (share over 12 months)	Warrants	Total non-current loans and financing
Value as at 01/01/2018	872,929	-	872,929
Change during the period	17,431,305	-	17,431,305
Value as at 31/12/2018	18,304,234	-	18,304,234
Change during the period	61,591,098	4,514,483	66,105,581
Effect of the change in the scope of consolidation	-	-	-
Value as at 31/12/2019	79,895,332	4,514,483	84,409,815

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As can be seen from the table, Non-current loans and financing mainly include payables to banks falling due beyond 12 months (the portion falling due within the next financial year is classified under Current loans and financing) and, for 2019 only, the financial liability generated by the issue of warrants in conjunction with the listing of Antares Vision S.p.A. on the AIM market.

Debt has significantly increased: already during 2018 the merger with HIT S.r.l., then parent company of Antares Vision S.p.A., led to the taking over of the loan originally signed by the holding company on 19/05/2017 with ICCREA Banca Impresa S.p.A. for a total nominal amount of Euro 20,000,000. During the financial year 2019, additional liquidity was raised for a total nominal amount of Euro 77,000,000. These are medium/long-term loans, negotiated by the Parent Company with leading credit institutions at particularly favourable conditions, thanks to the excellent credit rating enjoyed by Antares Vision. The contractual financial covenants are fully respected.

These cash resources were partially collected to fund the acquisition of FT System and the capital increase in Orobix, and partially for possible future acquisitions.

Below are details of medium/long-term loans divided by maturity:

Description	Residual debt as at 31/12/2019	Current loans and financing	Non-current loans and financing	Share over 5 years
FINANCING UNICREDIT	52,960	52,960	-	-
FINANCING CREBERG	64,286	42,857	21,429	-
FINANCING BNL	250,000	250,000	-	-
FINANCING BCC GARDA-ICCREA (EX HIT)	15,406,996	4,364,386	11,042,610	-
FINANCING MEDIOCREDITO	1,166,667	333,333	833,333	-
BCC GARDA FINANCING	1,363,391	338,296	1,025,095	-
MEDIOCREDITO FINANCING 10/07/19	49,874,304	4,871,251	45,003,052	5,087,344
FINANCING BPM 04527041	9,970,264	1,620,822	8,349,441	1,703,129
FINANCING BNL 23/12/2019	14,977,637	1,357,265	13,620,372	2,726,396
FINANCING BCC DEL GARDA 23/34314	2,000,000	2,000,000	-	-
CREDIT CARDS	1,178,614	178,615	-	-
Total	96,305,118	15,409,786	79,895,332	9,516,869

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 5th February 2019 approved a share capital increase, 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.

Warrant holders may decide to exercise the Warrants in whole or in part by requesting to subscribe shares at the subscription price (Euro 0.10 per share), provided that the average monthly price recorded is higher than the strike price (Euro 9.50 per share). Upon exercise, the holders of warrants will be assigned conversion shares on the basis of the exercise ratio calculated according to the following formula:

$$\frac{\text{Average Monthly Price} - \text{Strike Price}}{\text{Average Monthly Price} - \text{Subscription Price}}$$

$$\frac{\text{Average Monthly Price} - \text{Strike Price}}{\text{Average Monthly Price} - \text{Subscription Price}}$$

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 Warrant expiration date indicates the first one in time of the following dates: (i) the first trading day following the expiry of 5 years from the Business Combination with Alp.I and (ii) the first trading day following the expiry of 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 balanced by a corresponding change in Shareholders' Equity. Subsequent adjustments to the financial liability will be balanced in the Income Statement.

The table below shows the changes in this item from 18th April 2019, the date of the Parent Company's listing on the AIM Italia, Alternative Capital Market, of Borsa Italiana to the closing date of the financial year. The change of Euro 4,535,517 was recorded under Financial income.

Description	no. Warrants	Price	Financial liabilities
Value as at 18/04/2019	5,000,000	1.81	9,050,000
Changes during the period	-471,933	-0.81	-4,535,517
Value as at 31/12/2019	4,528,067	1.00	4,514,483

16. NON-CURRENT FINANCIAL LIABILITIES FOR LEASES

Financial liabilities for non-current leases amounted to Euro 6,878,811 (Euro 4,263,627 as at 31st December 2018 and Euro 4,238,039 as at 1st January 2018).

Antares Vision has adopted the new accounting standard IFRS 16 for the accounting of leasing and rental contracts. The application of this new standard did not generate significant effects on the Consolidated Income Statement as Antares Vision was already making use of the opportunity provided by It. Legislative Decree 127/91 by entering *leasing* contracts using the financial method.

Antares Vision assesses at the time of signing a contract whether it can be classified as a lease, that is:

- whether it confers the right to use an asset exclusively;
- 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 amortised on a straight-line basis from the effective date until the end of the useful life of the asset covered by the contract or until

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the expiry of the leasing contract, whichever comes first. At the same time as the right of use is recorded among the assets, *Antares Vision* enters the present value of the payments due including the price of any purchase option among the liabilities for leasing. The value of liabilities decreases as a result of payments made and may change if the contractual terms change. The discount rate used to determine the value of the liabilities is the *incremental borrowing rate*.

With regard to rental contracts relating to 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 contractual clauses.

Contracts with a total duration of 12 months or less have been excluded from the application of the principle, 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.

17. OTHER NON-CURRENT FINANCIAL LIABILITIES

As at 31st December 2019, other non-current financial liabilities amounted to Euro 12,946 and related entirely to the company *Antares Vision North America*. As at 31st December 2018 the item amounted to Euro 208,443, while as at 1st January 2018 it amounted to Euro 1,152,359. Their composition and changes are shown below:

OTHER NON-CURRENT FINANCIAL LIABILITIES			
Description	Horizon funding 2020	Other non-current financial liabilities	Total
Value as at 01/01/2018	772,556	379,803	1,152,359
Changes during the period	-772,556	-171,360	-943,916
Value as at 31/12/2018	-	208,443	208,443
Changes during the period	-	-195,498	-195,498
Value as at 31/12/2019	-	12,946	12,946

As at 31st December 2018 the Horizon 2020 loan is shown under the item Other current financial liabilities, while it was zero as at 31st December 2019.

18. NET LIABILITIES FOR PENSION FUNDS

The item Net liabilities for pension funds is shown in the Consolidated Financial Statements as at 31st December 2019 for Euro 5,686,808 and it is compared with the balance of Euro 2,600,740 as at 31st December 2018 and Euro 2,013,120 as at 1st January 2018.

The item consists of the Employee Severance Indemnity (T.F.R.) recorded for the benefit of the employees of the Italian companies *Antares Vision S.p.A.* and *FT System S.r.l.*. The change during the year is represented by the provision for the year net of disbursements made to employees and the effect of discounting back the existing debt 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 indemnity already set aside and of the future severance indemnity shares that will be accrued until the projected time of payment, projecting the employee's remuneration;
- determination for each employee of the probable payments of the severance indemnity 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 requests for advances;
- discounting to the valuation date of each probable payment;
- re-proportioning, for each employee, of the probable services and discounted on the basis of seniority accrued at the valuation date compared to the overall seniority corresponding to the projected date of liquidation.

More in detail, the 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 requirements appropriate to It. Legislative Decree no. 4/2019

Below is a list of the economic technical bases used:

ECONOMIC ASSUMPTIONS				
Description	31/12/2019	30/09/2019	31/12/2018	01/01/2018
Annual discount rate	0.77%	0.47%	1.57%	1.30%
Annual inflation rate	1.20%	1.50%	1.50%	1.50%
Annual rate of increase in severance indemnity (T.F.R.)	2.40%	2.63%	2.63%	2.63%
Real annual salary increase rate	1.00%	1.00%	1.00%	1.00%

The figure as at 30/09/2019 concerns the consolidated company FT System S.r.l. in these Consolidated Financial Statements as from 01/10/2019

The annual frequency of advances and turnover shown in the table below are taken from the historical experiences of *Antares Vision* and from the results of a benchmarking analysis with similar companies:

TURNOVER AND ADVANCES HYPOTHESIS			
Description	31/12/2019	31/12/2018	01/01/2018
Frequency of advances	1.50%	1.50%	1.50%
Frequency of turnover	2.50%		2.50%

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Below is a reconciliation of the IAS 19 valuations between the value at the beginning of the period and the value as at 31st December 2019:

IAS 19 EVALUATIONS RECONCILIATION			
Description	ANTARES VISION 31/12/2019	FT SYSTEM 31/12/2019	TOTAL 31/12/2019
Defined Benefit Obligation (DBO) beginning of period (*)	2,600,739	2,093,570	4,694,309
Service Cost	828,590	95,151	923,741
Interest Cost	33,306	2,431	35,737
Benefits paid	-47,785	-48,489	-96,274
Transfers in/(out)	-	-	-
Expected DBO end of period	3,414,850	2,142,663	5,557,514
A(G)/L from experience	37,407	5,361	42,768
A(G)/L from change of demographic assumptions	-	-	-
A(G)/L from discount rate exchange	267,015	-197,858	69,157
Defined Benefit Obligation (DBO) end of period	3,719,272	1,950,166	5,669,439

* for the Company FT System this means 01/10/2019

With regard only to Antares Vision S.p.A., the reconciliation of the IAS 19 valuations between the value as at 1st January 2018 and the value as at 31st December 2018 is as follows:

IAS 19 EVALUATIONS RECONCILIATION	
Description	ANTARES VISION 31/12/2018
Defined Benefit Obligation (BOD) beginning of period	2,013,120
Service Cost	594,329
Interest Cost	25,652
Benefits paid	-79,779
Transfers in/(out)	-
Expected DBO end of period	2,553,322
A(G)/L from experience	164,548
A(G)/L from change of demographic assumptions	-
A(G)/L from discount rate exchange	-117,130
Defined Benefit Obligation (DBO) end of period	2,600,739

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS		
Description	ANTARES VISION DBO 31/12/2019	FT SYSTEM DBO 31/12/2019
Turnover rate +1%	3,628,703	1,891,805
Turnover rate -1%	3,827,350	2,019,458
Inflation rate +0.25%	3,844,176	2,020,647
Inflation rate -0.25%	3,599,989	1,882,933
Discount rate +0.25%	3,570,569	1,867,285
Discount rate -0.25%	3,877,340	2,038,357

The following table shows the contribution for the next financial year and the average financial duration of the obligation as required by IAS 19:

SERVICE COST AND DURATION		
Description	ANTARES VISION	FT SYSTEM
Service cost in the future	1,011,088	338,622
Duration	24.3	24.2

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

ESTIMATED FUTURE DISBURSEMENTS		
Years	ANTARES VISION	FT SYSTEM
1	271,436	64,213
2	161,321	74,854
3	189,110	85,086
4	215,883	94,912
5	241,598	104,355

19. DEFERRED TAXES

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

As at 31st December 2019, deferred tax liabilities recorded in the balance sheet amounted to Euro 356,839, up from the amount of Euro 145,542 in the previous year.

The amount refers for Euro 329,578 to deferred taxes generated by accounting for leases using the financial method (Euro 145,542 as at 31st December 2018).

DEFERRED TAXES			
Description	Deferred taxes for application of IAS 17/IFRS 16	Other deferred taxes	Total
Value as at 01/01/2018	-	-	-
Change during the period	145,542	-	145,542
Value as at 31/12/2018	145,542	-	145,542
Change during the period	184,036	27,261	211,297
Effect of the change in the scope of consolidation	-	-	-
Value as at 31/12/2019	329,578	27,261	356,839

20. OTHER NON-CURRENT LIABILITIES

As at 31st December 2019 the item Other non-current liabilities amounted to Euro 620,500, compared to the balance of Euro 337,753 as at 31st December 2018 and the zero balance as at 1st January 2018.

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OTHER NON-CURRENT LIABILITIES			
Description	Customers advances beyond the year	Other non-current liabilities	Total
Value as at 01/01/2018	-	-	-
Changes during the period	-	337,753	337,753
Value as at 31/12/2018	-	337,753	337,753
Changes during the period	-	-304,633	-304,633
Effect of the change in the scope of consolidation	587,380	-	587,380
Value as at 31/12/2019	587,380	33,120	620,500

The amount of Euro 337,753 as at 31st December 2018 includes Euro 263,836 from the Parent Company Antares Vision S.p.A. and relating to the balance due to directors and statutory auditors for fees and remuneration for the year (Euro 192,292) and insurance adjustments (Euro 71,544).

The amount recorded as at 31st December 2019 is instead attributable for Euro 587,380 to the recording by FT North America of advances from customers scheduled to close after 12 months.

CURRENT LIABILITIES

21. CURRENT LOANS AND FINANCING

Current loans and financing amounted to Euro 15,600,163, compared to the balance of Euro 7,198,070 in the previous year and Euro 742,195 on 1st January 2018.

CURRENT LOANS AND FINANCING				
Description	Medium/long-term loans (share within 12 months)	Credit Cards	Other current loans	Total current loans and financing
Value as at 01/01/2018	742,195	-	-	742,195
Change during the period	6,084,621	181,820	189,434	6,455,875
Value as at 31/12/2018	6,826,816	181,820	189,434	7,198,070
Change during the period	8,404,356	3,206	944	8,402,093
Effect of the change in the scope of consolidation	-	-	-	-
Value as at 31/12/2019	15,231,172	178,614	190,378	15,600,163

This item includes the portion within 12 months of medium/long-term loans that the Parent Company has in place with leading banks. Reference should be made to note 15 on non-current loans and financing for a more detailed analysis of the nature and formation of this item

The amount of Euro 178,614 refers to the debit balance of corporate credit cards.

Other current loans include the last portion of a loan that the Parent Company obtained from Finlombarda.

22. CURRENT FINANCIAL LIABILITIES FOR LEASES

Financial liabilities for current leases amount to Euro 880,920 (Euro 2,443,500 as at 31st December 2018 and Euro 315,297 as at 1st January 2018) and represent the portion due within twelve months of payables to leasing companies following the application of IFRS 16. Please refer to the section Financial liabilities for non-current leases

23. OTHER CURRENT FINANCIAL LIABILITIES

Aa at 31st December 2019, the item Other current financial liabilities amounted to Euro 568,648, compared with Euro 1,535,558 last year.

Changes in this item during the year were as follows, entirely attributable to Antares Vision S.p.A.:

OTHER CURRENT FINANCIAL LIABILITIES				
Description	Derivative financial instruments	Horizon Financing 2020	Other current financial liabilities	Total
Value as at 01/01/2018	23,605	-	197,117	220,722
Changes for the period	52,680	1,459,272	-197,117	1,511,953
Value as at 31/12/2018	76,285	1,459,272	-	1,535,558
Changes for the period	492,362	-1,459,272	-	-966,910
Value as at 31/12/2019	568,648	-	-	568,648

The amount of Euro 568,648 represents the change in the fair value of the following derivative financial instruments subscribed by the Parent Company:

- contract T16CER090-BAL in place at ICCREA Banca Impresa S.p.A. signed on 22/12/2016 with final expiry date 01/02/2026 to hedge the interest rate change risk on the real estate lease in place relating to the Travagliato headquarters whose MTM (*mark to market*) as at 31/12/2019 was equal to Euro -88,719 (positive for Bank, negative for Customer), while as at 31st December 2018 it was equal to Euro -33,086 and as at 1st January 2018 it was equal to Euro -9,233;
- contract 11383261 in place at Unicredit Banca S.p.A. signed on 21/12/2017 with final expiry date 01/12/2026 to hedge the interest rate change risk on the real estate lease in place relating to the production site in Sorbolo whose MTM (*mark to market*) as at 31/12/2019 was equal to Euro -53,958 (positive for Bank, negative for Customer), while as at 31st December 2018 it was equal to Euro -32,070 and as at 1st January 2018 it was equal to Euro -14,372;
- contract 28222141 in place at Intesa Sanpaolo S.p.A. stipulated on 20/11/2018 with final maturity on 15/06/2023 originally signed to hedge the risk of interest rate change on the loan for the restructuring of the Torbole Casaglia production site whose MTM (*mark to market*) at 31/12/2019 was equal to Euro -12,214 (positive for Bank, negative for Customer);
- contracts T19MCE025-BAL and T19MCE026-BAL28222141 in place at ICCREA Banca Impresa S.p.A. originally entered into by HIT S.r.l. with final maturity on 31/03/2023 to hedge the risk of interest rate changes on a medium/long-term loan, renegotiated during 2019, whose MTM (*mark to market*) as at 31/12/2019 was equal to Euro -119,857 (positive for Bank, negative for Customer);
- 32305347 contracts in place at Intesa Sanpaolo S.p.A. signed on 08/07/2019 with final maturity on 30/06/2025 to hedge the risk of interest rate changes on the unsecured loan for the original amount of Euro 30 million, then renegotiated to Euro 50 million, whose MTM (*mark to market*) as at 31/12/2019 was equal to Euro - 293,900 (positive for Bank, negative for Customer);
- contract 22754491 in place with BNL, BNP Paribas Group, valid from 31/12/2019 to 31/12/2025 signed to hedge the risk of interest rate fluctuations on the unsecured loan for a notional amount of Euro 15 million, whose MTM (*mark to market*) as at 31/12/2019 was Euro 0.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Despite the hedging purpose, the derivatives were treated as speculative for accounting purposes, as it was not possible to demonstrate in detail the hedging relationship between the derivative and the hedged item.

With reference to the loan Horizon 2020, as already explained in note 17, during 2018 it was reclassified under Other current liabilities. This is a non-repayable loan whose last disbursements were made in the first months of 2019 and only after the final certification was issued by the disbursing body was the corresponding income recognised under Operating grants.

24. PROVISIONS FOR CURRENT RISKS AND CHARGES

As at 31st December 2019 the item Provisions for current risks and charges amounts to Euro 452,601 and compares with a balance of Euro 63,839 as at 31st December 2018 and Euro 42,763 as at 1st January 2018. Its composition and changes are shown below:

PROVISIONS FOR CURRENT RISKS AND CHARGES			
Description	Products warranty fund	Fund for ongoing disputes	Total
Value as at 31/12/2018	42,763	-	42,763
Changes during the period	21,076	-	-
Value as at 31/12/2018	63,839	-	115,755
Changes during the period	42,441	-	- 53,983
Effect of the change in the scope of consolidation	326,928	19,393	390,829
Value as at 31/12/2019	433,208	19,393	452,601

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 the sharp increase recorded at 31st December 2019 is represented by the inclusion of FT System in the scope of consolidation. This item also includes the estimated potential liabilities for outstanding legal disputes, to which the amount of Euro 19,393 attributable to FT System S.r.l. refers.

25. CONTRACTUAL LIABILITIES

As explained in greater detail in the section on First Time Adoption, the application of IFRS 15 has led to a deferral of revenues compared with Italian accounting standards due to the fact that they can only be recognised after the two performance obligations inherent in contracts with customers have been met: delivery of the goods and installation.

This deferral generated an FTA Reserve as at 1st January 2018 equal to Euro 15,250,613. The value recorded under Contractual liabilities corresponds to the value of the goods (net of the related cost of sales) delivered to the customer but for which the installation phase has not yet been completed. Its changes as of 1st January 2018 are shown below.

CONTRACTUAL LIABILITIES	
Description	Contractual liabilities
Value as at 31/12/2018	21,152,029
Changes during the period	4,224,975
Value as at 31/12/2018	25,377,005
Changes during the period	- 67,723
Value as at 31/12/2019	25,309,281

26. TRADE PAYABLES

The balance of the item Trade payables is equal to Euro 19,243,832 (Euro 12,055,988 as at 31st December 2018 and Euro 10,298,966 as at 1st January 2018), entirely with a duration of less than twelve months.

TRADE PAYABLES	
Description	Trade payables
Value as at 01/01/2018	10,298,966
Changes during the period	1,757,022
Value as at 31/12/2018	12,055,988
Changes during the period	2,598,161
Effect of the change in the scope of consolidation	4,589,682
Value as at 31/12/2019	19,243,832

The increase recorded by this item over the last two financial years is partially linked to a revision of the payment conditions in place with suppliers which, thanks to the high standing of Antares Vision and the by now loyal relationship with them, have allowed for a deferral of deadlines. The significant change that occurred in 2019 is, however, largely attributable to the inclusion of FT System in the scope of consolidation, which contributes by Euro 4,589,682.

27. OTHER PAYABLES

The item Other payables amounts to Euro 19,330,305 and compares with Euro 21,031,718 as at 31st December 2018 and Euro 24,673,337 as at 1st January 2018.

The composition of this item is shown below:

OTHER PAYABLES						
Description	Advances from customers	Payables to personnel	Payables to social security institutions	Tax payables	Accruals and deferrals	Total
Value as at 01/01/2018	19,447,723	1,521,009	872,224	2,821,058	11,323	24,673,337
Changes of the period	-5,217,187	650,754	340,320	581,343	3,151	-3,641,619
Value as at 31/12/2018	14,230,536	2,171,763	1,212,544	3,402,401	14,474	21,031,718
Changes of the period	-4,830,230	-50,791	641,850	-2,300,037	119,035	-6,420,173
Effect of the change in the scope of consolidation	499,164	1,942,267	307,844	1,857,493	111,991	4,718,759
Value as at 31/12/2019	9,899,470	4,063,239	2,162,238	2,959,857	245,500	19,330,305

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Advances from customers relate to amounts collected from customers as an advance for sales in progress.

Payables to personnel include payables for salaries and wages still open at the end of the financial year. As at 31st December 2019, they were affected by the inclusion in the scope of consolidation of FT System for Euro 1,942,267.

The item Payables to social security institutions amounts to Euro 2,162,238 (Euro 1,212,544 as at 31st December 2018 and Euro 872,224 as at 1st January 2018) and is attributable for Euro 1,362,540 to the Parent Company (Euro 998,873 as at 31st December 2018 and Euro 761,065 as at 1st January 2018). It includes payables to INPS and INAIL of Italian companies and those to local social security institutions of foreign companies.

The item Tax payables includes direct taxes payable, net of any advances paid, and the amounts withheld from employees' salaries.

The balance as at 31st December 2018, equal to Euro 3,402,401, up compared to the balance of Euro 2,821,058 as at 1st January 2018, is attributable to the Parent company for Euro 2,773,161.

As at 31st December 2019, the item amounted to Euro 2,959,857 and was affected by the inclusion of FT System in the scope of consolidation by Euro 1,857,493. With regard to Antares Vision S.p.A., the balance of direct taxes for 2019 is classified under Tax receivables because the payments on account were higher than the debt at the end of the year.

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

INCOME STATEMENT

28. REVENUES

Revenues as at 31st December 2019 amounted to Euro 122,203,444. This figure is significantly affected by the change in the scope of consolidation that occurred on 30th September 2019 following the acquisition of FT System.

REVENUES	
Description	Revenues
Value as at 31/12/2018	113,537,838
Value as at 31/12/2019	122,203,444

Change	8,665,606
of which FT sub-group	7,061,915

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

REVENUES		
Description	2019	2018
AFRICA	1,365,851	149,686
NORTH AMERICA	11,412,231	13,053,201
SOUTH AMERICA	3,373,291	583,598
ASIA	8,593,216	6,472,852
NORTHERN EUROPE	19,720,970	12,441,387
WESTERN EUROPE	26,988,740	28,250,335
EASTERN EUROPE	18,100,699	21,201,457
ITALY	25,119,259	24,687,449
MIDDLE EAST	7,529,187	6,697,874
Total	122,203,444	113,537,838

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

Market	2019	2018
INDUSTRIAL	12,034,161	5,303,537
SERVICES	681,098	110,835
T&T	934,734	1,045,025
VISION SYSTEMS	10,060,079	4,147,677
INSPECTION MACHINES	358,250	-
PHARMA	109,340,153	106,932,689
SERVICES	9,395,649	5,635,440
SMART DATA	1,658,370	1,800,401
T&T	78,193,560	81,585,344
VISION SYSTEMS	16,901,513	17,053,759
INSPECTION MACHINES	3,191,061	857,745
SUPPLIERS	829,130	1,301,612
Grand total	122,203,444	113,537,838

29. OTHER INCOME

As at 31st December 2019, the item Other income amounted to Euro 3,450,243, mostly relating to the Parent Company, compared to Euro 1,326,134 in the previous year.

The composition and changes of the item are shown below:

OTHER INCOME			
Description	Operating grants	Other revenues	Total
Value as at 31/12/2018	971,321	354,813	1,326,134
Value as at 31/12/2019	2,767,114	683,129	3,450,243
Change	1,795,793	328,316	2,124,109
of which FT sub-group	-	7,186	7,186

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating grants, almost exclusively related to the Parent Company, include Euro 992,221 relating to the tax credit for Research and Development activities carried out in 2018 and Euro 1,716,791 relating to the non-refundable grant assigned by the European Commission for the Lyo-Check project under the Horizon 2020 call for proposals.

30. CHANGE IN FINISHED AND SEMI-FINISHED PRODUCTS

The change in finished and semi-finished products was positive for Euro 1,863,543. Related composition and changes are shown below:

CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS			
Description	Change in inventories of finished products	Change in inventories of semi-finished products and work in progress	Total
Value as at 31/12/2018	-1,826,641	-2,459	-1,829,099
Value as at 31/12/2019	2,077,906	-214,363	1,863,543
Change	3,904,547	-211,904	3,692,643
of which excluding FT sub-group	3,840,175	-441,628	3,398,548
of which FT sub-group	64,372	229,723	294,095

31. RAW MATERIALS AND CONSUMABLES

Raw materials and consumables amounted to Euro 32,555,339, compared to Euro 34,592,234 at 31st December 2018.

RAW MATERIALS AND CONSUMABLES				
Description	Change in inventories of raw materials	Goods	Consumables	Total
Value as at 31/12/2018	-1,756,939	34,933,024	1,416,148	34,592,234
Value as at 31/12/2019	2,549,350	28,637,009	1,368,980	-32,555,339
Change	4,306,289	-6,296,016	-47,167	-2,036,894
of which excluding FT sub-group	4,459,068	-8,296,379	-296,750	-4,134,061
of which FT sub-group	-152,780	2,000,364	249,583	2,097,167

The reduction compared to last year (-5.9%) was offset by the inclusion of FT Sytem in the scope of consolidation, which contributes Euro 2,097,167 to the total item Raw materials and consumables. Excluding this effect, the reduction is 12% and it is linked to a different mix of products offered with an increasing incidence of the services component.

32. PERSONNEL COSTS

Personnel costs amounted to Euro 34,272,789, compared with Euro 24,528,610 as at 31st December 2018.

TOTAL PERSONNEL COSTS							
Description	Salaries and wages	Associates	Temporary work	Social security charges	Provision to T.F.R.	Other personnel expenses	Total
Value as at 31/12/2018	15,317,842	2,646,310	187,941	4,264,424	705,370	1,406,723	24,528,610
Value as at 31/12/2019	21,702,752	3,240,687	271,269	6,427,893	902,170	1,728,018	34,272,789
Change	6,384,910	594,378	83,328	2,163,468	196,800	321,295	9,744,179
of which FT sub-group	1,666,110	-	1,283	420,017	105,772	75,027	2,268,209

The increase in payroll costs (+39.7%) is 23.3% attributable to the inclusion of FT System in the scope of consolidation. Excluding this incidence, the increase in this item is 30.4% compared to the figure at 31st December 2018 and is consistent with the hiring policy implemented during the year to provide Antares Vision with the human capital needed to meet the expected growth. The increase in human resources, outlined in the table below, should be considered as a planned investment for the future, aimed at implementing the strategy of Antares Vision.

Position	Apprentices	Production workers	Office workers	Middle managers	Managers	Total as at 31/12/2019	Total as at 31/12/2018
Antares Vision	16	1	335	16	3	371	279
Imago Technologies			28			28	12
Antares Vision do Brasil			30		1	31	16
Antares Vision North America			38			38	35
Antares Vision France			13			13	12
Antares Vision Ireland			2			2	3
Antares Vision Russia			11			11	N/A
TOTAL EXCLUDING FT GROUP	16	1	457	16	4	494	357
FT System	14	28	73	5	1	121	N/A
FT Hexagone			7			7	N/A
FT North America			11		1	12	N/A
TOTAL INCLUDING FT GROUP	30	29	548	21	6	634	N/A

For a better comparability with last year, it was deemed appropriate to show separately the data of FT System, acquired in 2019. It should be noted that the table does not include the subsidiary Antares Vision India Private Limited in which the company holds 51% of the share capital but which is not consolidated as it is a joint venture and the subsidiary Antares Vision Asia Pacific Limited which had no employees as at 31st December 2019.

33. AMORTISATION AND DEPRECIATION

As at 31st December 2019, the balance of the item Amortisation, depreciation and write-downs amounts to Euro 1,743,512 and compares with the balance of Euro 556,443 of the previous year.

In detail, amortisation of intangible fixed assets amounted to Euro 564,578 (Euro 325,683 as at 31st December 2018), depreciation of tangible fixed assets amounted to Euro 385,530 (Euro 230,760 as at 31st December 2018), amortisation of rights of use amounted to Euro 793,404 (not present as at 31st December 2018 as Antares Vision used the retrospective method modified for the first-time application of IFRS 16).

The increase is significantly affected by the first application of IFRS 16, already extensively discussed in the previous sections of this document, and by the inclusion in the consolidation area of FT System, which during the fourth quarter of 2019 (the period pertaining to Antares Vision following the acquisition) recorded amortisation and depreciation for Euro 642,366.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. NET WRITE-DOWN OF FINANCIAL ASSETS

The item Net write-down of financial assets includes the write-down of trade receivables which as at 31st December 2019 amounted to Euro 280,782.

NET WRITE-DOWN IN FINANCIAL ASSETS	
Description	Net write-down in financial assets
Value as at 31/12/2018	220,283
Value as at 31/12/2019	280,782
Change	60,499
of which FT sub-group	22,647

This is a prudent provision whose estimate was made on the basis of historical experience and the trend in the seniority indexes of loans.

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

The composition of customers is such that there is no situation of commercial dependence: the loan portfolio is well broken down by geographical area and customer group.

35. INCREASES OF FIXED ASSETS FOR DEVELOPMENT COSTS

The item Increases in fixed assets for development costs amounts to Euro 3,619,619, of which Euro 3,495,704 relating to the Parent Company and Euro 123,915 relating to the subsidiary FT System S.r.l..

INCREASES OF FIXED ASSETS FOR DEVELOPMENT COSTS	
Description	Increases of fixed assets for development costs
Value as at 31/12/2018	1,238,043
Value as at 31/12/2019	3,619,619
Change	2,381,576
of which FT sub-group	123,915

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

36. COMMISSIONS FOR AGENTS

As at 31st December 2019, commissions for agents amounted to Euro 3,088,830, down from Euro 3,480,760 last year.

COMMISSIONS FOR AGENTS	
Description	Commissions for agents
Value as at 31/12/2018	3,480,760
Value as at 31/12/2019	3,088,830
Change	-391,930
of which FT sub-group	178,203

This item includes the cost of commissions paid to foreign agents, representatives and business procurers which Antares Vision uses to promote the conclusion of contracts in particular markets and geographical areas.

37. INSTALLATION COSTS

The item Installation costs amounts to Euro 5,241,092 and includes expenses incurred for installations entrusted to commercial partners.

Changes in this item are shown in the following table:

INSTALLATION COSTS	
Description	Installation costs
Value as at 31/12/2018	4,024,999
Value as at 31/12/2019	5,241,092
Change	1,216,093
of which FT sub-group	74,046

The increase, equal to Euro 1,216,093 (+30.2%), is linked to the increasing incidence of the services component in the offer of products to customers and is counterbalanced by the re-invoicing of these expenses to the end customer.

38. OTHER OPERATIONAL EXPENSES

The item Other operational expenses amounted to Euro 27,038,595 and showed the following changes during 2019:

OTHER OPERATIONAL EXPENSES									
Description	Software licenses and fees	General services and insurance	Travel expenses	Third party processing	Advertising and marketing	Consulting and professional fees	Remuneration to corporate bodies	Other	Total
Value as at 31/12/2018	2,500,256	1,785,498	5,378,152	7,698,461	2,044,906	2,184,633	994,792	1,140,129	18,726,834
Value as at 31/12/2019	3,359,539	2,251,290	6,515,310	4,370,828	2,313,621	4,116,373	1,480,175	2,631,459	27,038,595
Change	859,787	465,792	1,137,158	1,677,361	768,715	1,931,740	485,383	1,491,330	8,311,760
of which FT sub-group	153,295	199,573	539,713	117,302	142,556	154,879	65,083	99,734	1,472,135

The increase in this item reflects the inclusion of FT System in the scope of consolidation, which contributed Euro 1,472,135.

Travel expenses are largely related to expenses incurred during installation and technical assistance and are offset by re-invoicing to the customer.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consultancy and professional fees include the accessory charges for the acquisition of the stake in FT System, fully expensed in the Income Statement as required by IFRS 3, and the costs associated with the Parent Company's listing process, since it cannot be capitalised in accordance with International Accounting Standards.

39. FINANCIAL CHARGES

Financial charges amounted to Euro 1,426,330, compared with Euro 619,625 last year.

FINANCIAL CHARGES	
Description	Financial charges
Value as at 31/12/2018	619,625
Value as at 31/12/2019	2,426,330
Changes during the period	1,806,705
of which FT sub-group	4,942
of which business combination with Alp.I	1,000,000

The amount of Euro 1 million, deriving from the accounting of the business combination with Alp.I, represents the difference between the fair value of the net assets acquired and the fair value of the shares transferred in exchange. For further details on the accounting method of this business combination, please refer to the relevant section.

The composition of the item Financial charges is shown below:

FINANCIAL CHARGES						
Description	Change in fair value of derivative instruments	Interest expenses IFRS 16	Interest payable on medium/long-term debts	Interest cost T.F.R.	Other Financial charges	Total
Value as at 31/12/2018	52,681	134,227	276,510	25,652	130,555	619,625
Value as at 31/12/2019	570,076	105,473	494,717	15,354	1,240,710	2,426,330
Changes during the period	517,395	-28,753	218,207	-10,298	1,110,154	1,806,705
of which FT sub-group	-	2,386	-	-	2,555	4,941
of which business combination with Alp.I	-	0	-	-	1,000,000	1,000,000

40. FINANCIAL INCOME

The changes in the item Financial income, which at 31st December 2019 amounted to Euro 4,644,959, are shown in the table below:

FINANCIAL INCOME	
Description	Financial Income
Value as at 31/12/2018	86,532
Value as at 31/12/2019	4,644,959
Changes during the period	4,558,427
of which FT sub-group	201

This item includes the change in the fair value of the Warrants issued by the Parent Company at the same time as

the listing and still in circulation at the end of the year. As already mentioned in the section Non-current loans and financing to which reference should be made, since these are financial instruments whose exercise gives the right to the delivery of a variable number of shares, the difference of Euro 4,535,517 with respect to the issue value must be shown in the Income Statement.

41. FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange gains and losses were positive for Euro 92,323 (Euro 390,114 at 31st December 2018) and include the exchange differences generated by the settlement of assets and liabilities in foreign currencies or by the translation at rates different from those at which they were translated at the time of initial recognition.

42. INCOME TAXES

Income taxes as at 31st December 2019 amounted to Euro 6,734,304 (Euro 7,453,828 at 31st December 2018).

As at 31st December 2019, there were no temporary differences and tax losses accrued on which deferred tax assets and/or liabilities had not been recognised.

INCOME TAXES										
Description	Current taxes	Prepaid taxes Alp.I	Application of IFRS 16	Prepaid taxes on controlled losses	Elimination of unrealised margins in inventories	Application of IFRS 15	Removal of non capitalised costs	Discounting Employee Severance Fund	Others	Total
Value as at 31/12/2018	8,626,259	-	72,216	-	-63,812	-1,178,768	-20,816	-2,740	21,490	7,453,828
Value as at 31/12/2019	6,519,335	1,076,896	105,185	-581,553	-111,852	-18,895	-315,153	-14,507	74,849	6,734,304
Change	-2,106,924	1,076,896	32,969	-581,553	-48,040	1,159,873	-294,337	-11,767	53,359	-719,524

The incidence of FT System on this item is not very significant: current taxes amount to Euro 246,176 and the deferred taxation generated by the application of international accounting standards is negligible.

Below we present the reconciliation between the theoretical taxes, calculated using the Parent Company's tax rate (27.9%) and the actual taxes from the Consolidated Financial Statements.

	2019	%	2018	%
Result before taxes	30,226,862		27,219,547	
Theoretical taxes	8,433,295	27.90%	7,594,254	27.90%
Different IRAP taxable effect	73,599	0.24%	6,401	-0.02%
Untaxed operating grants	-		232,181	-0.85%
Deduction of own invested capital (ACE)	-		349,128	-1.16%
Unpaid directors' fees	-		67,290	0.36%
Non-deductible costs	188,858	0.72%	22,720	0.08%
IRAP deduction of the cost for employees	-		340,780	-1.13%
Use of prepaid tax assets	-		1,076,896	-3.56%
Effect of other foreign legislation	110,779	0.37%	147,988	0.54%
Total	6,734,304	22.28%	7,453,828	27.38%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share is obtained as the ratio between the Group's profit reported in the Consolidated Financial Statements and the weighted average number of shares outstanding during the period, net of any treasury shares in portfolio.

Diluted earnings per share is obtained as 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. unsubscribed) with a dilutive effect.

EARNINGS PER SHARE	
Description	
Profit attributable to ordinary shareholders of the Parent Company	22,082,939
Dilution effect	- 4,535,517
Total post-dilution profit	17,547,422
Weighted average number of ordinary shares	55,883,335
Weighted average potential ordinary shares	378,418
Weighted average number of potential ordinary shares	56,261,752
Earning per Share (EPS)	0.40
Earning per Share (EPS) diluted	0.31

The table does not show the comparison as at 31st December 2018 because at that date the Parent Company was a Limited Liability Company, a legal form that does not require the share capital to be divided into shares.

OTHER INFORMATION

GUARANTEES GIVEN, COMMITMENTS AND OTHER CONTINGENT LIABILITIES

As at 31st December 2019, the Group had provided guarantees to its customers consisting of Euro 465,095 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 1,746,597 in advance bonds on advances already received from customers.

INFORMATION RELATED TO RISKS

MARKET-RELATED RISKS

Antares Vision continuously monitors potential more aggressive competition from manufacturers benefiting from lower input costs, or willing to bear the effects of significant price reduction policies. Antares Vision faces these risks by designing and developing technologies that are always on the cutting edge and in continuous innovation and by pursuing a strategy of diversification towards new geographical areas and new sectors such as beverage, luxury and cosmetics.

CREDIT RISK

The exposure to credit risk is represented by the book value of trade receivables, aligned to their estimated realisable value.

This risk is mitigated by a careful assessment of customer solvency, continuous monitoring of credit exposure and immediate contact with counterparties about past due accounts.

LIQUIDITY RISK

Thanks to its equity and financial structure, as well as the level of credit granted to it by the banking system, Antares Vision does not observe particular liquidity risks. The existing debt is mainly deferred over the medium to long term and offset by available liquidity.

INTEREST RATE RISK

With regard to interest rate risk, we point out that Antares Vision's financial exposure is linked to variable interest rates with particularly advantageous spreads due to the excellent rating it enjoys. To further limit the interest rate risk, Antares Vision, and in particular Antares Vision S.p.A., adopts hedging policies and use hedging derivatives.

FOREIGN EXCHANGE RISK

With regard to foreign exchange risk, although Antares Vision operates significantly in the foreign trade market, the sales prices applied to customers are mainly in Euro. In general, transactions in foreign currency are currently of negligible amount.

ENVIRONMENTAL RISK

With regard to environmental risks, Antares Vision operates with production processes that have a low impact on the territory, in terms of consumption of natural resources, waste production and emission of pollutants. Please refer to the section Environmental and Personnel Information for more detailed information.

OTHER EXTERNAL RISKS

The recent health emergency linked to the spread of the Coronavirus (COVID-19) has been managed by taking all the measures ordered by the Authorities, aimed at ensuring health and safety and limiting the spread of the virus. Extensive use has been made of remote working and, where not possible, the hygiene rules issued by the Ministry of Health have been implemented and strictly complied with. As will be further specified below, the Decree of the President of the Council of Ministers (DPCM) of 22 March 2020 did not impose the suspension of the production activity of Antares Vision, categorising it among the essential ones, as it has an instrumental function to the pharmaceutical supply chain, thus ensuring its full operation.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

With regard to other external risks, relating in particular to the possibility of catastrophic events, Antares Vision has taken out adequate coverage with leading insurance companies.

MANAGEMENT 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 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. believes that it operates in conditions of corporate and entrepreneurial autonomy with respect to its parent company Regolo S.p.A.. In particular, by way of example, but not limited to, 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.

RELATIONSHIPS WITH RELATED PARTIES

With regard to the relationships between Group companies and related parties, in accordance with IAS 24, we provide below the information relating to 2019:

TRANSACTIONS WITH RELATED PARTIES;				
Subsidiaries	Payables as at 31/12/2019	Receivables as at 31/12/2019	Costs financial year 2019	Revenues financial year 2019
Antares Vision India Private Limited	45,841	-	45,841	-

As at 31st December 2018 there were no related party transactions.

In accordance with the provisions of art. 13 of the AIM Italia Issuers' Regulations and in compliance with the provisions of Consob resolution no. 17221 of 12 March 2010 and the provisions on related parties issued by Borsa Italiana S.p.A. in May 2012, the Board of Directors of Antares Vision S.p.A. adopted the Regulations for transactions with related parties, the current version of which was approved on 8 April 2019 and can be viewed on the company's website at the following link: <https://www.antaresvision.com/investors/governance/1928/procedure-e-regolamenti>

Transactions carried out with related parties are part of the normal management of the company and the typical activity of each party concerned and are carried out at normal market conditions. There are no atypical or unusual transactions to report.

The economic and equity effects of consolidated intercompany transactions have been eliminated on consolidation.

COMPENSATION TO CORPORATE BODIES AND THE AUDITING FIRM

The total amount of the fees due to the directors and to the independent auditors EY S.p.A. is shown in the table below:

Description	Directors	Statutory auditors	Auditing company
Compensation for the financial year 2019	1,070,945	30,000	40,000

SUBSEQUENT EVENTS

The first months of 2020 were characterised by the health emergency linked to the spread of Coronavirus (COVID-19). Management monitored the evolving situation closely and implemented all the guidelines issued by the Competent authorities with the utmost diligence. The health and wellbeing of employees, associates and partners were prioritised by adopting protection and prevention measures, such as switching to *remote working*, organising video conferences in place of meetings, carefully managing production and installation activities.

The Decree of the (It.) Prime Minister of March 22nd, 2020 classified Antares Vision as an essential business, thereby not requiring its operations to be suspended. Antares Vision was more than pleased with this choice. The pharmaceutical industry, the main target sector for Antares Vision, together with the beverage sector, was and is under pressure during this emergency and in many cases it has called for the activation of task forces and continuous cycle productions. In such a situation it is essential for Antares Vision to guarantee the continuity of supplies and services provided to customers, although with testing and technical assistance operations carried out remotely.

At the time of drafting this document, the attention of Antares Vision and its *management* remains high, but although the current situation could have a negative impact on the delivery and installation times of the solutions offered, it is not believed that such events could affect the economic, equity or financial situation of the Company in such a way as to compromise its ability to fulfil its obligations.

Among the significant events occurring after the end of the financial year, mention should be made of some corporate transactions carried out by the Parent Company in the first months of 2020.

Following the resolution passed by the Board of Directors on 17th February 2020, a new subsidiary was established in Germany with headquarters in Friedberg (Hessen), wholly owned by Antares Vision S.p.A.. The establishment of the new subsidiary strengthens the existing local market and aims to promote further growth and diversification of the business. The German market offers a high potential in terms of both expansion and turnover. The new branch currently has six resources, two key *account managers*, two technical installers, a project manager and a *marketing* and communication resource.

On 10th April 2020 an agreement was signed for the acquisition of 82.83% of Tradeticity d.o.o., a company founded in Zagreb (Croatia) in 2017 and specialised in *software* management of advanced traceability processes (serialisation). Tradeticity d.o.o. has consolidated expertise and market shares in the pharmaceutical sector, operating on both the domestic market and internationally. The equivalent value of the operation, equal to 1.040 million Euro, will be paid in cash. The acquisition is expected to close no later than mid-May 2020 following the completion of certain conditions precedent. The agreement also includes a call option to acquire the remaining 17.17% following the approval of the financial report as at December 31, 2021.

As regards the financial aspects, on 20th February 2020 Antares Vision S.p.A. fully repaid in advance the loan agreement signed on 20th December 2019 with BCC del Garda for a nominal amount of Euro 2,000,000.

On 11th February 2020 and on 19th March 2020, two variable rate loan contracts with Monte dei Paschi di Siena, each with a nominal value of Euro 10,000,000, both maturing on 30th June 2025, were stipulated. The interest rate was hedged by two IRS contracts. The financial covenants set out in the loan agreements are fully respected at the date of preparation of this document.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 18th February 2020, Antares Vision S.p.A. signed a loan agreement with Mediobanca for a nominal amount of Euro 20,000,000 maturing on 31st December 2024. The variable interest rate was hedged by an IRS contract.

On 28th February 2020, the Parent Company entered into a variable rate loan agreement with BNL, BNP Paribas Group, for a nominal amount of Euro 2,000,000 with a 6-year maturity. The interest rate was hedged by means of IRS (Interest Rate Swap) contracts.

On 11th March 2020, UBI Banca granted the Parent a short-term credit line totalling Euro 5,000,000. At the date of preparation of these financial statements, the line has not been used.

Finally, on 31st March 2020, a further loan of a nominal amount of Euro 10,000,000 was signed with UBI Banca, also negotiated at a floating rate and covered by an IRS contract.

As at 31st December 2019, the financial covenants set out in the financing contracts mentioned above were fully respected.

Finally, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. held on 5th 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.

As at 31st December 2019 there were still 4,528,067 Warrants; at the date of preparation of these Financial Statements 972,790 Warrants, corresponding to 115,161 shares with a corresponding increase in share capital to Euro 142,882 and the share premium reserve to Euro 89,994,601.

EXPLANATORY NOTES, FINAL PART

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

We are, of course, available to provide the Shareholders' Meeting with any clarifications and information that may be necessary.

Travagliato, 20th April 2020

The Board of Directors

EMIDIO ZORZELLA
MASSIMO BONARDI
ALIOSCIA BERTO
MARCO CLAUDIO VITALE
MARCO COSTAGUTA
DANTE ROSCINI
MASSIMO PERONA

STATUTORY FINANCIAL STATEMENTS 2019

REPORT ON STATUTORY FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AS AT 31/12/2019 REPORT ON OPERATIONS

Dear Shareholders,

We submit for examination and approval the Financial Statements of Antares Vision S.p.A. (hereinafter the Company or Antares Vision) for the year ended 31/12/2019, which consist of the Balance Sheet, Income Statement, Cash Flow Statement and Explanatory Notes to the Financial Statements.

We illustrate the Company's activities, the main business risks and the way they are managed, we present the income, capital and borrowing position, we report the most significant events that have characterised the Company's operations and we also inform you about the events that occurred in the first part of 2020.

ACTIVITIES CARRIED OUT

Antares Vision guarantees the protection of products throughout their life cycle by deploying 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 to beverage, from cosmetics to luxury.

Through its offices in Italy and its foreign branches, 2 innovation and research centres in Italy and Ireland and a network of over 30 partners worldwide, Antares Vision has a presence in over 60 countries with comprehensive and flexible solutions, *hardware and software*, and related services.

With 20 years of experience in vision technologies, Antares Vision supplies 10 of the world's 20 leading pharmaceutical companies: over 25,000 inspection systems guarantee product safety and quality each day, while 6.500 inspection tests and over 3,500 serialisation lines installed all over the world guarantee the traceability of over 5 billion products throughout the entire distribution chain.

Furthermore, an expansion of Antares Vision systems also in the agri-food and beverage sectors is well under way through implementation of an investment plan for business diversification that also continued in 2019.

INFORMATION ON COMPANY'S PREMISES

Pursuant to art. 2428 of the Italian Civil Code, it should be noted that production activities are carried out at the Travagliato (BS) site in via del Ferro 16 and at the local units of Travagliato (BS) in via Pianera 3, Aprilia (LT) in via delle Valli 30 and Sorbolo (PR) in via Caduti del Lavoro 13.

INFORMATION RELATED TO RISKS

Risks related to the market

Antares Vision continuously monitors potential more aggressive competition from manufacturers benefiting from lower input costs, or willing to bear the effects of significant price reduction policies. The Company faces these risks by designing and developing technologies that are always on the cutting edge and in continuous innovation and pursuing a strategy of diversification towards new geographical areas and new sectors such as food, beverage, luxury and cosmetics.

Credit risk

The exposure to credit risk is represented by the book value of trade receivables, aligned to their estimated realisable value.

This risk is mitigated by a careful assessment of customer solvency, continuous monitoring of credit exposure and immediate contact with counterparties about past due accounts.

Liquidity risk

Thanks to its equity and financial structure, as well as the level of credit granted to it by the banking system, the Company does not observe particular liquidity risks. The existing debt is mainly deferred over the medium to long term and offset by available liquidity.

Interest rate risk

With regard to interest rate risk, we point out that Antares Vision's financial exposure is linked to variable interest rates with particularly advantageous spreads due to the company's excellent rating. To further limit interest rate risk, the Company adopts *hedging* policies and uses derivative instruments for hedging purposes.

Foreign exchange rate risk

As far as foreign exchange rate risk is concerned, although the Company operates significantly in the foreign commercial market, the sales prices applied to customers are mainly in Euro. In general, transactions in foreign currency are currently of negligible amount.

Environmental risk

With regard to environmental risks, the Company operates with production processes that have a low impact on the territory, in terms of consumption of natural resources, production of waste and emission of pollutants. Please refer to the section Environmental and Personnel Information for more detailed information.

Other external risks

The recent health emergency linked to the spread of the Coronavirus (COVID-19) has been managed by taking all the measures ordered by the Authorities, aimed at ensuring health and safety and limiting the spread of the virus. Extensive use has been made of remote working and, where not possible, the hygiene rules issued by the Ministry of Health have been implemented and strictly complied with. As will be further specified below, the Decree of the President of the Council of Ministers (DPCM) of 22 March 2020 did not impose the suspension of the production activity of Antares Vision, categorising it among the essential ones, since it is instrumental to the pharmaceutical *supply chain*, and therefore ensuring full business operations.

REPORT ON STATUTORY FINANCIAL STATEMENTS

With regard to other external risks, relating in particular to the possibility of catastrophic events, the Company has taken out adequate coverage with leading insurance companies.

OPERATING PERFORMANCE

In 2019 Antares Vision continued its commitment to developing the core business of the supply of Inspection, *Track & Trace*, and *Smart Data Management* solutions for the pharmaceutical sector and for connected sectors.

The investment plan aimed at diversifying the *business* has continued with the acquisition of strategic shareholdings and prestigious *partnerships* and the expansion of the Antares Vision systems in the food and beverage sector is now underway.

A breakdown of revenues from sales and services by geographical area is provided below for detailed analysis:

REVENUES FROM SALES AND SERVICES	31/12/2019
ITALY	19,982
NORTHERN EUROPE	10,538
WESTERN EUROPE	27,649
EASTERN EUROPE	30,324
NORTH AMERICA	4,321
SOUTH AMERICA	2,068
ASIA	6,452
MIDDLE EAST	4,797
AFRICA	530
GRAND TOTAL	106,662

A breakdown of revenues by type of product is provided below:

REVENUES FROM SALES AND SERVICES	31/12/2019
SOFTWARE	9,926
MACHINE/INTEGRATIONS	49,461
COMPONENTS	8,947
ASSISTANCE	28,123
SERVICES	5,652
REPAIRS	37
INTERCOMPANY GOODS SALES	3,073
INTERCOMPANY SALES SERVICES	1,059
OTHER REVENUES	383
GRAND TOTAL	106,662

MAIN ECONOMIC DATA

The Consolidated Income Statement as at 31/12/2019 is set out below, reclassified according to the management criteria adopted for management control and compared to the figures at 31/12/2018 (in thousands of Euro).

Antares Vision S.p.A. Reclassified income statement	31/12/2019	31/12/2018
Revenues from sales	106,662	109,412
Capitalisation of development costs	3,496	1,238
Tax credit	992	967
Inspection machine contribution (H2020)	1,717	-
Value of production	112,867	111,617
Changes in inventories of raw materials and finished goods	1,084	-459
Cost for the purchase of materials	26,824	36,250
Changes in inventories of work in progress	324	-258
Cost of sales	28,232	35,533
<i>% margin on revenues from sales</i>	<i>26.5%</i>	<i>32.5%</i>
Commissions	2,911	3,463
Installation costs	5,167	4,025
Gross Contribution Margin	76,557	68,596
<i>% margin on revenues from sales</i>	<i>71.8%</i>	<i>62.7%</i>
Use of third-party assets	1,619	1,390
Operational costs	118	89
Costs for services	20,464	18,116
Added value	54,356	49,001
<i>% margin on revenues from sales</i>	<i>51.0%</i>	<i>44.8%</i>
Cost of labour	26,149	19,544
Employees	20,700	15,421
Associates	5,450	4,123
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	28,207	29,457
<i>% margin on revenues from sales</i>	<i>26.4%</i>	<i>26.9%</i>
Write-down of receivables	254	219
Depreciation and amortisation	907	456
<i>Intangible fixed assets</i>	877	413
<i>Tangible fixed assets</i>	31	44
Earnings before interest and taxes (EBIT)	27,046	28,782
<i>% margin on revenues from sales</i>	<i>25.4%</i>	<i>26.3%</i>
Financial income and expenses	661	564
Extraordinary income and expenses	554	-1,378
Result before taxes	25,831	29,596
<i>% margin on revenues from sales</i>	<i>24.2%</i>	<i>27.1%</i>
Income taxes	6,553	7,735
Net result	19,278	21,861
<i>% margin on revenues from sales</i>	<i>18.1%</i>	<i>20.0%</i>

The 2019 financial year marks the consolidation of the positive results of Antares Vision, confirmed by a 1.1% increase in Production Value compared to 31st December 2018.

REPORT ON STATUTORY FINANCIAL STATEMENTS

The Gross Contribution Margin and Value Added, amounting to €76,557 thousand and €54,356 thousand, increased by 11.6% and 10.9% respectively compared to the previous year, recording an increase of over 9 and 6 percentage points as a percentage of turnover. This improvement is linked to a progressive increase in the share of turnover generated by the software and above all by after-sales service activities. This significant improvement helped to largely offset the higher personnel costs, which increased by more than 30% in line with the hiring policy implemented in order to provide the Company with the necessary resources to face the expected growth in the coming years. The increase in human resources should, therefore, be considered as a planned investment for the future, aimed at implementing the strategy of Antares Vision. This trend resulted in a Gross Operating Margin (EBITDA) of EUR 28,207 thousand (26.4% of turnover) or -4.2% compared to 2018 (26.9%).

Operating profit (EBIT) decreased by 6%, more accentuated than EBITDA as a result of higher amortisation and depreciation charges resulting from capitalisations made from the second half of 2018.

In terms of the Company's net profit, it stands at 19,278 thousand Euro, down by 11.8%. The decrease was accentuated by a write-down of Euro 570 thousand in derivative instruments and a lower write-up of the investment in Imago Technologies GmbH.

Normalised net profit for extraordinary items (net of the related theoretical tax effect) amounted to 19,691 thousand Euro.

The incidence of the tax burden has decreased from 26% to 25% and in addition the Company will benefit from a tax credit of over 1,000 thousand Euro deriving from previous losses made by Alp.I following the *Business Combination*.

MAIN BALANCE SHEET FIGURES

Below is the balance sheet reclassified according to the criterion of uses and sources as of 31/12/2019 and 31/12/2018 (in thousands of euros).

Antares Vision S.p.A. Reclassified balance sheet	31/12/2019	31/12/2018
Property	2,105	777
Financial fixed assets	77,356	4,851
Net tangible fixed assets	42	71
Net intangible fixed assets	7,397	2,143
Total fixed assets	86,900	7,841
<i>% Incidence on net invested capital</i>	<i>65.6%</i>	<i>17.7%</i>
Raw materials	14,248	16,906
Work in progress	419	743
Finished products	3,495	1,921
Total inventories	18,162	19,570
Trade receivables	53,637	45,138
Trade payables	-15,527	-11,147
Advances from customers	-7,446	-12,128
Net trade working capital	48,827	41,432
<i>Incidence % on net invested capital</i>	<i>36.8%</i>	<i>93.5%</i>
Other current assets	3,590	5,075
Other current liabilities	-2,737	-7,483
Net working capital	49,680	39,025
<i>% Incidence on net invested capital</i>	<i>37.5%</i>	<i>88.1%</i>
Employee Severance Fund	-2,843	-2,102
Write-down of receivables	-1,211	-465
Net invested capital	132,526	44,299
Net capital	139,598	70,302
Net capital	139,598	70,302
<i>% Incidence on total sources of financing</i>	<i>105.3%</i>	<i>158.7%</i>
Net long-term financial payables	91,792	27,600
Cash resources	-98,863	-53,604
Net financial debt	-7,072	-26,004
<i>% Incidence on total sources of financing</i>	<i>-5.3%</i>	<i>-58.7%</i>
Total sources of funding	132,526	44,299

The total fixed assets show a significant increase following:

- the investments made in the Travagliato and Parma sites for extending the offices and production area;
- the acquisition of the entire share capital of FT System;
- of the development costs capitalised as described in detail elsewhere in this document.

REPORT ON STATUTORY FINANCIAL STATEMENTS

The net working capital is increasing due to a larger volume of sales in the second half of the year compared to the previous year when, on the contrary, business had been brisker in the first half in view of the entry into force in Europe of the regulations on pharmaceutical product traceability.

Shareholders' equity benefits not only from the profit for the year, but also from the contribution of resources following the *Business Combination* with Alp.I.

MAIN FINANCIAL DATA

It is deemed appropriate to set out below the Net Financial Position of the Company as at 31/12/2019 compared to 31/12/2018 (in Euro thousand). The NFP is calculated by applying the financial method to leasing contracts.

Antares Vision S.p.A. Net financial position	31/12/2019	31/12/2018
Bank deposits	65,601	30,164
Cash and cash assets	130	157
Liquid assets	65,731	30,322
Current securities available for sale	33,132	23,282
Current financial receivables	33,132	23,282
Bank payables (within 12 months)	-15,337	-7,008
Payables to other lenders (within 12 months)	-617	-2,633
Short-term financial payables	-15,955	-9,641
Net short-term financial position	82,908	43,963
Financial receivables (over 12 months)	3,525	200
Long-term financial receivables	3,525	200
Bank payables (due over 12 months)	-79,895	-18,304
Payables to other lenders (beyond 12 months) *	-4,793	-4,506
Other financial payables (beyond 12 months)	-569	-76
Long-term financial payables	-85,257	-22,886
Net medium and long-term financial position	-81,731	-22,686
Net financial position	1,177	21,278

* In order to best appreciate the comparison with 31/12/2019, the figure as at 31/12/2018 has been adjusted by excluding the debt relating to the Horizon 2020 project, posted to the Income Statement during the first half of 2019 having obtained certification from the disbursing body.

The net financial position was a positive 1,177 thousand Euro, compared to a positive 21,278 thousand Euro in the previous year (this figure was restated to neutralise the effect of the Horizon 2020 non-repayable loan, which, although partially disbursed in 2018, was initially recorded under payables and not under operating grants until certification was obtained from the issuing body in 2019). The change is mainly related, on the one hand, to the cash proceeds from the capital increase of 50,000 thousand Euro following the *Business Combination* with Alp.I and, on the other hand, to the outlays related to the acquisition of 100% of the FT System Group ("FT System") for a total disbursement of Euro 67,713 thousand (including about Euro 8,000 thousand for the liquidity present in FT System) and 37.5% of Orobix for a disbursement of Euro 3,250 thousand. In addition, investments have been made to open

branches in Russia and Hong Kong.

Finally, it should be noted that during the second half of 2019, approximately 77,000 thousand Euro in cash were raised by obtaining medium/long-term loans, negotiated with leading banks at particularly favourable conditions, thanks to the Company's excellent credit rating. These cash resources were partially collected to fund the acquisition of FT System and partially for possible future acquisitions.

SIGNIFICANT EVENTS

As mentioned above, one of the most significant events of 2019 was certainly the Business Combination between the parent company Antares Vision S.p.A. and Alp.I S.p.A., a SPAC (Special Purpose Acquisition Company) promoted by Mediobanca along with other promoters from the financial world. This transaction brought EUR 50 million to Antares Vision intended to finance its industrial growth and development and it led the Company to be listed on the AIM Italia market as of 18th April 2019, thereby obtaining greater visibility, reliability and credibility in relation to all stakeholders.

Antares Vision further consolidated its presence on foreign markets, not only through existing branches, but also by setting up new branches.

On 12th April 2019, Antares Vision Rus O.O.O. was founded, 100% controlled by Antares Vision S.p.A. to exploit the business opportunities offered by the new traceability regulations in the East European market.

On 20th April 2019, Antares Vision India Private Limited was founded, of which Antares Vision S.p.A. holds 51%, following the completion of a joint venture with Indian company Jay Instruments and Systems Private Limited.

On September 13 2019, through a share capital increase, subsidiary Antares Vision do Brasil bought 51% of T2 Software S.A., a Brazilian company specialised in solutions for smart data management and active in consultancy for the processes of serialisation and product traceability.

On 22nd August 2019, a new branch, Antares Vision Asia Pacific Limited, was set up in Hong Kong. The company, governed by Hong Kong law, is fully controlled by Antares Vision. Setting up Antares Vision Asia Pacific will make it possible to establish a presence on the Chinese market and growing countries in Asia, through a direct presence in the area, exploiting the strong growth potential of inspection systems and tracking solutions in various target sectors, including the pharmaceutical and food & beverage sectors.

Furthermore, in 2019 the company continued pursuing the investments plan for the strategic diversification of the business.

On 30th September 2019 the acquisition of the total shareholding in FT System S.r.l. was completed (and indirectly its subsidiaries in France and the United States), a company founded in Alseno in 1998 and specialised in control and inspection technologies (as well as in the food industry), mainly in bottling for the beverage industry.

Finally, in December 2019, through a capital increase of 3.25 million Euro, Antares Vision acquired a 37.5% stake in Orobix S.r.l., a company founded in 2009 in Bergamo that operates in artificial intelligence systems. At the same time a shareholders' agreement was signed with the majority shareholder, Girolamo Initiatives S.r.l., which envisages, in favour of Antares Vision, incremental acquisition options to be exercised within pre-set time-frames (from 30th June

2023 and from 30th June 2025) for 30% of the Orobix share capital overall.

The resources provided through the capital increase will be used to support the development plans, which are aimed at making Orobix one of the top leading AI Service Companies. At the same time, the acquisition will allow Antares Vision to strengthen its position in smart data management, thanks to the experience gained by the Bergamo-based company, and to boost the activities of R&D and of its Innovation Centre.

An important partnership was also launched by Antares Vision in August 2019 with the Berlucchi wine company for the development of an innovative experimentation project of hyperspectral technology applied to grapes. Antares Vision's mission includes quality inspection, tracking and protecting the authenticity of products throughout their life cycle. The best way to do so is through high-profile collaborations with equally leading partners whose success hinges on research and innovation, to offer and guarantee products that are ever more controlled and excellent, along the entire supply chain.

Finally, the crowning achievement in a year full of significant corporate events, it is worth mentioning some important accolades that celebrate the calling to innovation and technological development of the Company.

First and foremost, the celebrated Ernst & Young "Entrepreneur of the year" award, which was awarded to the founders of Antares Vision, Emidio Zorzella and Massimo Bonardi, in the "Innovation & Digital Transformation" category with the following citation: «For the passion, technological development and trust in people that made it possible to transform a "laboratory of ideas" into a leading international group in its sector in just over 10 years». The award, which in recent years has been extended to 150 cities and 65 countries, awards entrepreneurs who have contributed significantly to the growth of the Italian economy by demonstrating unparalleled resourcefulness, creativity and commitment, and is awarded by a Jury, independent of EY, composed of well-known personalities in the world of institutions, economy and business.

Antares Vision was also one of the winners of the Medicine Maker's 2019 Innovation Award thanks to AVionics, a software that allows pharmaceutical companies to monitor in real time the performance and efficiency of equipment throughout the production process.

The Medicine Maker's Innovation Award is awarded in December each year and highlights innovation in the development of medicinal products and production technologies in the field of medicine and pharmaceuticals that were launched on the market during the year.

This award proves how data aggregation can be crucial in decision making to provide an overall picture of production processes and to improve their efficiency.

INFORMATION CONCERNING THE ENVIRONMENT AND PERSONNEL

It is deemed appropriate to provide the following information concerning the environment and the personnel.

ENVIRONMENT

The Company is very sensitive to the issues of environmental sustainability and protection.

Antares Vision has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and with the "Join the Antares Vision Green Side" campaign, launched in November 2019 at the Headquarters in Travagliato, it predated by more than one year the ban on all disposable plastic products such

as cutlery, plates, straws, stirrers, containers. The first step involves eliminating disposable plastic water bottles in favour of stainless steel water bottles, to be filled using new drinking fountains. That is how the company will avoid consuming more than 3,000 bottles of water per month, not including the about 2,500 take-away lunches delivered to the company each month, which will no longer come with plastic water bottles. In addition, hot drink vending machines will only have paper cups and employees will be able to use their own personal cups or eco-friendly beverage containers.

The "Join the Green Side" campaign will soon be extended to the other company offices in Italy and abroad, thus involving the Group's almost 700 employees.

The effort will continue in 2020 and will focus on the introduction of energy efficiency and renewable energy systems with a view to achieving energy self-sufficiency in 2023, as well as further extending waste sorting, by providing specific areas and identifying best recycling practices, with the aim of sorting and recycling up to 95% of waste.

PERSONNEL

On the topic of safety, it should be noted that no significant events related to accident indices are reported. The protection of safety in the workplace is always given careful consideration, as is the preventative assessment of all possible sources of risk for workers' health. Following the entry into force of It. 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 Coronavirus (COVID-19), the Company immediately took steps to strictly comply with and enforce all updated directives by the competent Authorities in real time.

The Decree of the (It.) Prime Minister of March 22nd, 2020 classified the Company's activity as an essential business, thereby not requiring operations to be suspended. The commitment to dealing with the situation in the best possible way translated into measures to protect the safety of workers and visitors, while continuing to assure 100% operability and business continuity. Remote working was activated, videoconferencing was favoured over meetings and, in agreement with customers, production and installation activities were managed according to smart methods, in order to put employees' protection first.

The number of employees is provided below, with a comparison with the figures at 31/12/2018:

	APPRENTICES	PRODUCTION WORKERS	OFFICE WORKERS	EXECUTIVES	MANAGERS	TOTAL
EMPLOYEES AS AT 31/12/2018	9	1	253	13	3	279
EMPLOYEES AS AT 31/12/2019	16	1	335	16	3	371

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Human resources are one of the critical factors for success of Antares Vision.

Under this guiding principle, the policy of supporting and fostering in-company talent for the development, production and distribution of our products continued being pursued in 2019. This entailed implementing training plans, aimed at fostering creative and production skills, improving computer literacy, language courses, using new technologies, prevention of risks in the workplace and supporting individual initiatives.

The significant increase in the number of employees stems from a recruitment policy aimed at providing the Company with the necessary resources to tackle the expected growth in coming years. It is therefore a conscious investment for the future, aimed at achieving Antares Vision's business strategy.

The Company constantly devotes careful consideration to the recruitment process in order to ensure the hires are qualified and possess skills, aptitudes and motivation that are functional to the company's production framework, also with a view to fostering the personnel's development and career paths. At the same time, the Company strongly believes in young people and upholds a culture that fosters their inclusion and highlights their talents. During 2019, 83% of recruitments were open-ended and 52% of these concerned under-30 personnel.

RESEARCH AND DEVELOPMENT ACTIVITY

During 2019, the Company continued its research and development activity by focusing on the following innovative projects:

1. ADAPTING SERIALISATION SOLUTIONS FOR THE BEVERAGE MARKET

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

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

Thanks to the introduction of the "Core Model" project starting from 2015, Antares Vision has been able to establish a position on the pharmaceutical market as a turnkey supplier of solutions for pharmaceutical product traceability within the production facility, covering operational needs ranging from level 1 (field devices), level 2 (line supervisors), level 3 (production facility and distribution centre supervisors) and, with the introduction of the ATSF04 solution, achieving level 4 (corporate supervisors), in order to be able to independently liaise with governmental bodies and all the players making up the distribution chain (level 5).

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

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

The first extra-pharma sector that has shown the most interest for this type of solutions is the beverage industry,

especially in the alcohol & spirits category, hence products that are always subject to governmental concessions entailing specific taxation. As is well known, counterfeiting of alcohol products is very high – suffice to say, Vodka counterfeiting in Russia has reached over 60% of the Russian market.

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

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

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

2. VRI-EVO INSPECTION MACHINE FOR LIQUID AND FREEZE-DRIED PRODUCTS, COMBINED WITH TRACKABILITY SETUP

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

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

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

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

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

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

3. SMART WARD PLATFORM (SWP)

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

The foundation of the project is the introduction of hefty doses of 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 digitalising all ward activities, guaranteeing:

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

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

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

4. TFP AGRIFOOD PROJECT

The TFP project of Antares Vision seeks to build a platform that is capable of guaranteeing the full trackability 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 wholesomeness of the product, from farm to table, leading to the eventual disposal of the packaging and possible recycling.

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

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

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



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

- gather information
- connect them in an organic and integrated way
- process and summarise them 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.

To pursue the projects above the Company has incurred costs, mostly expensed in the Income Statement. The capitalisation recorded in the Financial Statements as at 31st December 2019 amounts to Euro 3,495,704. It is believed the positive outcome of these projects might reflect on the turnover with positive effects on the company’s performance.

REPORT ON STATUTORY FINANCIAL STATEMENTS

TREASURY SHARES

The Company does not hold treasury shares.

INFORMATION RELATED TO RISKS AND UNCERTAINTIES PURSUANT TO ART. 2428, PARA. 3, ITEM 6-BIS, OF THE IT. CIVIL CODE

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

RELATIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES

In accordance with the provisions of art. 13 of the AIM Italia Issuers' Regulations and in compliance with the provisions of Consob resolution no. 17221 of 12th March 2010 and the provisions on related parties issued by Borsa Italiana S.p.A. in May 2012, the Board of Directors of Antares Vision S.p.A. adopted the Regulations for transactions with related parties, the current version of which was approved on 8th April 2019 and can be viewed on the company's website at: <https://www.antaresvision.com/investors/governance/1928/procedure-e-regolamenti>

Transactions carried out with related parties are part of the normal management of the company and the typical activity of each party concerned and are carried out at normal market conditions. There are no atypical or unusual transactions to report.

At the closing date of the financial year, Antares Vision holds the following equity investments in subsidiaries:

- IMAGO TECHNOLOGIES GMBH, based in Friedberg, Germany, of which Antares Vision holds 100% of the share capital;
- ANTARES VISION INC., based in New York, USA, of which Antares Vision holds 100% of the share capital and which in its turn holds 70% of the share capital of ANTARES VISION NORTH AMERICA LLC, based in New Jersey, USA;
- ANTARES VISION DO BRASIL, based in Sao Paulo, Brazil, of which Antares Vision holds 99.99% of the share capital, which in its turn holds investments in LEGG SYSTEM COMERCIO E SERVICOS DE PECAS INDUSTRIAIS E AUTOMACAO LTDA, based in Sao Paulo, Brazil, in T2 SOFTWARE, based in Sao Paulo, Brazil, and indirectly through the latter, in PHARMATRACK SISTEMAS LTDA;
- ANTARES VISION FRANCE SAS, based in Rillieux-la-Pape, France, of which Antares Vision holds 100% of the share capital;
- ANTARES VISION IRELAND LIMITED, based in Galway, Ireland, of which Antares Vision holds 100% of the share capital;
- ANTARES VISION INDIA PRIVATE LIMITED, based in Mumbai, India, of which Antares Vision holds 51% of the share capital;
- ANTARES VISION RUS OOO, based in Moscow, Russia, of which Antares Vision holds 100% of the share capital;

- ANTARES VISION ASIA PACIFIC LIMITED, based in Hong Kong, of which Antares Vision holds 100% of the share capital;
- ET SYSTEM SRL, based in Alseno (PC), of which Antares Vision acquired 100% of the share capital on 30/09/2019 and which in its turn wholly owns ET HEXAGONE SARL, based in Challes les Eaux, France, and ET NORTH AMERICA LLC, based in Massachusetts, USA.

By virtue of holding these investments, Antares Vision has prepared the Consolidated Financial Statements as at 31/12/2019 in accordance with international accounting standards.

The transition to IFRS (International Financial Reporting Standards) was approved, only at a consolidated level for now, with a resolution passed by the Board of Directors last February 17th and is a further effort towards compliance with the best practices in terms of information and transparency, as well as an essential step with a view to possibly applying for listing on the Electronic Stock Market.

In light of the obligation to prepare the Consolidated Financial Statements, the Company avails itself of the longer term provided for in art. 2364, paragraph 2, of the Italian Civil Code for the approval of the Financial Statements as at 31st December 2019.

BUSINESS OUTLOOK

The first months of 2020 were characterised by the health emergency linked to the spread of Coronavirus (COVID-19). Management monitored the evolving situation closely and implemented all the guidelines issued by the Competent authorities with the utmost diligence. The health and wellbeing of employees, associates and partners were prioritised by adopting protection and prevention measures, such as switching to remote working, organising video conferences in place of meetings, carefully managing production and installation activities.

The Decree of the (It.) Prime Minister of March 22nd, 2020 classified Antares Vision as an essential business, thereby not requiring its operations to be suspended. The Company was more than pleased with this choice. The pharmaceutical industry, the main target sector for Antares Vision, has been and is under pressure during this emergency and in many cases it has called for the activation of task forces and continuous cycle productions. In such a situation it is essential for the Company to guarantee the continuity of supplies and services provided to customers, although with testing and technical assistance operations carried out remotely.

At the time of drafting this document, the attention of Antares Vision and its management remains high, but although the current situation has a negative impact on the delivery and installation times of the solutions offered, it is not believed that such events could affect the economic, equity or financial situation of the Company in such a way as to compromise its ability to fulfil its obligations.

Credit must be given *primarily* to our resources for the sense of responsibility and team spirit they have shown. This experience has made it possible to experiment with a new approach to work that can be implemented in the future in daily practice with great savings in time and resources. A heartfelt thanks also goes to our customers for the great collaboration in the optimal management of the emergency and in particular to Sanofi with whom the first FAT (Factory Acceptance Test) was conducted via live streaming, with the obvious positive effects in the optimisation of time and costs, greater flexibility and respect for the environment in terms of waste reduction and energy consumption. The emergency has allowed us to turn a challenge into an opportunity following what have always been the values of Antares Vision: *Bravery, Energy, Passion and Innovation*.

REPORT ON STATUTORY FINANCIAL STATEMENTS

It is certainly too early to estimate the impact that this health emergency will have on the entire economic system, both in Italy and worldwide. This situation reveals a sense of urgency for the introduction of strict regulations and standards in the pharmaceutical sector and the Company has confidence in a prompt response from the authorities and the pharmaceutical industry. For this reason, Antares Vision has passionately and wholeheartedly adhered to the initiative "Innovate for Italy", launched by the Ministry of Health, by the National Institute of Health, and by the World Health Organisation, proving that it is ready to place its skills and expertise at the service of the scientific community and the entire population.

Even more so at this time of uncertainty, Antares Vision's commitment to serialisation will continue, combining the two macro-areas of business: traceability and inspection.

Track & Trace is the basic tool for tracking products and their processing along the entire value chain, from their origin to the end consumer. The inspection systems guarantee total quality control for product integrity. The combination of both technologies and the implementation of a single system in terms of hardware and software, combining traceability and inspection capabilities, is the optimal strategy to improve product quality and safety, combat counterfeiting, preserve brand reputation, and quickly and efficiently manage defective product recalls.

This is the background to the agreement signed on 10th April 2020 to buy 82.83% of Tradeticity d.o.o., with a call option to buy the remaining 17.17% after the approval of the financial statement as at 31st December 2021. Tradeticity, a company founded in Zagreb in 2017 and specialised in the software management of advanced traceability and serialisation processes, has consolidated expertise and market shares in the pharmaceutical sector, operating on both the domestic and international market. The acquisition, which will entail a cash disbursement of approximately 1,040 EUR thousand, is planned to close by mid May 2020, when certain conditions precedent are completed and it will allow Antares Vision to extend its geographical presence to Eastern Europe, increasing market penetration and boosting the creation and implementation of tracking and serialisation solutions along the entire pharmaceutical supply chain. In order to meet all future challenges, Antares Vision will also be able to count on a prestigious and strategic partnership such as the one with Orobix to make the most of the different declinations that artificial intelligence can also develop in the pharmaceutical sector.

Artificial intelligence systems play a central role in the digital transformation process of companies and the partnership with a player that has been able to translate its skills into effective solutions applied to the production world therefore has a strategic value that will strengthen the offer to business customers.

CONCLUSIONS

Dear Shareholders,

We would like to thank you for your trust, and hereby certify that the Consolidated Financial Statements are consistent with the accounting entries and provide a true and fair view of the statement of income, capital and borrowing situation of Antares Vision.

Travagliato, 20th April 2020

The Board of Directors

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

General information about the company

Personal data

<i>Name:</i>	ANTARES VISION S.P.A.
<i>Headquarters:</i>	VIA DEL FERRO No.16 - 25039 TRAVAGLIATO (BS)
<i>Resolved share capital:</i>	145,723 euro
<i>Subscribed capital:</i>	142,882 euro
<i>Chamber of Commerce Code:</i>	BS
<i>VAT NO.:</i>	02890871201
<i>Tax code:</i>	02890871201
<i>EAI number:</i>	000000523277
<i>Legal form:</i>	COMPANY LIMITED BY SHARES
<i>Prevailing sector of activity (ATECO):</i>	332003
<i>Company in liquidation:</i>	no
<i>Single-member company:</i>	no
<i>Company subject to the management and coordination activities of others:</i>	no
<i>Name of the company or body exercising the activity of management and coordination:</i>	
<i>Belonging to a group:</i>	si
<i>Name of the parent company:</i>	ANTARES VISION S.P.A.
<i>Country of the parent company:</i>	ITALY
<i>Registration number in the register of cooperatives:</i>	

NOTES TO THE FINANCIAL STATEMENTS

BALANCE SHEET ASSETS		31/12/19	31/12/18
A)	Receivables from shareholders for payments due		
	Not mentioned payments	186	-
	Total	186	-
B)	Fixed assets		
I)	Intangible fixed assets		
BI1)	Start-up and expansion costs	1,204,193	74,609
BI2)	Development costs	990,435	1,329,735
BI3)	Industrial patents and intellectual property rights	29,198	58,395
BI4)	Concessions, licences, trademarks and similar rights	93,209	-
BI6)	Fixed assets under construction and advances	4,696,935	-
BI7)	Others	1,585,266	679,818
	Total	8,599,235	2,142,557
II)	Tangible fixed assets		
BI11)	Land and buildings	791,758	776,758
BI13)	Industrial and commercial equipment	15,747	32,561
BI14)	Other assets	26,002	38,494
BI15)	Fixed assets under construction and advances	111,018	-
	Total	944,524	847,812
III)	Financial fixed assets		
BIII1)	Shareholdings in	77,355,892	4,850,607
BIII1a)	- subsidiaries	73,705,892	4,850,607
BIII1b)	- associated companies	3,250,000	-
BIII1d-bis)	- other companies	400,000	-
BIII2)	Receivables	3,582,988	257,204
BIII2a)	from subsidiaries	3,525,317	200,000
- due over 12 months		3,525,317	200,000
BIII2d-bis)	from others	57,671	57,204
- due within 12 months		57,671	57,204
	Total	80,938,881	5,107,811
	Total fixed assets (B)	90,482,641	8,098,181
C)	Current assets		
I)	Inventories		
CI1)	Raw materials, ancillary and consumables	14,248,117	16,905,803
CI2)	Work in progress and semi-finished goods	419,358	742,994
CI4)	Finished products and goods	3,494,951	1,920,992
CI5)	Advances	326,825	866,338
	Total	18,489,250	20,436,127
II)	Current receivables		
CII1a)	Trade receivables	41,193,870	33,019,301
- due within 12 months		41,193,870	33,019,301
CII2)	Receivables from subsidiaries	11,801,565	11,529,982
- due within 12 months		11,801,565	11,529,982
CII5-bis)	Tax receivables	3,820,045	1,148,919
- due within 12 months		3,820,045	1,116,419
- due over 12 months		-	32,500
CII5-ter)	Prepaid taxes	19,500	57,306
CII5-quater)	Other receivables	595,420	2,008,411
- due within 12 months		595,420	2,008,411
	Total	57,430,401	47,963,919
III)	Financial assets not held as fixed assets		
CIII6)	Other securities	33,132,228	23,282,246
	Total	33,132,228	23,282,246
IV)	Liquid assets		
CIV1)	Bank and postal deposits	65,600,793	30,164,414
CIV3)	Cash and cash assets	129,921	157,219
	Total	65,730,714	30,321,633
	Total current assets (C)	172,485,233	122,003,924
D)	Accrued income and prepaid expenses		
	Total Accruals and deferrals	1,068,218	937,184
	Total assets	266,333,638	130,839,289

BALANCE SHEET LIABILITIES		31/12/19	31/12/18
A)	Shareholders' equity		
AI)	Share Capital	142,606	127,612
AII)	Share premium reserve	89,983,361	39,980,672
AIII)	Write-up reserve	4,504,729	3,127,138
AIV)	Legal reserve	98,798	98,798
	<i>Extraordinary reserve</i>	25,590,437	5,106,899
	<i>Reserve from rounding-off to the unit of Euro</i>		1
AVI)	Other reserves stated separately	25,590,437	5,106,900
AIX)	profit (loss) for the year	19,277,983	21,861,129
	Total	139,597,913	70,302,248
B)	Provisions for risks and charges		
B3)	Financial derivative instruments	568,648	76,285
	Total	568,648	76,285
C)	Reserve for Employee Severance Indemnities	2,842,501	2,102,157
D)	Payables		
D4)	Bank payables	95,232,621	25,223,467
- due within 12 months		15,337,289	6,919,233
- due over 12 months		79,895,332	18,304,234
D5)	Payables to other financial institutions	190,378	3,928,367
- due within 12 months		190,378	2,278,719
- due over 12 months		-	1,649,648
D6)	Advances	7,446,443	12,128,336
- due within 12 months		7,446,443	12,128,336
D7)	Trade payables	14,026,816	10,667,970
- due within 12 months		14,026,816	10,667,970
D9)	Payables to subsidiaries - due within 12 months	1,499,723	479,409
D12)	Tax payables	579,934	2,773,161
- due within 12 months		579,934	2,773,161
D13)	Payables to social security agencies	1,362,540	998,874
- due within 12 months		1,362,540	998,874
D14)	Other payables	2,817,082	2,148,312
- due within 12 months		2,817,082	1,884,475
- due over 12 months		-	263,836
	Total	123,155,537	58,347,896
E)	Accrued expenses and deferred income		
	Total Accruals and deferrals	169,039	10,703
	Total liabilities	266,333,638	130,839,289

NOTES TO THE FINANCIAL STATEMENTS

INCOME STATEMENT		31/12/19	31/12/18
A)	Value of production		
A1)	Revenues from sales and services	106,753,942	109,015,712
A2)	Changes in inventories of work in progress, semi-finished and finished products	1,250,323	2,474,583
A4)	Increase in fixed assets for internal work	3,495,704	1,238,043
A5a)	Contributions	2,710,289	-
A5b)	Other revenues	388,388	1,362,877
A5)	Other revenues and proceeds	3,098,676	1,362,877
	Total	114,598,645	109,142,049
B)	Production costs		
B6)	Raw materials, ancillary, consumables and goods	27,388,039	36,819,802
B7)	For services	35,123,312	30,029,954
B8)	For the use of third-party assets	1,411,756	1,160,272
B9a)	Salaries and wages	13,972,066	10,502,598
B9b)	Social security charges	4,644,151	3,103,134
B9c)	Severance indemnity	796,398	705,370
B9e)	Other costs	272,201	392,355
B9)	For the personnel	19,684,816	14,703,457
B10a)	Amortisation of intangible fixed assets	876,674	412,574
B10b)	Amortisation of tangible fixed assets	30,696	43,687
B10d)	Write-down of current receivables	254,493	219,026
B10)	Amortisation and depreciation	1,161,863	675,287
B11)	Change in inventories of raw materials, ancillary, consumables and goods	2,657,686	3,191,042
B14)	Other operating expenses	1,086,664	162,400
	Total	88,514,136	80,360,131
A-B	Difference between value of production and costs	26,084,509	28,781,919
C)	Financial income and expenses		
C15e)	Income from equity investments in other companies	135	-
C15)	Income from equity investments	135	-
C16a)	from receivables entered as fixed assets	9,962	64,132
C16d)	Income other than above	100,371	21,961
C16)	Other financial income	110,333	86,093
C17e)	Other	766,600	514,632
C17)	Interests and other financial charges	766,600	514,632
C17-bis)	Foreign exchange gains and losses	-	82,587
	Total	661,239	511,126
D)	Value adjustments of financial assets and liabilities		
D18a)	Revaluation of equity investments	977,803	1,377,591
D18)	Revaluations	977,803	1,324,911
D19d)	Write-downs of financial derivative instruments	570,076	-
D19)	Write-downs	570,076	-
	Total	407,727	1,324,911
	Result before taxes	25,834,729	29,595,704
20a)	Current taxes	5,427,707	7,730,675
20b)	Taxes related to previous financial years	44,512	-
20c)	Deferred taxes (prepaid)	1,080,796	3,900
20)	Income taxes for the period	6,553,015	7,734,575
	Profit (loss) for the year	19,277,983	21,861,129

Cash flow statement (indirect method)	31/12/19	31/12/18
A. Cash flows generated by operating activities		
Profit (loss) for the year	19,277,983	21,861,129
Income taxes	6,553,015	7,734,575
interest expense/(income)	661,373	428,538
Losses (capital gains) from disposals of intangible/tangible fixed assets	-6,557	-
1. Profit (loss) on income for the year before income tax, interest, dividends and gains/losses on disposals	26,485,814	30,024,242
<i>Adjustments for non-monetary items that were not recognised in the net working capital</i>		
Provisions	1,050,891	924,396
Amortisation of fixed assets	907,370	456,261
Value adjustments of financial assets and liabilities of financial derivative instruments that did not entail monetary changes	570,076	52,680
Other adjustments for non-monetary items	-2,451,493	-1,381,491
2. Cash flows before the changes in working capital	26,562,657	30,076,088
<i>Changes in net working capital</i>		
(Increases)/decreases in inventories	1,946,876	1,705,000
(Increases)/decreases in trade receivables	-8,700,646	-10,152,873
Increases/decreases in trade payables	4,379,159	719,910
Increases/decreases in accrued income and prepaid expenses	-131,034	12,612
Increases/decreases in accrued expenses and deferred income	158,336	-620
Other changes in net working capital	-3,682,752	-4,201,153
3. Cash flow after the changes in the net working capital	20,532,596	18,158,964
<i>Other adjustments</i>		
Interest collected/(paid)	-661,373	-428,538
(Income taxes paid)	-9,012,395	-6,347,840
Other collections/(payments)	-56,054	-176,586
4. Cash flow after the other adjustments	10,802,774	- 6,952,964
Cash flow of the income management (A)	10,802,774	11,206,000
B. Cash flows deriving from investing activities		
<i>Tangible fixed assets</i>		
(Investments)	-127,408	-813,630
Divestments	-133,965	-813,630
	6,557	
<i>Intangible fixed assets</i>		
(Investments)	-7,333,352	-1,313,299
Divestments	-7,333,352	-1,313,299
<i>Financial fixed assets</i>		
(Investments)	-75,831,070	79,311
Divestments	-75,831,070	79,311
<i>Current financial assets</i>		
(Investments)	-9,849,983	-19,953,150
Divestments	-10,014,667	-20,000,000
	164,684	46,850
Cash flow of the investment activity (B)	- 93,141,813	- 22,000,768
C. Cash flows deriving from financing activities		
<i>Financing activity</i>		
Increase/decrease in other financial payables	-2,278,717	-7,730,895
Increases/decreases in bank payables	70,009,154	3,800,222
of which: New disbursements	76,835,905	5,292,417
Reimbursements	6,826,751	-1,492,195
Increase/decrease in minority interest in shareholders' equity		
Increase/decrease in shareholders' equity	50,017,683	39,211,717
of which: Share Capital increases	14,994	40,000,000
Other changes in Shareholders' equity	50,002,689	-788,283
Cash flow of the financing activity (C)	117,748,120	35,281,044
Increase/(decrease) in cash and cash equivalents	35,409,081	24,486,276
Cash and cash equivalents at the beginning of the financial year	30,321,633	5,835,357
Cash and cash equivalents at the end of the financial year	65,730,714	30,321,633
Increase/(decrease) in cash and cash equivalents	35,409,081	24,486,276

NOTES TO THE FINANCIAL STATEMENTS, INITIAL PART

INTRODUCTION

Dear Shareholders,

the Financial Statements for the year ended 31st December 2019 of which these Explanatory Notes form an integral part in accordance with art. 2423, paragraph 1, of the Italian Civil Code, correspond to the results of the accounting records duly kept and they are prepared in accordance with art. 2423 et seq. of the Italian Civil Code, according to the principles of drafting in compliance with the provisions of art. 2423 bis and evaluation criteria referred to in art. 2426 of the Italian civil code.

Pursuant to art. 2423, paragraph 5 of the Civil Code:

- the Balance Sheet and Income Statement are prepared in units of euro. The change from account balances, expressed in euro cents, to budget balances, expressed in euro units, was made by rounding up or down in accordance with the EC Regulation. The reconciliation of the financial statements has been ensured by summarising the balance sheet differentials under the item "Reserve for rounding in euro units", entered under liabilities in the balance sheet under A.VI Other reserves;
- the data in the Notes to the Financial Statements are expressed in units of euro as they guarantee a better intelligibility of the document.

PRINCIPLES OF DRAFTING

The Financial Statements for the year ended 31st December 2019 have been prepared in accordance with the provisions of the Italian Civil Code, as amended by the Legislative Decree 139/2015, interpreted and supplemented by Italian accounting principles and recommendations issued by the Italian Accounting Body (OIC).

The Notes to the Financial Statements also contain all the additional information deemed necessary to provide a true and fair view of the economic and financial situation, even if not required by specific legal provisions.

The general clause on the preparation of the financial statements (Art. 2423 Civil Code), its drafting principles (art. 2423-bis of the Italian Civil Code) and the valuation criteria established for the individual items (art. 2426 of the (It.) Civil Code have been complied with.

In particular:

- the valuation of the items was carried out prudently, on a going concern basis and taking into account the economic function of each of the assets and liabilities;
- income and expenses were considered on an accruals basis, regardless of the date of collection or payment;
- the risks and losses for the year were considered even if they were known after the end of the year;
- profits were included only if they were realised on an accruals basis at the balance sheet date;

- for each item of the Balance Sheet and Income Statement, the amount of the corresponding item of the previous year was indicated, in compliance with the provisions of art. 2423-ter of the Italian civil code;
- the heterogeneous elements included in the individual items were valued separately.

It should also be noted that:

- in accordance with the provisions of art. 2423-ter of the Italian Civil Code, in the preparation of the financial statements, the formats provided for in art. 2424 of the Italian Civil Code for the Balance Sheet and art. 2425 of the Italian Civil Code for the Income Statement were used. These tables provide sufficient information to give a true and fair view of the Company's capital and borrowing situation and operating result;
- the Company maintained the same valuation criteria used in previous years, so that the book values are comparable;
- there were no exceptional cases requiring derogations from the legal provisions;
- the Company did not make use of the possibility to group items preceded by Arabic numerals;
- for the sake of greater clarity, items preceded by Arabic and Roman letters and numbers with no balance in the previous and current year, were omitted;
- there are no asset and liability items that fall under more than one item in the Balance Sheet.

At the closing date of the financial year, Antares Vision holds the following equity investments in subsidiaries:

- **IMAGO TECHNOLOGIES GMBH**, based in Friedberg, Germany, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION INC.**, based in New York, USA, of which Antares Vision holds 100% of the share capital and which in its turn holds 70% of the share capital of ANTARES VISION NORTH AMERICA LLC, based in New Jersey, USA;
- **ANTARES VISION DO BRASIL**, based in Sao Paulo, Brazil, of which Antares Vision holds 99.99% of the share capital, which in its turn holds 99.99% of the share capital of LEGG SYSTEM COMERCIO E SERVICOS DE PECAS INDUSTRIAIS E AUTOMACAO LTDA, based in Sao Paulo, Brazil, 51% of the share capital of T2 SOFTWARE, based in Sao Paulo, Brazil, and indirectly through the latter, 73% of the share capital of PHARMATRACK SISTEMAS LTDA;
- **ANTARES VISION FRANCE SAS**, based in Rillieux-la-Pape, France, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION IRELAND LIMITED**, based in Galway, Ireland, of which Antares Vision holds 100% of the share capital;
- **ANTARES VISION INDIA PRIVATE LIMITED**, based in Mumbai, India, of which Antares Vision holds 51% of the share capital;
- **ANTARES VISION RUS OOO, BASED IN MOSCOW, RUSSIA, OF WHICH ANTARES VISION HOLDS 100% OF THE SHARE CAPITAL**;
- **ANTARES VISION ASIA PACIFIC LIMITED, BASED IN HONG KONG, OF WHICH ANTARES VISION HOLDS 100% OF THE SHARE CAPITAL**;
- **FT SYSTEM SRL, based in Alseno (PC), of which Antares Vision acquired 100% of the share capital on 30/09/2019 and which in its turn wholly owns FT HEXAGONE SARL, based in Challes les Eaux, France, and FT NORTH AMERICA LLC, based in Massachusetts, USA.**

By virtue of holding these investments, Antares Vision has prepared the Consolidated Financial Statements as at 31/12/2019 in accordance with international accounting standards.

The transition to IFRS (International Financial Reporting Standards) was approved, only at a consolidated level for now, with a resolution passed by the Board of Directors last February 17th and is a further effort towards compliance with the best practices in terms of information and transparency, as well as an essential step with a view to possibly applying for listing on the Electronic Stock Market.

In light of the obligation to prepare the Consolidated Financial Statements, the Company avails itself of the longer term provided for in art. 2364, paragraph 2, of the Italian Civil Code for the approval of the Financial Statements as at 31st December 2019.

EVALUATION CRITERIA

RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS DUE

The item Receivables from shareholders for payments due is intended to include receivables relating to cash contributions resolved, signed and not yet paid, either at the time of incorporation of the Company or at a later date.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at purchase or production cost, including ancillary charges, and are systematically amortised according to their residual useful life and taking into account the provisions contained in point 5 of art. 2426 of the Italian civil code.

In detail:

- start-up and expansion costs are recorded on the basis of the acquisition cost actually incurred, including ancillary charges, and, in accordance with the favourable opinion of the Board of Statutory Auditors, are amortised over five years;
- development costs are amortised over a period not exceeding five years. In particular, the depreciation rate applied during the year is 20% for expenses incurred for the internal design and manufacture of new products and the implementation of existing ones. In accordance with the new legislation, advertising costs are fully expensed in the financial year as they relate to recurring costs and costs to support the marketability of products such as costs for exhibitions and fairs, costs for advertising material, etc.;
- industrial patents and intellectual property rights are entered under assets at purchase or production cost. The purchase cost also includes ancillary costs. These costs are amortised in each financial year in relation to their residual possibility of utilisation, which normally corresponds to a period of 5 financial years. These mainly refer to software and they are amortised at a rate of 20%;
- costs for improvements and incremental expenses on third party assets leased by the company, including financial leases, are capitalised and recorded in this item because the improvements and incremental expenses cannot be separated from the assets themselves, i.e. they cannot have an independent function. These costs are amortised from the time the assets become operational, during the shorter of the period of future utility of the expenses incurred and the residual period of the lease.

The fixed asset, which at the closing date of the financial year is permanently lower in value, is correspondingly written down. If in subsequent years the reasons for the write-down no longer apply, the original value is reinstated.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, including ancillary charges and costs directly attributable to the asset.

No portion of interest expense was charged to the cost of the assets.

No fixed assets have ever been subject to monetary revaluation.

Ordinary maintenance costs are charged in full to the Income Statement, while maintenance costs of an incremental nature are allocated to the assets to which they refer and amortised with them in relation to their residual useful life.

Tangible fixed assets are systematically depreciated each year on a straight-line basis at rates commensurate with their residual useful life and also taking into account the physical wear and tear of the asset; for the first year the rates are reduced by 50% as they represent the actual participation in the production process, which can be considered to have occurred on average at mid-year.

The depreciation rates used for the individual asset categories and not changed compared to the previous year are as follows:

- Buildings and light constructions: from 3% to 10%
- Plants and machinery: from 10% to 20%
- Industrial and commercial equipment: from 10% to 33%
- Other assets:
 - Vehicles and internal means of transport: from 15% to 30%
 - Office furniture and machines and data processing systems: 12% to 30%

If, regardless of the depreciation already recorded, there is a permanent impairment, the fixed asset is written down accordingly; if in subsequent years the reasons for the write-down no longer apply, the original value is reinstated.

Capital goods with a unit cost of less than Euro 516.46 and a reduced useful life are fully depreciated in the year of acquisition.

Tangible fixed assets held under finance leases are recorded in the financial statements according to the equity method. The information required by art. 2427, item 22, of the It. Civil Code are provided elsewhere in these Notes.

Tangible fixed assets in progress and advances to suppliers are recorded under assets on the basis of the cost incurred including directly attributable expenses.

FINANCIAL FIXED ASSETS

Shareholdings

Shareholdings are classified under fixed assets or current assets according to their destination.

Fixed assets consisting of shareholdings in subsidiaries have been valued at purchase cost or, alternatively, at the value of the corresponding fraction of shareholders' equity shown in the last financial statements of the companies concerned. Capital gains deriving from the application of the equity method with respect to the value indicated in the financial statements of the previous year are recorded in a non-distributable Shareholders' Equity Reserve.

Pursuant to art. 2426, point 3 of the Italian Civil Code, in the presence of lasting losses in value, defined and determined on the basis of OIC 21, the cost was adjusted.

Non-current receivables

Receivables recorded under financial fixed assets are shown at cost, coinciding with their estimated realisable value.

INVENTORIES

The final inventories were valued in accordance with art. 2426, paragraph 1, no. 9, at the lower of purchase or production cost and estimated realisable value based on market trends.

The cost configuration is as follows:

- raw materials and goods: weighted average cost;
- work in progress: industrial cost of production determined on the basis of the cost of raw materials used;
- finished products: industrial production cost determined on the basis of the cost of raw materials used.

For each category of inventories, the market value was checked and found to be higher than the corresponding acquisition or manufacturing cost.

Any obsolete and slow-moving stocks are written down taking into account the possibility of future use and realisation.

RECEIVABLES

Receivables classified as current assets are recorded at their estimated realisable value.

Amounts due by and after the year are broken down with reference to the contractual or legal due date, also taking into account facts and events that may lead to a change in the original due date, the debtor's realistic ability to meet their obligation within the contractual terms and the time horizon over which it is reasonably expected to be able to collect the receivable.

Receivables in accordance with art. 2426, paragraph 1, number 8, of the Italian Civil Code are recognised according to the amortised cost criterion, with the exception of receivables for which the effects of the application of amortised cost, pursuant to art. 2423 paragraph 4 of the Civil Code, are irrelevant (expiry date less than 12 months).

Due to the principle of materiality already mentioned, receivables were not discounted if the interest rate inferable from the contractual conditions is not significantly different from the market interest rate.

The time factor has also been taken into account, discounting receivables falling due beyond 12 months in the event of a significant difference between the actual interest rate and the market rate.

Receivables for which the amortised cost criterion was not applied were recognised at their estimated realisable value.

Receivables, regardless of whether or not amortised cost is applied, are shown in the financial statements net of an allowance for doubtful accounts to cover uncollectible receivables, as well as the general risk relating to the remaining receivables, based on estimates made on the basis of past experience, trends in the seniority indexes of past due receivables, the general economic situation, the sector and country risk situation, as well as events occurring after the end of the year that have an impact on the values at the date of the financial statements.

FINANCIAL ASSETS NOT HELD AS FIXED ASSETS

Financial assets that are not held as fixed assets are valued at the lower of market value and purchase cost.

The market to which reference was made to compare the cost is the Milan Stock Exchange. For unlisted financial assets, reference was made to prices of similar securities.

LIQUID ASSETS

Cash and cash equivalents are recorded at their nominal value. The bank receipts, presented subject to collection, are credited to the current accounts opened with the various credit institutions with reference to the date of the bank statement.

ACCRUALS AND DEFERRALS

Accruals and deferrals were recorded on an accrual basis and include revenues and costs pertaining to the year and payable in subsequent years and revenues and costs incurred by the end of the year, but pertaining to subsequent years.

Therefore, only the portions of costs and revenues common to two or more financial years are recorded, the amount of which varies over time.

At the end of the year, it was verified that the conditions that led to the initial recognition were met, making the necessary value adjustments, if applicable, taking into account not only the time element but also any recoverability.

Accrued income, similar to operating receivables, was valued at estimated realisable value, with a write-down in the Income Statement if this value is lower than the book value.

Accrued expenses, similar to payables, were valued at nominal value.

For prepaid expenses, the future economic benefit related to deferred costs was evaluated and, if this benefit was lower than the prepaid portion, an adjustment was made.

PROVISIONS FOR RISKS AND CHARGES

These are set up to cover charges or payables of a specific nature and whose existence is probable or already certain at the balance sheet date, but whose amount or date of occurrence is uncertain at that date; the provision reflects the best possible estimate based on the information available.

EMPLOYEE SEVERANCE INDEMNITY

Employee severance indemnities are recorded in compliance with current legislation and correspond to the Company's actual commitment to individual employees at the balance sheet date, less advances paid.

PAYABLES

Payables in accordance with art. 2426, paragraph 1, number 8, of the Italian Civil Code are recognised according to the amortised cost method, with the exception of payables for which the effects of the application of amortised cost, in accordance with art. 2423, paragraph 4, of the Civil Code, are irrelevant (expiry date less than 12 months). Due to the principle of materiality already mentioned, payables were not discounted if the interest rate inferable from the contractual conditions is not significantly different from the market interest rate.

The time factor was also taken into account by discounting payables due beyond 12 months in the event of a significant difference between the effective interest rate and the market rate.

Payables for which the amortised cost criterion was not applied were recognised at nominal value.

Amounts due by and after the financial year are broken down by contractual or legal deadline, also taking into account facts and events that may lead to a change in the original deadline.

Payables arising from the acquisition of goods are recorded when the risks, charges and benefits are transferred; those relating to services are recorded when the service is provided; financial and other payables are recorded when the obligation to the counterparty arises.

Tax payables include liabilities for certain and determined taxes, as well as withholdings made as withholding agent, and not yet paid at the balance sheet date and where offsetting is allowed, are recorded net of advances, withholding taxes and tax credits.

VALUES IN FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currency are recorded at the spot exchange rate on the closing date of the financial year, with the related exchange gains and losses recognised in the Income Statement.

With regard to the provisions of Article 2427, paragraph 1, number 6-bis, of the Italian Civil Code, it should be noted that no significant changes in exchange rates occurred after the end of the year.

COSTS AND REVENUES

They are presented on a prudent and accruals basis.

Revenues are recognised when there has been a substantial transfer of title in the case of the transfer of goods or when the service has been rendered in the case of the provision of services.

It should be noted that economic and financial transactions with Group companies and related parties are carried out at normal market conditions.

SIGNIFICANT EVENTS

On 30th September 2019, 100% of FT System S.r.l. was acquired. The company was founded in Alseno in 1998 and specialises in testing and inspection technologies mainly for bottling in the beverage and food industry, with two branches abroad (France and United States). The price paid for the acquisition, amounting to Euro 67,712,714, is supported by Fairness Opinion prepared by an independent third party.

In addition, in December 2019, through a capital increase of €3.25 million, Antares Vision acquired a 37.5% stake in the capital of Orobix S.r.l., a company founded in 2009 in Bergamo that operates in artificial intelligence systems, while at the same time signing a shareholders' agreement with the majority shareholder, Girolamo Initiatives S.r.l., which could increase Antares Vision's stake to the total share capital of Orobix.

The resources provided through the capital increase will be used to support the development plans, which are aimed at making Orobix one of the top leading AI *Service Companies*. At the same time, the acquisition will allow Antares Vision to strengthen its position in smart data management, thanks to the experience gained by the Bergamo-based company, and to boost the activities of R&D and of its Innovation Centre.

Since 18th April 2019, Antares Vision has been listed on the Italian Stock Exchange and on the AIM Italia/Alternative Investment Market for dynamic and competitive SMEs. This prestigious result was achieved through the *Business Combination* with Alp.I S.p.A., the *Special Purpose Acquisition Company* ("SPAC") promoted by Mediobanca together with other promoters from the financial world.

This operation has made it possible to provide Antares Vision with 50 million euros to further strengthen the Company's growth and industrial development path and to obtain greater visibility, reliability and credibility with all stakeholders.

As a result of this *Business Combination* operation, the following asset and liability values have been included in the accounts of Antares Vision:

ASSETS		LIABILITIES	
BANK DEPOSITS	49,339,858	SHARE CAPITAL	12,000
IMPLANTATION COSTS	457,144	SHARE PREMIUM RESERVE	49,988,000
ACCRUED INCOME	23,034	TRADE PAYABLES	1,254,449
TREASURY VAT	366,763	OTHER PAYABLES	310
TREASURY WITH ACTIVE INTER.RANKS ALP.I	40,228	PROVISION FOR PLANTING EXPENSES	49,165
TREASURY WITH ADVANCE TAXES ALP.I	1,076,896		
	51,303,924		51,303,924

Reference should be made to the individual sections of these Notes for a detailed analysis of the items affected by the *Business Combination* transaction.

During the year, the activity was carried out regularly; there were no events that significantly changed the operating performance and due to which the exceptions referred to in the art. 2423, paragraph 4, Italian Civil Code, had to be made.

BALANCE SHEET ASSETS

The following table shows the changes in the balance of assets.

RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS DUE

The Company's Shareholders' Meeting held on 5th February 2019 approved a share capital increase, with exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the Warrants, in divisible form, for a maximum nominal amount of Euro 3,255.60 through the issue of a maximum number of 1,356,500 conversion shares.

As at 31st December 2019 the item Receivables from shareholders for payments due amounts to Euro 186 following the exercise of 5,000 Warrants in November 2019, corresponding to 226 ordinary conversion shares and of 31,839 Warrants in December 2019, corresponding to 1,630 ordinary conversion shares, whose cash contribution took place on 3rd January 2020, thus after the end of the financial year.

FIXED ASSETS

The following table shows the changes in the amount of fixed assets.

INTANGIBLE FIXED ASSETS

The item Intangible fixed assets amounts to Euro 8,599,235. The composition and summary movements of this item are detailed in the following table.

INTANGIBLE FIXED ASSETS							
Balance Sheet Code	B I 01	B I 02	B I 03	B I 04	B I 06	B I 07	B I
Description	Start-up and expansion costs	Development costs	Industrial patent rights and use of intellectual property	Concessions, licences, trademarks and similar rights	Fixed assets under construction and advances	Other intangible fixed assets	TOTAL
Historical cost 31/12/2018	75,255	2,672,670	145,988	94,267		1,050,911	4,039,091
Depreciation fund 31/12/2018	646	1,342,935	87,593	94,267			1,525,441
Book value 31/12/2018	74,609	1,329,735	58,395	-	-	1,050,911	2,513,650
Increases for acquisitions	1,512,970			116,512	4,696,935	534,355	6,860,772
Other increases		976,168					976,168
Other decreases		-976,168					-976,168
Depreciation for the period	383,387	339,300	29,197	23,302			775,186
Total changes	1,129,583	-339,300	-29,197	93,209	4,696,935	534,355	6,085,586
Historical cost 31/12/2019	1,588,225	1,696,502	145,988	210,778	4,696,935	1,585,266	9,923,693
Depreciation fund 31/12/2019	384,033	706,067	116,790	117,569			1,324,459
Book value 31/12/2019	1,204,192	990,435	29,198	93,209	4,696,935	1,585,266	8,599,235

The significant increase in the item Start-up and expansion costs, which went from a net book value of Euro 74,609 at 31st December 2018 to a net book value of Euro 1,204,193 at 31st December 2019, is attributable to the *Business Combination* transaction with Alp.I S.p.A. which in April 2019 led to the recognition of costs capitalised by the merged company for Antares Vision amounting to Euro 457,144 and the costs incurred by the Company for listing on the AIM market. The latter have been capitalised in accordance with OIC 24 as it is believed that the incurrence of these costs may reasonably generate future benefits in terms of increased visibility, reliability and credibility towards all *stakeholders*.

With reference to the item Development costs, the normal five-year amortisation of costs capitalised in previous years continued during the year.

With regard to the development costs incurred during 2019, the directors decided to record new capitalisations of Euro 3,495,704, once they had verified the existence of a reasonable certainty that they would generate revenues in future years and subject to the consent of the Board of Statutory Auditors. These costs have been classified as assets under construction as they relate to projects not yet completed. Please refer to the Report on Operations for a more detailed comment on the projects in progress.

The item Industrial patent rights and rights to use intellectual property is entirely attributable to the acquisition by Antares Vision of the company branch of Pharmamech S.r.l. with registered office in Collecchio (PR), an acquisition made in 2016 at the end of a lease and preliminary purchase and sale contract for the company branch signed on 31st October 2013.

The amount recorded under Concessions, licenses, trademarks and similar rights, amounting to Euro 93,209 is attributable to software licenses.

Assets under construction and advances include, as already mentioned, development costs on projects not yet completed at year-end, as well as advances totalling 1,201,231 euros paid for extraordinary maintenance work on the building where the Company's headquarters is located and on the industrial building located in Sorbolo (PR), both under finance leases.

Finally, the item Other intangible assets includes improvements and incremental expenses on leased assets that do not have independent functionality with respect to the assets themselves. These are in particular the costs incurred for the modernisation and expansion of the industrial building located in the municipality of Travagliato where the new company headquarters was established from 1st June 2015.

TANGIBLE FIXED ASSETS

The table below shows the changes that occurred during the year with regard to the class of tangible fixed assets and related depreciation.

TANGIBLE FIXED ASSETS					
Balance Sheet Code	B II 01	B II 03	B II 04	B II 05	B II
Description	Land and buildings	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	TOTAL
Historical cost 31/12/2018	785,000	135,907	248,600	-	1,169,507
Depreciation fund 31/12/2018	8,242	103,346	210,106	-	321,694
Book value 31/12/2018	776,758	32,561	38,494	-	847,813
Increases for acquisitions	15,000	-	1,389	29,818	46,207
Other changes	-	-	952	-	952
Depreciation for the period	-	16,814	12,930	-	29,744
Total changes	15,000	- 16,814	- 12,493	29,818	16,464
Historical cost 31/12/2019	800,000	135,907	249,037	29,818	1,214,762
Depreciation fund 31/12/2019	8,242	120,160	223,036	-	351,438
Book value 31/12/2019	791,758	15,747	26,001	29,818	863,324

Compared to the previous year, the items belonging to tangible fixed assets have undergone little significant changes, mostly due to the normal depreciation process.

The costs incurred during 2019 for extraordinary maintenance works on the industrial building located in the municipality of Torbole Casaglia, of which the company acquired ownership on 10th October 2018, were recorded for Euro 15,000 under Land and buildings and for Euro 29,818 under Tangible assets in progress and advances as they refer to advances paid to suppliers for works not yet completed as at 31st December 2019. Tangible fixed assets in progress also include 81,200 euros relating to a building right acquired in the second half of 2019 by the Municipality of Travagliato.

FINANCE LEASE OPERATIONS

As at 31st December 2019, the Company had the following finance lease contracts in place:

- contract for the purchase of the shed located in the municipality of Travagliato (BS) where the new company headquarters has been established since 1st June 2015. This is a finance lease whose contract was originally signed on 30th January 2014 with ICCREA Banca Impresa S.p.A. at a variable interest rate covered by IRS (Interest Rate Swap) to cover a total cost of Euro 4,181,700. The contractual duration of the finance lease is set at 120 months; at the same time, as the deed of purchase and sale was finalised, the company Antares Vision paid the lessor Euro

418,170 of which Euro 257,749 are shown among prepaid expenses, as they are attributable to subsequent years. The remaining fees are paid monthly from February 2016, the month following the signing of the supplementary/recognitive agreement on the satisfactory state of the property. The residual commitment resulting from the signing of the financial leasing contract with ICCREA Banca Impresa S.p.A., equal to Euro 2,898,960, is appropriately indicated among the commitments. The above contract is represented in the financial statements according to the equity method. Following is the information required by art. 2427, point 22, of the Italian Civil Code;

- contract for the purchase of the shed located in the municipality of Sorbolo (PR) where a local production unit has been established since 3rd October 2017. This is a finance lease whose contract was originally signed on 21st July 2017 with Unicredit Leasing S.p.A. to cover a total cost of Euro 1,440,600. The interest rate, indexed to the EIB SMES LOAN VIII 2017 NO FLO and increased by a *spread*, was hedged by an IRS. The contractual duration of the financial lease is set at 144 months; at the same time as the deed of sale was finally formalised, the company Antares Vision paid the lessor 216,090 euros, of which 172,556 euros are indicated among the prepaid expenses, as they are due in subsequent years. The other rents, amounting to Euro 8,091 each, are paid monthly starting from August 2017, the month following the signing of the property delivery report. The residual commitment resulting from the signing of the financial leasing contract with Unicredit Leasing S.p.A. amounting to Euro 1,007,105 is appropriately indicated among the commitments. The above contract is represented in the financial statements according to the equity method. Following is the information required by art. 2427, point 22) of the Italian Civil Code;
- contract for the purchase of a second real estate complex located in the municipality of Sorbolo (PR), constituting an expansion of the local production unit in Parma. This is a finance lease whose contract was signed on 26th March 2018 with Unicredit Leasing S.p.A. to cover a total cost of Euro 490,600. The variable interest rate was hedged by means of an IRS. The contractual duration of the financial lease is set at 144 months; at the same time as the final formalisation of the deed of sale, the company Antares Vision paid the lessor Euro 73,590, of which Euro 62,960 are indicated among the prepaid expenses, as they are pertaining to subsequent years. The other rents, amounting to Euro 2,756 each, are paid monthly starting from May 2018, the month following the signing of the property delivery report. The residual commitment resulting from the signing of the financial leasing contract with Unicredit Leasing S.p.A. amounting to Euro 365,260 is appropriately indicated among the commitments. The above contract is represented in the financial statements according to the equity method. In relation to the significance of the effects that would be determined on both equity and the economic result if the financial recognition method had been adopted, the information required by the article is provided below. 2427, point 22) of the Italian Civil Code;
- contract for the purchase of an industrial shed adjacent to the current headquarters in Travagliato, to be used as a production site and offices. The subscription, on 2nd July 2019, took place through the payment of € 673,293 and by taking over a leasing contract (with consequent assumption of a debt of € 956,707) stipulated with ICCREA Banca Impresa S.p.A.. The leasing contract, renegotiated upon taking over, provides for a residual term of 10 years and a variable rate equal to the 3-month Euribor plus a *spread*. The leasing contract also provides for the possibility of an additional payment of up to 2,500,000 euros to be used for renovation work. The residual commitment resulting from the signing of the financial leasing contract with ICCREA Banca Impresa Leasing S.p.A., equal to Euro 932,315, is appropriately indicated among the commitments. The above contract is represented in the financial statements according to the equity method. Following is the information required by art. 2427, point 22) of the Italian Civil Code.

Finance lease transactions: information pursuant to art. 2427, point 22) of the Italian Civil Code

FINANCE LEASE TRANSACTIONS	
Description	Amount
Total amount of leased assets at year-end	7,808,099
Depreciation that would have been attributable to the year	167,052
Adjustments and write-backs that would have been attributable to the year	-
Present value of lease instalments not yet due at the end of the year	5,203,640
Financial charges for the year based on the effective interest rate	-

FINANCIAL FIXED ASSETS

Shareholdings

The value of Investments in subsidiaries as at 31st December 2019 amounted to Euro 73,705,892.

With regard to the 100% stake in Imago Technologies GmbH (a subsidiary pursuant to art. 2359 of the Italian Civil Code), purchased on 5th June 2009 and recorded as a long-term, strategic and historical investment, the Company continued to value its assets in 2019 using the equity method. In section D of the Income Statement, the revaluation pursuant to art. 2426, no. 4, of the Italian Civil Code is shown, concerning the profit reported in the latest financial statements of the subsidiary for the period 1st January 2019 - 31st December 2019.

Investment in Imago Technologies GmbH	31/12/2019
Value as at 31/12/2018	4,604,729
Revaluation carried out in the Income Statement	977,803
Value as at 31/12/2019	5,582,532

The exact composition of the shareholders' equity of Imago Technologies GmbH at 31st December 2019 is as follows:

Shareholders' Equity Imago Technologies GmbH	31/12/2019
Share Capital	25,000
Legal reserve	565
Other reserves stated separately	35,075
Profits (losses) carried forward	4,544,089
Profit (loss) for the year	977,803
Total	5,582,532

Other equity investments in subsidiaries, according to the definition of control set out in art. 2359 of the Italian Civil Code, are recorded under fixed assets as they represent strategic and long-lasting investments.

These are investments in the following companies:

- **ANTARES VISION INC.**, incorporated on 28th October 2013, with registered office in New York, USA, of which Antares Vision holds 100% of the share capital and whose valuation at purchase cost has been maintained (pursuant to art. 2426, no. 1, Italian civil code) equal to euro 109,170 not adjusted for impairment losses;
- **ANTARES VISION DO BRASIL**, incorporated on 18th November 2013, with registered office in São Paulo,

Brazil, of which Antares Vision holds 99.99% of the share capital and valued in these financial statements at purchase cost (art. 2426, no. 1, Italian civil code) equal to euro 116,707 not adjusted for impairment losses;

- **ANTARES VISION FRANCE SAS**, incorporated on 23rd September 2016, with registered office in Rillieux-la-Pape, France, of which Antares Vision holds 100% of the share capital and valued in these Financial Statements at purchase cost (art. 2426, no. 1, Italian civil code) equal to Euro 10,000;
- **ANTARES VISION IRELAND LIMITED**, incorporated on 20th October 2017, with registered office in Galway, Ireland, of which Antares Vision holds 100% of the share capital and shown here at purchase cost (art. 2426, no. 1, Italian civil code) equal to Euro 10,000, not adjusted for impairment losses;
- **ANTARES VISION INDIA PRIVATE LIMITED**, incorporated on 20th April 2019, with registered office in Mumbai, India, of which Antares Vision holds 51% of the share capital and shown in these Financial Statements at purchase cost (art. 2426, no. 1, Italian civil code) equal to Euro 163,462;
- **ANTARES VISION RUS OOO**, incorporated on 12th April 2019, with registered office in Moscow, Russia, of which Antares Vision holds 100% of the share capital and herein recorded at purchase cost (art. 2426, no. 1, Italian civil code) equal to EUR 137;
- **ANTARES VISION ASIA PACIFIC LIMITED**, incorporated on 22nd August 2019, with registered office in Hong Kong, of which Antares Vision holds 100% of the share capital and recorded in these financial statements at purchase cost (art. 2426, no. 1, Italian civil code) equal to euro 1,170;
- **FT SYSTEM SRL**, with registered office in Alseno (PC), of which Antares Vision acquired 100% of the share capital on 30th September 2019 and which is shown in these financial statements at purchase cost (art. 2426, no. 1, Italian civil code) equal to euro 67,712,714.

The following table shows the information required by art. 2427, paragraph 1, number 5, of the Italian Civil Code with regard to shareholdings in subsidiaries:

INVESTMENTS IN SUBSIDIARIES								
Balance Sheet Code	B III 1 a)							
Name	City if in Italy or foreign country	Share Capital	Profit (Loss) last year	Shareholders' equity	Shareholders' equity (in euros)	Share owned	Share % owned	Book value
IMAGO TECHNOLOGIES GMBH	FRIEDBERG, GERMANY	25,000 EUR	977,803 EUR	5,582,532 EUR	5,582,532 EUR	25,000 EUR	100.00%	5,582,532
ANTARES VISION INC	NEW YORK, UNITED STATES	100 USD	852,407 USD	2,900,860 USD	2,582,214 EUR	100 USD	100.00%	109,170
ANTARES VISION DO BRASIL	SAN PAOLO, BRAZIL	361,071 BRL	-8,884,150 BRL	-2,626,408 BRL	-581,617 EUR	361,071 BRL	99.99%	116,707
ANTARES VISION FRANCE	RILLIEUX LA PAPE, FRANCE	10,000 EUR	178,639 EUR	505,703 EUR	505,703 EUR	10,000 EUR	100.00%	10,000
ANTARES VISION IRELAND LIMITED	GALWAY, IRELAND	10,000 EUR	17,263 EUR	-2,588 EUR	-2,588 EUR	10,000 EUR	100.00%	10,000
ANTARES VISION INDIA PRIVATE LIMITED	MUMBAI, INDIA	25,000,000 INR	-5,746,483 INR	19,253,517 INR	240,108 EUR	25,000,000 INR	51.00%	163,462
ANTARES VISION RUS OOO	MOSCOW, RUSSIA	10,000 RUB	-613,470 RUB	-603,470 RUB	-8,626 EUR	10,000 RUB	100.00%	137
ANTARES VISION ASIA PACIFIC LIMITED	HONG KONG	10,000 HKD	-326,663 HKD	-316,663 HKD	-36,874 EUR	10,000 HKD	100.00%	1,170
FT SYSTEM SRL	ALSENO (PC), ITALY	110,000 EUR	596,983 EUR	12,610,935 EUR	12,610,935 EUR	110,000 EUR	100.00%	67,712,714
Total								73,705,892

As already mentioned, the book value of the investment in FT System is equal to the purchase cost (Euro 67,712,714), i.e. the price paid for the acquisition. The purchase price is supported by a Fairness Opinion prepared by an independent

third party and is fully justified by the growth potential of the FT Group and the future synergies that may develop with Antares Vision.

With regard to Antares Vision do Brasil, it should be noted that the administrative body considered the loss for the year to be entirely contingent and temporary and did not see in it a sign of permanent impairment of the equity investment. This assessment was conducted in accordance with the general principle of prudence and it is the result of a Business Plan aimed at restoring the subsidiary's economic and financial equilibrium over the next two years.

The losses recorded by Antares Vision India Private Limited, Antares Vision Rus OOO and Antares Vision Asia Pacific Limited are not considered as a permanent impairment of the value of the related shareholding as these are subsidiaries established during 2019 and in the start-up phase.

The shareholding in Antares Vision Ireland Limited is maintained at purchase cost because, although the subsidiary has negative equity, it is confident that the subsidiary will generate positive results in the coming years, in line with the *trend* of 2019, given the high innovative and strategic potential of the subsidiary.

Equity investments in associated companies, totalling 3,250,000 euros, include the equity investment in:

- OROBIX SRL, a company based in Bergamo that operates in artificial intelligence systems of which Antares Vision acquired 37.5% of the share capital in December 2019 through a share capital increase. The shareholding is recorded at purchase cost (art. 2426, no. 1 of the Italian Civil Code).

The following table shows the information required by art. 2427, paragraph 1, number 5 of the Italian Civil Code with regard to shareholdings in associated companies:

The resources provided through the capital increase will be used to support the development plans, which are aimed at making Orobix one of the top and leading *AI Service Companies*. At the same time, the acquisition will allow Antares Vision to strengthen its position in smart data management, thanks to the experience gained by the Bergamo-based company, and to boost the activities of R&D and of its *Innovation Centre*.

At the same time a shareholders' agreement was signed with Orobix majority shareholder, Girolamo Initiatives S.r.l., which envisages, in favour of Antares Vision, incremental acquisition options to be exercised within pre-set timeframes (from 30th June 2023 and from 30th June 2025) for 30% of the Orobix share capital overall.

The item Equity investments in other companies, totalling 400,000 euros, includes the equity investment in:

- SIEMPHARMA SRL, a company active in the design and marketing of packaging machinery, of which Antares Vision acquired 10% of the share capital on 28th January 2019 and herein recorded at purchase cost (art. 2426, no. 1 of the Italian Civil Code).

RECEIVABLES

Receivables, recorded under financial fixed assets, amount to Euro 3,582,988 and relate to loans granted to subsidiaries and guarantee deposits paid to guarantee existing contracts. The table below shows the details and expiry date.

NON-CURRENT RECEIVABLES			
Balance Sheet Code	B III 2a	B III 2d-bis	B III 2
Description	Non-current receivables from subsidiaries	Non-current receivables from others	Total
Value as at 31/12/2018	200,000	57,204	257,204
Changes during the year	3,325,317	467	3,325,784
Value as at 31/12/2019	3,525,317	57,671	3,582,988
Portion due within one year	-	57,671	57,671
Portion due after one year	3,525,317	-	3,525,317

SECURITIES

There are no securities among financial fixed assets.

CURRENT ASSETS

The items of the respective components which are considered relevant are commented individually below.

INVENTORIES

Inventories included in current assets amount to Euro 18,489,250. The composition and movements of the individual items are represented as follows:

INVENTORIES					
Balance Sheet Code	C I 01	C I 02	C I 04	C I 05	C I
Description	Raw materials, ancillary and consumables	Work in progress and semi-finished goods	Finished products and goods	Advances	Total Inventories
Value as at 31/12/2018	16,905,803	742,994	1,920,992	866,338	20,436,127
Change during the period	-2,657,686	-323,636	1,573,959	-539,513	-1,946,877
Value as at 31/12/2019	14,248,117	419,358	3,494,951	326,825	18,489,250

The item Raw, ancillary and consumable materials is largely represented by components that can be used to build and complete control systems.

Work in progress and semi-finished products represent the machinery still in progress.

The item Finished products and goods includes the value of machinery completed but not yet delivered to the final customer.

The item Advances paid, which at 31st December 2019 amounted to € 326,825, is represented by receivables for advances paid to suppliers.

The existing inventory rose from Euro 20,436,127 to Euro 18,489,250, mainly due to a decrease in raw, ancillary and consumable materials linked to a better procurement policy aimed at efficiently coordinating the purchase of materials with respect to the need to use them.

RECEIVABLES INCLUDED IN CURRENT ASSETS

It. Legislative Decree no. 139/2015 established that receivables are recognised in the financial statements using the amortised cost method, taking into account the time factor and the estimated realisable value.

Trade receivables shown in the Financial Statements as at 31st December 2019 have a maturity of less than 12 months, therefore they have been recorded at their estimated realisable value, without the need to measure them using the amortised cost method, nor to discount them.

The estimated realisable value corresponds to the difference between the nominal value and the provision for doubtful debts accrued in previous years.

The following table shows the changes in the amount of the item Receivables, separating the portion due within one year from that due after the next. There are no receivables with a residual maturity of more than five years.

CURRENT ASSETS						
Balance Sheet Code	CII1a)	CII2)	CII5-bis)	CII5-ter)	CII5-quater)	CII
Description	Receivables from customers	Receivables from subsidiaries	Tax receivables	Tax prepaid	Other receivables	Total current assets
Value as at 31/12/2018	33,019,301	11,529,982	1,148,919	57,306	2,008,411	47,763,919
Change during the period	8,174,569	271,584	2,671,125	37,806	1,412,991	9,666,481
Value as at 31/12/2019	41,193,870	11,801,565	3,820,045	19,500	595,420	57,430,400
Portion due within one year	41,193,870	11,801,565	3,820,045	19,500	595,420	57,430,400
Portion due after one year	-	-	-	-	-	-

The item Trade receivables has undergone the following changes:

TRADE RECEIVABLES			
Balance Sheet Code	C II 01 a		C II 01
Description	Trade receivables	Provision for risks on receivables	Total trade receivables
Value as at 31/12/2018	33,408,050	388,749	33,019,301
Change during the period	8,427,706	253,137	8,174,569
Value as at 31/12/2019	41,835,756	641,886	41,193,870

These are trade receivables with a due date of less than 12 months, recorded net of adjustment provisions, set up on a prudent basis in previous years.

The provision for doubtful accounts recognised for tax purposes pursuant to art. 106 TUIR had a value of Euro 641,887 at 31st December 2019. During the year it was used for Euro 1,356 and increased by Euro 295,184 (of which 40,691 deriving from reclassification from the bad debt provision not recognised for tax purposes). Its value as at 31st December 2019 is fully adequate with respect to hypothetical insolvencies, also on the basis of the historical trend of losses on receivables realised by the Company, which were almost absent during the various financial years.

Changes in the allowance for doubtful accounts were as follows:

RECEIVABLES - PROVISION FOR DOUBTFUL ACCOUNTS		
Balance Sheet Code	C II	
Description	Provision for doubtful accounts pursuant to art. 106 TUIR	Taxed provision for doubtful accounts
Value as at 31/12/2018	348,058	40,691
Increases in the period	295,184	-
Decreases in the period	-1,356	-40,691
Value as at 31/12/2019	641,886	-

It should be noted that the Company makes a careful assessment of customer solvency, constantly monitors credit exposure and initiates immediate debt collection procedures with counterparties for past due accounts.

Average collection times have improved compared to the previous year. In the case of machinery and additions, a homogenization of payment terms has been initiated by providing for down payments covering up to 80% of the amount due before shipment.

The composition of customers is such that there is no situation of commercial dependence: the loan portfolio is well broken down by geographical area and counterparty.

Receivables from subsidiaries included in current assets are of a commercial nature and are made up as follows:

RECEIVABLES FROM SUBSIDIARIES	
Balance Sheet Code	C II 02
Description	Receivables from subsidiaries
ANTARES VISION DO BRASIL	1,431,058
ANTARES VISION NORTH AMERICA	10,294,853
ANTARES VISION ASIA PACIFIC LIMITED	75,654
Value as at 31/12/2019	11,801,565

The item Tax receivables amounts to Euro 3,820,045. They are provided to follow the detail and composition:

TAX RECEIVABLES	
Balance Sheet Code	C II 05BIS
Description	Tax receivables
IRES RECEIVABLE	2,230,536
IRAP RECEIVABLE	66,825
FOREIGN VAT WITH REFUND	53,403
TREASURY WITH CREDIT VAT	1,329,087
WITHHELD TO BE DEDUCTED	56,780
FOREIGN WITHHOLDING TAX TO BE DEDUCTED	50,914
TAX CREDIT ART BONUS	32,500
TOTAL	3,820,045

The IRES receivable and the IRAP receivable represent the balance of direct taxes net of the related advances. They present a credit balance since the advances paid during 2019 are in excess of the actual total amount due and are therefore classified under Tax receivables.

This item also includes Euro 1,382,490 in VAT credit (including foreign VAT), of which Euro 366,763 from the *Business Combination* transaction, Euro 107,694 in withholding taxes, including from foreign countries, and Euro 32,500 for the Art Bonus tax credit arising from the restoration project for Vittoria Alata, to which Antares Vision contributed through a substantial donation to Fondazione Brescia Musei.

The item Prepaid tax assets amounts to Euro 19,500 and refers entirely to IRES (corporate income tax) relating to the

tax relief for energy requalification expenses pursuant to art. 1, paragraphs 344 to 349, Law 296/2006 supported in 2015 by the Company.

The details and composition of Receivables from others recorded under current assets are set out below:

RECEIVABLES FROM OTHERS	
Balance Sheet Code	C II 05QUATER
Description	Receivables from others
Advances to suppliers	509,899
Employees with advances	17,161
Other receivables	68,360
Value as at 31/12/2019	595,420

BREAKDOWN OF RECEIVABLES RECORDED IN CURRENT ASSETS BY GEOGRAPHICAL AREA

Given the Company's operations on international markets, the breakdown by geographical area of receivables recorded under current assets is considered significant:

Description	Italy	Europe	Extra Europe	Total
Trade receivables	1,945,807	17,950,075	21,297,988	41,193,870
Receivables from subsidiaries	-	-	11,801,565	11,801,565
Tax receivables	3,715,727	61,729	42,588	3,820,044
Prepaid tax assets	19,500	-	-	19,500
Receivables from others	128,122	374,422	92,876	595,420
Value as at 31/12/2019	5,809,156	18,386,227	33,235,017	57,430,400

As at 31st December 2019 there were no receivables in foreign currency.

FINANCIAL ASSETS NOT HELD AS FIXED ASSETS

Below is a breakdown of the assets included in current assets for a total of € 33,132,228; to date, no significant negative changes have occurred, such as to be reflected in the financial statements as at 31st December 2019.

EQUITY SECURITIES IN PORTFOLIO HELD AT BCC DEL GARDA:

no. 2,200 SHARES BCC DEL GARDA

PURCHASE COST INCURRED EURO 10,820

COUNTERVALUE AS AT 31/12/2019 NOMINAL EURO 10,820

EQUITY SECURITIES IN PORTFOLIO HELD AT BCC DI BRESCIA:

BCC SHARES OF BRESCIA

PURCHASE COST INCURRED EURO 1,434

COUNTERVALUE AS AT 31/12/2019 NOMINAL EURO 1,434

AXA MPS POLICY EFFECTIVE 18/02/2008, EXPIRY 18/02/2023, SINGLE PREMIUM

PURCHASE COST EURO 15,000

POLICY UNIBONUS IMPRESA PLUS NUMBER 3162527 24/08/2011 - 24/08/2021
AT CREDITRAS VITA SPA, PREMIUMS PAID OUT 104,974 EUROS

CERTIFICATE OF DEPOSIT ISIN CD08676AD24, EXPIRY 05/03/2021
HELD AT BCC DEL GARDA C
COUNTERVALUE AS AT 31/12/2019 EURO 3,000,000

CERTIFICATE OF DEPOSIT ISIN CD08676SM12, EXPIRY 16/02/2021
HELD AT BCC DEL GARDA
COUNTERVALUE AS AT 31/12/2019 EURO 10,000,000

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

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

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

The following table shows the changes during the year:

FINANCIAL ASSETS NOT HELD AS FIXED ASSETS	
Balance Sheet Code	C III 6)
Description	Other securities
Value as at 31/12/2018	23,282,246
Increases	10,014,667
Divestments	164,684
Value as at 31/12/2019	33,132,228

The increase is due to the purchase of two insurance policies for Euro 10,000,000 and the periodic payments made during 2019 relating to the Unibonus Impresa Plus 3162527 policy. The Unibonus Impresa Plus 2994730 policy was fully redeemed on 18th March 2019; the Certificates of Deposit in portfolio amount to 13,000,000 euros and there is no penalty for any divestment.

LIQUID ASSETS

The item Cash and cash equivalents amounts to Euro 65,730,714 and shows the following changes:

LIQUID ASSETS			
Balance Sheet Code	C IV 01	C IV 03	C IV
Description	Bank and postal deposits	Money and other cash on hand	Total liquid assets
Value as at 31/12/2018	30,164,414	157,219	30,321,633
Changes during the period	35,436,379	-27,298	35,409,081
Value as at 31/12/2019	65,600,793	129,921	65,730,714

BANK AND POSTAL DEPOSITS

The item Bank and postal deposits represents the positive balance at 31st December 2019 for a total of Euro 65,600,793 relating to the following bank accounts:

Balance Sheet Code	C IV 1)
Description	Bank and postal deposits
BCC DEL GARDA 290245	2,933,715
UNICREDIT 101592596	2,559,558
MONTE DEI PASCHI 797346	1,777,469
CARIGE 798880	892,730
BNL 2316	17,225,182
BANCO BPM 3737	12,530,718
BCC DI BRESCIA 58260	2,003,663
BNL USD 831594	2,757
UBI 5933	5,138,414
BANCA INTESA 2276	17,103,174
BANCA UBS 00001	841
BANCA MEDIOLANUM 1984954	2,880,017
BANCA PASSADORE 2411135	274,986
BCC DEL GARDA 233152	277,569
Total	65,600,793

CASH AND CASH ON HAND

The item Cash on hand represents the positive balance relating to prepaid credit cards for Euro 125,946 and cash on hand for Euro 3,975.

ACCRUED INCOME AND PREPAID EXPENSES

Accruals and deferrals are recorded on an accruals basis, with reference to the physical time criterion and determined with the consent of the Board of Statutory Auditors.

They measure income and charges whose accrual is anticipated or postponed with respect to the numerical and/

or documentary manifestation; they disregard the date of payment or collection of the relative income and charges, common to two or more financial years and spread over time.

The composition and changes of the individual items are represented as follows:

ACCRUED INCOME AND PREPAID EXPENSES			
Balance Sheet Code	D 01	D 02	D
Description	Accrued income	Prepaid expenses	Total accrued income and prepaid expenses
Value as at 31/12/2018	59,049	878,135	937,184
Changes during the period	-29,797	160,831	131,034
Value as at 31/12/2019	29,252	1,038,966	1,068,218

ACCRUED INCOME

Accrued income mainly refers to financial income on Certificates of Deposit (coupons) pertaining to the year.

Description	Beginning of period	End of period	Coupon value	Accrued revenue
Certificates of deposit	16/08/2019	16/02/2020	30,247	22,521
Certificates of deposit	05/09/2019	05/03/2020	10,471	6,731
Value as at 31/12/2019				29,252

As at 31st December 2019 there were no accrued income with a duration of more than five years.

PREPAID EXPENSES

Prepaid expenses are calculated on an accruals basis and essentially refer to charges for which cash or documentary evidence has already been provided but for which all or part of the accrual is due in future years. The composition of this item is shown below.

Description	Prepaid expenses
Maxi-fee deferred expenses and leasing	537,128
Advertising and trade fair expenses	111,948
Software fees	287,369
Rental fees	28,557
Rents payable	5,910
Professional services	67,561
Other	493
Value as at 31/12/2019	1,038,966

As at 31st December 2019, the prepaid expenses with a duration of more than five years, corresponding to the share of the initial payments relating to finance leases, amounted to 163,923 euros.

CAPITALISED FINANCIAL CHARGES

During the year, no financial charges were charged to any asset item in the Balance Sheet.

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

The changes that have occurred in the liability items are shown below.

SHAREHOLDERS' EQUITY

The table below summarises the changes that occurred in the items making up the Shareholders' Equity during the year, as required by art. 2427, paragraph 1, point 4 of the Italian Civil Code.

SHAREHOLDERS' EQUITY						
Shareholders' equity	31/12/2018	Allocation of previous year's result	Other changes		Result for the year	31/12/2019
			Changes (+)	Changes (-)		
Share Capital	127,612		14,994			142,606
Share premium reserve	39,980,672		50,002,689			89,983,361
Write-up reserve	3,127,138	1,377,591				4,504,729
Legal reserve	98,798					98,798
Extraordinary reserve	5,106,899	20,483,537				25,590,436
Reserve from rounding-off to the unit of Euro	1			-	1	-
Other reserves stated separately	5,106,900	20,483,537		-	1	25,590,436
Profit (loss) for the year	21,861,129	21,861,129			19,277,983	19,277,983
Shareholders' equity	70,302,249	-	50,017,683	-	1	139,597,913

The share capital as at 31st December 2019 amounted to € 142,606, € 142,420 paid in.

The share premium reserve, on the other hand, has a value of Euro 89,983,361 at the end of the year.

The increase in share capital and share premium reserve compared to the previous year is linked to the *Business Combination* transaction with Alp.I S.p.A. and it is aimed at the listing of Antares Vision on the AIM market and in a minimum part to the exercise of the Warrants issued in favour of the former shareholders of SPAC itself. More specifically, as a result of the above-mentioned *Business Combination* transaction, the share capital increased by € 12,000 and the share premium reserve increased by € 49,988,000.

The revaluation reserve has increased by Euro 1,377,591 on allocation pursuant to art. 2426, no. 4, of the portion of profit for 2018 of the subsidiary Imago Technologies GmbH.

The legal reserve remained at Euro 98,798 after reaching the amount provided for in the art. 2430 of the Italian civil code.

The Extraordinary Reserve increased by Euro 20,483,537 for the allocation of the remaining part of the profit as at 31st December 2018, approved by the Shareholders' Meeting on 13th June 2019.

AVAILABILITY AND USE OF SHAREHOLDERS' EQUITY

In the following table, in accordance with point 7-bis of art. 2427 Italian Civil Code, the items of shareholders' equity are reported, by specifying, for each, the nature and possibility of use/distribution and the use in previous years:

Shareholders' equity	Amount at 31/12/2019	Origin / Nature	Possibility of use	Available portion
Share Capital	142,606	Share Capital		-
Share premium reserve	89,983,361	Capital reserve	A, B, C	89,983,361
Write-up reserve	4,504,729	Capital reserve	A, B	4,504,729
Legal reserve	98,798	Profit reserve	B	70,277
Extraordinary reserve	25,590,436	Profit reserve	A, B, C	25,590,436
Other reserves stated separately	25,590,436			25,590,436
Total	120,319,930			120,148,803
Non-distributable portion				4,575,006
Residual distributable portion				115,573,797

Key: A: for capital increase - B: to cover losses - C: for distribution to shareholders - D: for other statutory restrictions - E: other.

The available reserves are sufficient to cover the amount of Start-up and expansion costs and development costs not yet amortised (art. 2426, no. 5 of the Italian civil code).

PROVISIONS FOR RISKS AND CHARGES

The changes in provisions for risks and charges are shown below:

PROVISIONS FOR RISKS AND CHARGES	
Balance Sheet Code	B 03
Description	Financial derivative instruments
Value as at 31/12/2018	76,285
Change during the period	492,363
Value at 31/12/2019	563,648

The item Provisions for risks and charges includes the changes in the fair value of the following derivative financial instruments:

- contract T16CER090-BAL in place at ICCREA Banca Impresa S.p.A. signed on 22/12/2016 with final maturity on 01/02/2026 to cover the exchange rate risk on the real estate lease in place relating to the Travagliato headquarters whose MTM (*mark to market*) at 31/12/2019 was equal to Euro -88,719 (positive for Bank, negative for Customer);
- contract 11383261 in place at Unicredit Banca S.p.A. signed on 21/12/2017 with final expiry date 01/12/2026 to cover the exchange rate risk on the real estate lease in place relating to the production site in Sorbolo whose MTM (*mark to market*) as at 31/12/2019 was equal to euro -53,958 (positive for Bank, negative for Customer);
- contract 28222141 in force at Intesa Sanpaolo S.p.A. stipulated on 20/11/2018 with expiry date

final 15/06/2023 originally subscribed to cover the risk of interest rate variation on the loan for the restructuring of the Torbole Casaglia production site whose MTM (*mark to market*) as at 31/12/2019 was equal to Euro -12,214 (positive for Bank, negative for Customer);

- contracts T19MCE025-BAL and T19MCE026-BAL28222141 in place at ICCREA Banca Impresa S.p.A. originally entered into by HIT S.r.l. with final maturity on 31/03/2023 to cover the risk of interest rate changes on a medium/long-term loan, renegotiated during 2019, whose MTM (*mark to market*) at 31/12/2019 was equal to Euro -119,857 (positive for Bank, negative for Customer);
- 32305347 contracts in place at Intesa Sanpaolo S.p.A. signed on 08/07/2019 with final maturity on 30/06/2025 to cover the risk of interest rate changes on the unsecured loan of the original amount of Euro 30 million, then renegotiated to Euro 50 million, whose MTM (*mark to market*) at 31/12/2019 was equal to Euro - 293,900 (positive for Bank, negative for Customer);
- contract 22754491 in place with BNL, BNP Paribas Group, valid from 31/12/2019 to 31/12/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of euros 15 million, whose MTM (*mark to market*) at 31/12/2019 was euros 0.

Despite the hedging purpose, the derivatives were treated as speculative for accounting purposes, as it was not possible to demonstrate in detail the hedging relationship between the derivative and the hedged item.

EMPLOYEE SEVERANCE INDEMNITIES

The liability for severance indemnities has been calculated in accordance with the provisions in force governing the employment relationship for employees and corresponds to the Company's actual commitment to individual employees at the balance sheet date.

EMPLOYEE SEVERANCE INDEMNITY	
Balance Sheet Code	C
Description	Reserve for Employee Severance Indemnities
Value as at 31/12/2018	2,102,157
Increases of the period	796,398
Decreases in the period	-56,054
Value at 31/12/2019	2,842,501

The provision set aside represents the Company's actual debt at 31st December 2019 to employees on that date, net of advances paid. The fund does not include indemnities accrued from 1st January 2013, allocated to supplementary pension schemes pursuant to Legislative Decree no. 252 of 5 December 2005, or transferred to the INPS treasury.

PAYABLES

It should be noted that the Company has valued financial payables due beyond 12 months at amortised cost. They are then broken down by the different geographical areas through which the company operates.

Payables at 31st December 2019 amounted to 123,155,537 euros.

The individual items are analysed in advance, highlighting the main changes and showing the portion due within one year and the portion due after the next.

PAYABLES									
Balance Sheet Code	D 4	D 5	D 6	D 7	D 9	D 12	D 13	D 14	D
Description	Bank payables	Payables to other financial institutions	Advances	Trade payables	Payables to subsidiaries	Tax payables	Payables to social security agencies	Payables to others	Total payables
Value at 31/12/2018	25,223,467	3,928,367	12,128,336	10,667,970	479,409	2,773,161	998,874	2,148,311	58,347,895
Change	70,009,154	3,737,989	4,681,893	3,358,846	1,020,314	2,193,227	363,666	668,771	64,807,642
Value at 31/12/2019	95,232,621	190,378	7,446,443	14,026,816	1,499,723	579,934	1,362,540	2,817,082	123,155,537
Portion due within one year	15,337,289	190,378	7,446,443	14,026,816	1,499,723	579,934	1,362,540	2,817,082	43,260,205
Portion due after one year	79,895,332	-	-	-	-	-	-	-	79,895,332

Payables due beyond 5 years are all due to banks for medium/long-term loans. Details are provided below:

Description	Residual debt as at 31/12/2019	Portion due within one year	Portion due after one year	Portion over 5 years
FINANCING UNICREDIT	52,960	52,960	-	-
FINANCING CREBERG	64,286	42,857	21,429	-
FINANCING BNL	250,000	250,000	-	-
FINANCING BCC GARDA-ICCREA (EX HIT)	15,406,996	4,364,386	11,042,610	-
FINANCING MEDIOCREDITO	1,166,667	333,333	833,333	-
BCC GARDA FINANCING	1,363,391	338,296	1,025,095	-
MEDIOCREDITO FINANCING 10/07/19	49,874,304	4,871,251	45,003,052	5,087,344
FINANCING BPM 04527041	9,970,264	1,620,822	8,349,441	1,703,129
FINANCING BNL 23/12/2019	14,977,637	1,357,265	13,620,372	2,726,396
FINANCING BCC DEL GARDA 23/34314	2,000,000	2,000,000	-	-
CREDIT CARDS	106,117	106,117	-	-
Total	95,232,621	15,337,289	79,895,332	9,516,869

Changes in the item Payables to banks were as follows:

Description	Residual debt as at 31/12/2018	Change	Residual debt as at 31/12/2019
FINANCING BNL - FINLOMBARDA	66,072	-66,072	-
FINANCING BCC DI BRESCIA	600,152	-600,152	-
FINANCING UNICREDIT	99,563	-46,603	52,960
FINANCING CREBERG	107,143	-42,857	64,286
FINANCING BNL	1,250,000	-1,000,000	250,000
FINANCING BCC GARDA-ICCREA (EX HIT)	19,808,121	-4,401,125	15,406,996
FINANCING MEDIOCREDITO	1,500,000	-333,333	1,166,667
FINANCING BCC GARDA	1,700,000	-336,609	1,363,391
MEDIOCREDITO FINANCING 10/07/19	-	49,874,304	49,874,304
FINANCING BPM 04527041	-	9,970,264	9,970,264
FINANCING BNL 23/12/2019	-	14,977,637	14,977,637
FINANCING BCC DEL GARDA 23/34314	-	2,000,000	2,000,000
CREDIT CARDS	92,417	13,700	106,117
Total	25,223,467	70,009,154	95,232,621

During the year two loans expired and were regularly repaid.

In addition, new loans for a total nominal amount of Euro 77,000,000 have been signed, valued in these financial statements according to the amortised cost method.

In particular, in July 2019 the Company signed an unsecured loan with Mediocredito Italiano S.p.A., a company of the Intesa Sanpaolo Group, for a nominal amount of Euro 30,000,000 which was then renegotiated in November 2019 to bring it to Euro 50,000,000. This loan has a duration of 6 years, with 18 months of pre-amortisation, and the variable interest rate has been hedged by means of an Interest Rate Swap (IRS) contract.

On 20th December 2019 an unsecured loan with Banco BPM for a nominal amount of Euro 10,000,000, with a duration of 6 years and negotiated at a fixed interest rate, was signed.

On 23rd December 2019, an unsecured loan with BNL, a company belonging to the BNP Paribas Group, for a nominal amount of 15,000,000 euros, with a term of 6 years and 6 months' pre-amortisation, was signed with BNL, a company belonging to the BNP Paribas Group, the variable rate of which was hedged by means of an IRS contract.

The financial constraints laid down in the financing contracts mentioned above are fully respected.

On 20th December 2019, a loan agreement was signed with BCC del Garda for a nominal amount of € 2,000,000, fully paid in advance on 20th February 2020.

These new loans, stipulated with leading credit institutions, have made it possible to rebuild the liquidity level

available prior to the acquisition of the FT System Group, taking advantage of the particularly advantageous conditions from which the Company can benefit by virtue of its excellent credit rating.

The changes in the item Payables to other lenders, whose balance as at 31st December 2019 was Euro 190,378 fully due within the year, were as follows:

PAYABLES TO OTHER FINANCIAL INSTITUTIONS			
Description	Balance at 31/12/2018	Change	Balance at 31/12/2019
PAYABLES TO FRIM FESR - FINLOMBARDA	379,810	189,432	190,378
HORIZON 2020 FUND	1,459,272	-1,459,272	-
PAYABLES TO OTHER NON-INTEREST-BEARING LENDERS	2,089,285	-2,089,285	-
Total	3,928,367	-3,737,990	190,378

The non-interest-bearing payables to other lenders refer to a debt previously outstanding with the shareholders of the merged company HIT S.r.l., now a shareholder of Regolo S.r.l., and were fully repaid at the beginning of 2019. The debt recorded in relation to the Horizon 2020 project increased in the first half of 2019 by 257,519 euros due to the disbursement of the last two tranches of the non-repayable loan and subsequently reclassified entirely in the Income Statement under grants in cash and cash equivalents after the final payment has been made by the lender.

The item Advances refers to amounts collected from customers as advances for sales in progress.

The increase recorded in the item Trade payables is linked to a revision of the payment conditions in place with suppliers which, thanks to the high standing of Antares Vision and the now loyal relationship with them, have allowed a postponement of the due dates. These are payables due in full within the next financial year.

Payables to subsidiaries, amounting to 1,499,723 euros, are of a commercial nature and due within one year.

The item Tax payables includes the amount of IRPEF withholdings relating to the amount withheld by the Company from employees, associates and self-employed workers as withholding agent. The balance of direct taxes for the year is classified under tax receivables because the payments on account were higher than the amount due at the end of the year.

TAX PAYABLES	
Balance Sheet Code	D 12
Description	Tax payables
EMPLOYEES WITHHOLDING TAX	553,670
WITHHOLDING TAXES SELF-EMPLOYED	17,431
OTHER TAX PAYABLES	8,833
Value at 31/12/2019	579,934

The item Payables to social security institutions amounts to Euro 1,362,540 and it is represented for Euro 1,290,379 by payables to INPS, for Euro 13,927 by payables to INAIL and for Euro 58,234 by payables to other social security institutions.

The item Other payables, amounting to Euro 2,817,082, includes Euro 2,692,082 relating to payables to employees and Euro 125,000 relating to payables to directors for fees due.

BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA

Given the company's operations on international markets, the breakdown by geographical area for each debt item is considered significant, as shown in the following table:

As at 31st December 2019 there were no payables in foreign currency.

Description	Italy	Europe	Extra Europe	Total
Bank payables	95,232,621	-	-	95,232,621
Payables to other financial institutions	190,378	-	-	190,378
Advances	807,696	2,331,789	4,306,958	7,446,443
Trade payables	8,571,148	4,036,879	1,418,789	14,026,816
Payables to subsidiaries	-	1,042,866	456,857	1,499,723
Tax payables	579,934	-	-	579,934
Payables to social security agencies	1,362,540	-	-	1,362,540
Payables to others	2,817,082	-	-	2,817,082
Value at 31/12/2019	109,561,399	7,411,534	6,182,604	123,155,537

ACCRUED EXPENSES AND DEFERRED INCOME

They were determined on an accruals basis, taking care to allocate the relevant portion of costs and revenues to the year-end financial year.

ACCRUED EXPENSES AND DEFERRED INCOME			
Balance Sheet Code	E 02	E 02	E
Description	Accrued expenses	Deferred income	Accrued expenses and deferred income
Value as at 31/12/2018	10,703	-	10,703
Changes for the period	-	168,228	158,336
Value at 31/12/2019	811	168,228	169,039

Deferred income includes the portion of revenues on service contracts that were already invoiced as at 31st December 2019 but were not attributable to the year.

NOTES TO THE INCOME STATEMENTS

The economic performance for the year is shown below.

VALUE OF PRODUCTION

A brief comment on the economic performance for the year is illustrated in detail in the individual items relating to Production value.

VALUE OF PRODUCTION					
Balance Sheet Code	A 1	A 2	A 4	A 5	A
Description	Revenues from sales and services	Changes in inventories of work in progress, semi-finished and finished products	Increase in fixed assets for internal work	Other revenues and proceeds	Total value of production
Value as at 31/12/2018	109,015,712	-2,474,583	1,238,043	1,362,877	109,142,049
Value at 31/12/2019	106,753,942	1,250,323	3,495,704	3,098,676	114,598,645
Change	-2,261,770	3,724,906	2,257,660	1,735,799	5,456,595

REVENUES FROM SALES AND SERVICES

Revenues from sales and services amount to Euro 106,753,942 and are compared with the value of Euro 109,015,712 of 31st December 2018.

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY CATEGORY OF ACTIVITY

The breakdown of turnover by type of revenue is as follows:

REVENUES FROM SALES AND SERVICES		
Description	31/12/2019	31/12/2018
SOFTWARE	9,925,517	12,008,205
MACHINE/INTEGRATIONS	49,460,820	56,018,487
COMPONENTS	8,947,305	8,920,016
ASSISTANCE	28,123,008	22,063,625
SERVICES	5,652,133	6,297,033
REPAIRS	37,458	79,158
INTERCOMPANY GOODS SALES	3,072,898	3,158,356
INTERCOMPANY SALES SERVICES	1,059,493	470,833
OTHER REVENUES	475,310	-
TOTAL	106,753,942	109,015,712

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY GEOGRAPHICAL AREA

The following is a breakdown of revenues from sales and services by geographical area:

REVENUES FROM SALES AND SERVICES		
Description	31/12/2019	31/12/2018
ITALY	19,993,614	24,243,403
NORTHERN EUROPE	10,529,064	8,171,964
WESTERN EUROPE	27,851,054	34,358,475
EASTERN EUROPE	30,313,813	22,882,008
NORTH AMERICA	4,287,123	5,664,190
SOUTH AMERICA	2,067,828	1,631,934
ASIA	6,405,166	4,446,918
MIDDLE EAST	4,780,841	5,902,329
AFRICA	525,439	1,714,491
Grand total	106,753,942	109,015,712

CHANGES IN INVENTORIES OF WORK IN PROGRESS, SEMI-FINISHED AND FINISHED PRODUCTS

The Change in inventories of work in progress, semi-finished and finished products was positive at 31st December 2019 for Euro 1,250,323.

INCREASE IN FIXED ASSETS FOR INTERNAL WORK

The item Increases in fixed assets for internal work amounts to Euro 3,495,704; these are internal costs capitalised during the year and are offset by the item Intangible assets in progress.

Please refer to the Report on Operations for more detailed comments on the projects that led to its formation.

OTHER REVENUES AND INCOME

The item Other revenues and income amounts to Euro 3,098,676. It is represented almost exclusively by operating grants and in particular for Euro 1,716,791 by the non-refundable loan related to the Horizon 2020 project, recorded in the Income Statement during the first half of 2019 having obtained certification from the granting body and for Euro 992,221 by the tax credit for Research and Development activities carried out in 2018.

PRODUCTION COSTS

As a brief commentary on the economic performance for the year, the individual items relating to Production costs are illustrated in detail.

PRODUCTION COSTS								
Balance Sheet Code	B 6	B 7	B 8	B 9	B 10	B 11	B 14	B
Description	Raw materials, ancillary, consumables and goods	Services	Use of third-party assets	Personnel	Depreciation and write-downs	Change in raw materials, ancillary, consumables and goods	Other operating expenses	Total production costs
Value as at 31/12/2018	36,819,802	30,029,954	1,160,272	14,703,457	675,287	-3,191,042	162,400	80,360,131
Value at 31/12/2019	27,388,039	35,123,312	1,411,756	19,684,816	1,161,863	2,657,686	1,086,664	88,514,136
Change	-9,431,763	5,093,358	251,484	4,981,359	486,576	5,848,728	924,264	8,154,005

COSTS FOR RAW MATERIALS, ANCILLARY, CONSUMABLES AND GOODS

The cost of raw, ancillary and consumable materials and goods for resale, net of returns, allowances and discounts, amounted to 27,388,039 euros and decreased by 25.6% compared to the previous year, due to a better procurement policy aimed at efficiently coordinating the purchase of materials with respect to the need to use them and to a higher incidence of the services component.

COSTS FOR SERVICES

Costs for services amount to Euro 35,123,312, with an increase of 17% compared to the previous year's balance of Euro 30,029,954.

The increase is mainly due to technical consultancy, costs for installations carried out by Antares Vision *partners* and to costs incurred for the conclusion of new contracts with client companies.

COSTS FOR THE USE OF THIRD-PARTY ASSETS

These costs are made up of Euro 452,680 in lease payments relating to properties in Travagliato and Sorbolo, of Euro 222,098 in rents payable relating to properties held under lease, and of Euro 736,978 in rents for computer and car equipment.

TOTAL PERSONNEL COSTS

This item includes all expenses for employees, including improvements in merit, changes of category, contingency steps, cost of holidays not taken and provisions set aside by law and collective agreements.

The item increased from Euro 14,703,457 to Euro 19,684,816, in line with the hiring policy implemented to provide the company with the human capital it needs to face the expected growth in the coming years. The increase in human resources (from 279 to 371 units) should, therefore, be considered as a planned investment for the future, aimed at implementing the strategy of Antares Vision.

AMORTISATION OF INTANGIBLE FIXED ASSETS

Amortisation of intangible fixed assets totalled euro 876,674, of which euro 334,222 related to the amortisation of Start-up costs, euro 339,300 related to the amortisation of Development costs, euro 150,652 related to the amortisation of multi-year charges.

DEPRECIATION OF TANGIBLE FIXED ASSETS

Depreciation of tangible fixed assets was calculated on the basis of the useful life of the asset and its use in the production phase and they amount to 30,696 euros.

OTHER WRITE-DOWNS OF FIXED ASSETS

As shown when commenting on the related Balance Sheet items, no write-downs were made in the year for the fixed assets recorded in the balance sheet.

WRITE-DOWNS OF RECEIVABLES UNDER CURRENT ASSETS AND LIQUID ASSETS

As already mentioned in the previous sections, a total amount of Euro 254,493 has been set aside as a prudential provision to cover the generic risk of insolvency of commercial counterparties.

CHANGES IN RAW MATERIALS, ANCILLARY, CONSUMABLES AND GOODS

This item shows a positive balance of Euro 2,657,686, the result of the algebraic difference between the initial (Euro 16,905,803) and final (Euro 14,248,117) inventories of raw, ancillary, consumable materials and goods.

OTHER OPERATING EXPENSES

Other operating expenses amount to Euro 1,086,664 and, in accordance with the definition provided by accounting standard OIC 12, they include costs that cannot be recorded by nature in other items in class B of the Income Statement. Therefore, the item includes indirect taxes, local taxes and contributions, contingencies and non-existent liabilities, membership fees, subscriptions, donations.

FINANCIAL INCOME AND EXPENSES

The item Financial income and charges shows a negative balance of Euro 661,239, broken down as follows:

FINANCIAL INCOME AND EXPENSES					
Balance Sheet Code	C 15	C 16	C 17	C 17BIS	C
Description	Income from equity investments	Other financial income	Interests and other financial charges	Foreign exchange gains and losses	Total financial income and expenses
Value as at 31/12/2018	-	86,093	514,632	-82,587	-511,126
Value at 31/12/2019	135	110,333	766,600	-5,107	-661,239

Change	135	24,240	251,967	77,480	-150,113
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FINANCIAL INCOME

Financial income amounted to Euro 110,468 of which Euro 29,870 represented by bank interest income, Euro 9,962 by interest income on loans to subsidiaries and Euro 70,502 by interest income on certificates of deposit.

INTERESTS AND OTHER FINANCIAL CHARGES

Interest and other financial charges amounted to Euro 766,600 largely represented by interest payable on loans for Euro 494,714 and interest payable on existing real estate lease contracts for Euro 103,087.

Details of bank loans and finance leases to which interest relates are set out in these Notes to the Financial Statements in the section Payables to banks and in the section Finance leases, respectively.

FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange gains and losses were negative for Euro 5,107 and include the exchange differences generated by the settlement of assets and liabilities in foreign currency or by conversion at rates different from those at which they were converted at the time of initial recognition.

VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES

The item Value adjustments to financial assets and liabilities shows a positive balance of Euro 407,727 broken down as follows:

VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES			
Balance Sheet Code	D 18	D 19	D
Description	Revaluations	Write-downs	Value adjustments of financial assets and liabilities
Value as at 31/12/2018	1,377,591	52,681	1,324,910
Value at 31/12/2019	977,803	570,076	407,727

Change	-	399,788	517,395	917,183
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REVALUATIONS

The item Revaluations amounts to Euro 977,803 and refers entirely to the revaluation ex art. 2426, no. 4, of the Italian Civil Code for the investment in the subsidiary Imago Technologies GmbH.

WRITE-DOWNS

The item Write-downs amounts to Euro 570,076 and includes the write-down of derivative financial instruments which, despite their hedging purpose, have been treated as speculative, given the difficulty of accurately demonstrating the hedging relationship between the derivative instrument and the hedged item.

INCOME TAXES FOR THE YEAR, CURRENT, DEFERRED AND PREPAID

The income tax charge for the year is determined in accordance with current legislation.

Deferred and prepaid taxes are determined on the basis of temporary differences between the values of assets and liabilities and the corresponding values relevant for tax purposes.

In particular, deferred tax assets are only recognised if there is reasonable certainty of their future recovery. Deferred taxes, on the other hand, are not recorded if there is little likelihood that the related debt will arise.

Income taxes for the year totalled Euro 6,553,015, of which Euro 4,346,700 relating to IRES (corporate income tax), Euro 1,081,007 relating to IRAP (regional business tax) and Euro 1,076,896 relating to the full release of deferred tax assets arising from the *Business Combination* with Alp.I.

RECONCILIATION BETWEEN THE TAX CHARGE FROM THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE

The charge for the current year relates to IRES calculated on the taxable income for the year and IRAP calculated on net production value, based on the rules for deriving the taxable base from book values. The IRES and IRAP rates applied are 24% and 3.9% respectively.

RECONCILIATION BETWEEN THE TAX CHARGE FROM THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE			
Determination of IRES taxable amount			
Description	Value	Tax	
Result before taxes	25,830,998		
Theoretical tax burden (24%)			6,199,440
Temporary differences deductible in subsequent years:			
Directors' fees not paid	0		
Total	0		0
Temporary differences taxable in subsequent years:			
Contributions	0		
Total	0		0
Reversal of temporary differences from previous years:			
Use of tax losses from previous years	0		
Total	0		0
Differences that will not affect subsequent years:			
Non-deductible IMU share on instrumental buildings	27,973		
Share of vehicle operating costs and expenses in fringe benefits	162,793		
Landline operating costs and expenses	1,312		
Recovery of residual taxed doubtful debt provision	-40,691		

Mobile phone operating costs and expenses	54,616	
Fines and penalties	7,427	
IRAP deduction	-107,309	
Non-deductible portion of hotel expenses	396,984	
Deduction Remuneration to directors 2018 paid 2019	-405,373	
Fees to Directors 2019 unpaid	125,000	
Share 30% VALUE OF LEASED BUILDING	135,804	
Share 10% IRAP PAID	-142,873	
Revaluation GMBH imago shareholding	-977,803	
Deduction of equity invested (ACE)	-1,244,759	
Deduction of residual ALP.I. equity invested (ACE) SPA	-209,942	
Maximum amortisation deduction	-6,456	
TAX CREDIT R&D	-992,221	
Other taxable taxes	-914	
Total	-3,216,432	-771,944
Taxable	22,614,566	
Current income taxes for the year		5,427,496
Current income taxes for the year		5,427,496
Intervention deduction 65% 2015 share of the year		-3,900
Use of prepaid tax assets allocated in previous years (ALP.I.)		-1,076,896
Utilisation of deferred taxes allocated in previous years		0
Current IRES taxes from financial statements		4,346,700

DETERMINATION OF THE IRAP TAXABLE AMOUNT		
Description	Value	Tax
Difference between value of production and costs	46,076,170	
Costs not relevant for IRAP purposes	632,897	
Own Municipal Tax	55,945	
TAX CREDIT law August 7th 2012, no. 134 + R&D	-992,221	
Deductions art. 11, par. 1, letter a) of Legislative Decree No. 446	-7,221,539	
Deduction of residual cost for employees	-10,833,112	
Taxable IRAP	27,718,140	
Tax burden (%)		
IRAP due on income for the year		1,081,007

NOTES - OTHER INFORMATION

The Company has complied with the obligations imposed by the national legislation on privacy (Legislative Decree no. 196/2003) by drawing up specific self-certification and adopting the necessary measures for data protection. With regard to the tax credit for research and development activities carried out in 2018, as classified under the terms of art. 1, paragraph 35, of Law 23 December 2014, n. 190, the Company benefited during 2019 from a grant of € 992,221 recorded in section A5 of the Income Statement.

DETAILS ON OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

The Company has not issued any equity financial instruments.

INFORMATION ON ASSETS AND FINANCING ALLOCATED TO A SPECIFIC BUSINESS

Assets earmarked for a specific business - art. 2427 no. 20 of the Italian Civil Code

The Company has not set up any assets exclusively earmarked for a specific business transaction, pursuant to letter a) of the first paragraph of art. 2447 of the Italian Civil Code.

Financing for a specific business - art. 2427 nr. 21 of the Italian Civil Code

The Company has not entered into a loan agreement for a specific transaction pursuant to letter b) of the first paragraph of Art. 2447 of the Italian civil code.

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Transactions with Related Parties - art. 2427 no. 22-bis Italian civil code

Transactions carried out with related parties are part of the normal management of the company and the typical activity of each party concerned and they are carried out at normal market conditions. There are no atypical or unusual transactions to report.

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

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

INFORMATION ON AGREEMENTS NOT SHOWN ON THE BALANCE SHEET

Agreements not shown in the Balance Sheet - art. 2427 no. 22-ter Italian Civil Code

The Company has not entered into any agreements not shown on the Balance Sheet.

EMPLOYMENT DATA

In accordance with the provisions of art. 2427, no. 15 of the Italian Civil Code, we would like to inform you that the changes in employees broken down by category and the resulting figures compared with those for 2018 are as follows:

	Apprentices	Production workers	Office workers	Middle managers	Managers	Total
Employees at 31/12/2018	9	1	253	13	3	279
Employees at 31/12/2019	16	1	335	16	3	371

During the financial year there was a significant increase in the number of employees, which mainly concerned the technical departments and should be considered as a conscious investment for the future, aimed at implementing the strategy of Antares Vision. 83% of recruitments were open-ended and 52% concerned personnel under 30.

REMUNERATION, ADVANCES AND CREDITS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF

The remuneration due to directors and statutory auditors is shown in the following table:

	Directors	Statutory auditors
Remuneration	1.070.945	30.000

FEES TO THE STATUTORY AUDITOR OR AUDITING COMPANY

The total amount of the fees due to the auditing company EY S.p.A. registered in the Register of Auditors under no. 70945 published in the Italian Official Gazette Suppl. 13 - IV Special Series of 17/2/1998, registered in the Special Register of Consob auditing firms under the progressive no. 2 resolution no. 10831 of 16/7/1997, appointed through the registered office in Brescia, Corso Magenta 29, for the statutory audit of the annual accounts pursuant to art. 13 of Legislative Decree no. 39/2010, amounts to Euro 40,000, including the fees relating to the audit of the Consolidated Financial Statements and the Semiannual Consolidated Financial Statements.

	Statutory Auditors
Remuneration	40.000

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT SHOWN ON THE BALANCE SHEET

Commitments and guarantees consist of the present value of the instalments of lease instalments not yet due at the end of the financial year amounting to Euro 5,203,640 and of sureties outstanding at 31st December 2019, listed below per beneficiary at their contractual value, which amount to Euro 2,225,193.

POTENTIAL COMMITMENTS, GUARANTEES AND LIABILITIES NOT SHOWN ON THE BALANCE SHEET	
BENEFICIARY	AMOUNT
Idea Immobiliare	13,500
Gideon Richter - HU	500,346
Labesfal - Lab. Almiro	461,970
Abbvie DE	227,509
Ernest Chemists	235,800
Sandoz Turkey	32,042
Genzyme Ireland Ltd	42,337
Sanofi Egypt	16,644
Fresenius Medical Care	52,440
Isorel - Lukas	351,600
Ildong -Korea	291,005
ICCREA Leasing Travagliato headquarters	2,898,960
Unicredit Leasing Sorbolo	1,007,105
Unicredit Leasing Sorbolo extension	365,260
ICCREA Leasing Travagliato facility expansion	932,315
Total	7,428,833

INFORMATION ON SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

The first months of 2020 were characterised by the health emergency linked to the spread of Coronavirus (COVID-19). *Management* monitored the evolving situation closely and implemented all the guidelines issued by the Competent authorities with the utmost diligence. The health and well-being of employees, associates and *partners* were prioritised by adopting protection and prevention measures, such as switching to *remote working*, organising video conferences in place of meetings, carefully managing business travels in agreement with the customers.

At the same time, continuity in supplies and services provided to customers was guaranteed, testing and technical assistance operations were carried out remotely and the offices remained fully operational through teleworking.

At the time of drafting this document, the attention of Antares Vision and its *management* remains high, but it is not believed that such events could affect the economic, equity or financial situation of the company in such a way as to compromise the ability of the Company to fulfil its obligations.

Please refer to the Report on Operations for a more detailed discussion of this issue.

With regard to the more strictly corporate aspects, following the resolutions passed by the Board of Directors on 17th February 2020, a new subsidiary was established in Germany with headquarters in Friedberg (Hessen), wholly owned by Antares Vision. The establishment of the new subsidiary strengthens the existing local market and aims to promote further growth and diversification of the *business*. The German market offers a high potential in terms of both expansion and turnover. The new branch currently has six resources, two *key account managers*, two technical installers, a *project manager* and a *marketing* and communication resource.

On 10th April 2020 an agreement was signed for the acquisition of 82.83% of Tradeticity d.o.o., a company founded in Zagreb (Croatia) in 2017 and specialised in *software* management of advanced traceability processes (serialisation). Tradeticity d.o.o. has consolidated *expertise* and market shares in the pharmaceutical sector, operating on both the domestic market and internationally. The equivalent value of the operation, equal to 1.040 million Euro, will be paid in cash. The acquisition is expected to be *closed* by mid-May 2020 following the completion of certain suspensive conditions. The agreement also includes a call option to acquire the remaining 17.17% following the approval of the statement as at December 31, 2021.

As already mentioned in the previous sections of these Notes, the Shareholders' Meeting of the Company held on 5th February 2019 approved a share capital increase, 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 divisible form, for a maximum nominal amount of 3,255.60 euros through the issue of a maximum number of 1,356,500 conversion shares.

As at 31st December 2019 there were still 4,528,067 Warrants; at the date of preparation of these Notes 972.790 Warrants were exercised, corresponding to 115,161 shares with a corresponding increase in share capital to € 142,882 and the share premium reserve to € 89,994,601.

Other significant events occurring after the closing date of the financial year concern the financial sphere.

On 20th February 2020 the loan agreement signed on 20th December 2019 with BCC del Garda for a nominal amount of Euro 2,000,000 was fully paid in advance.

On 11th February 2020 and on 19th March 2020, two contracts were stipulated with Monte dei Paschi di Siena for

NOTES TO THE FINANCIAL STATEMENTS

floating rate loan with a nominal value of 10,000,000 euros each, both maturing on 30th June 2025. The interest rate was hedged by two IRS contracts. The financial constraints set out in the loan agreements are fully respected at the date of preparation of this document.

On 18th February 2020, a loan agreement for a nominal amount of 20,000,000 euros was signed with Mediobanca and matures on 31st December 2024. The variable interest rate was hedged by means of an IRS (*Interest Rate Swap*) contract. The financial constraint provided for in the contract was complied with at the date of preparation of these Notes to the Financial Statements.

On 28th February 2020, a variable rate loan agreement with BNL, BNP Paribas Group, for a nominal amount of 2,000,000 euros with a 6-year maturity, was entered into. The interest rate was hedged through the conclusion of an IRS contract. The contract includes a financial constraint which at the date of preparation of this document is fully respected.

On 11th March 2020, UBI Banca granted the Company a short-term credit line totalling 5,000,000 euro. At the date of preparation of these Notes, the line has not been subject to any use.

Finally, on 31st March 2020, a further loan of a nominal amount of Euro 10,000,000 was signed with UBI Banca, also negotiated at a floating rate and covered by an IRS contract.

INFORMATION ON PUBLIC CONTRIBUTIONS PURSUANT TO LAW 124/2017

As required by Law 124/2017, details of grants and contributions received from public administrations and/or companies directly or indirectly controlled by them are set out below.

PUBLIC GRANTS				
Issuing entity	Call	Reason	Sum received	Collection date
European Commission	Horizon 2020	Lyo-Check Project	171,679	03/06/2019
			85,840	14/06/2019

The grants were provided by the European Commission under the Horizon 2020 call for proposals and are shown on a cash basis. The total contribution received during the financial years 2017, 2018 and 2019 amounts to Euro 1,716,791.

INFORMATION RELATING TO DERIVATIVE FINANCIAL INSTRUMENTS PURSUANT TO ART. 2427-BIS OF THE ITALIAN CIVIL CODE

Derivative financial instruments with a negative fair value were recognised in the financial statements under Provisions for risks and charges. Pursuant to art. 2427 bis, paragraph 1, point 1 of the Italian Civil Code, information is provided regarding derivative instruments, their fair value, size and nature.

Description	Below	Starting	Expiry date	Notional	Mark to market *
Interest rate swap	Leasing Travagliato headquarters	22/12/2016	01/02/2026	2.871.565	- 88.719
Interest rate swap	Sorbolo Leasing	21/12/2017	01/12/2026	1.379.673	- 53.958
Interest rate swap	Financing Intesa	20/11/2018	15/06/2023	1.166.668	- 12.214
Interest rate swap	ICCREA Financing	12/04/2019	31/03/2023	15.555.555	- 119.857
Interest rate swap	Financing Intesa	08/07/2019	30/06/2025	50.000.000	- 293.900
Interest rate swap	BNL financing	23/12/2019	31/12/2025	15.000.000	-
Total				85.973.461	- 568.648

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

PROPOSAL FOR ALLOCATION OF PROFITS OR COVERAGE OF LOSSES

The Board of Directors submits to you the Financial Statements for the year ended 31st December 2019, which show a profit for the year of Euro 19,277,983, which it proposes to allocate Euro 977,803, equal to the revaluation portion of the investment in the subsidiary Imago Technologies GmbH, to the revaluation reserve pursuant to art. 2426, no. 4 and for the remaining Euro 18,300,180 entirely to the extraordinary reserve.

The administrative body believes that the activity carried out and the results achieved in economic and financial terms are such as to demonstrate that the mandate entrusted to you has been fulfilled with seriousness, precision and punctuality and, therefore, after setting out the most important administrative and management facts of the financial year just ended, the premises and the positive prospects for the incoming one, it invites you to approve the Financial Statements for the year ended 31st December 2019 and all the annexes accompanying them.

NOTES, FINAL PART

It is reiterated that the assessment criteria set out here are in accordance with civil law.

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

The values required by art. 2435 bis of the Civil Code were set out in accordance with the principle of clarity.

We are, of course, available to provide the Shareholders' Meeting with any clarifications and information that may be necessary.

Travagliato, 20th April 2020

The Board of Directors

EMIDIO ZORZELLA

MASSIMO BONARDI

ALIOSCIA BERTO

MARCO CLAUDIO VITALE

MARCO COSTAGUTA

DANTE ROSCINI

MASSIMO PERONA

