HALF YEARLY

CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2023

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

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

REPORT ON OPERATIONS

With this document, we submit the half yearly consolidated financial statements at 30 June 2023 (hereinafter also referred to as "Financial statements") of the group of companies ("Antares Vision Group" or the "Group") headed up by Antares Vision S.p.A. (the "Parent Company"), consisting of the statement of financial position, income statement, statement of other comprehensive income, statement of changes in shareholders' equity, cash flow statement and explanatory notes.

In it we explain our business activities, show the results, consolidated financial position and cash flow and point out the most significant facts that characterised the operations of Antares Vision Group during the first half of 2023; we also provide you with information about the main events that took place after the end of the period.

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

Business activities

Antares Vision Group is a pioneer in the digitalization of products and supply chains through track & trace, inspection and integrated data management, supporting companies and institutions in guaranteeing safety, quality, efficiency and sustainability.

By enabling "trustparency", a word invented to represent the combination of transparency and trust, the Group offers a unique and complete ecosystem of technologies able to simplify technological complexity and provide support for businesses that are expanding, showing them a path towards digital, personalized and data-driven innovation. With this objective in mind, Antares Vision Group has launched Diamind, which connects physical products with digital identities in a way that can easily be scaled up (from line level to plant level, to warehouse or company level, even the entire supply chain), ensuring traceability end to end (from raw materials to production, from distribution to the consumer and vice versa), also by using artificial intelligence and blockchain.

Antares Vision Group operates in life sciences (pharmaceutical products, medical and hospital devices), beverage, food, cosmetics, chemicals and packaging, and potentially in many other sectors.

Antares Vision Group confirms its leadership in the pharmaceutical market as a provider of track & trace solutions to the world's leading pharmaceutical companies (over half of the top 20 are customers of the Group), and as a provider of track & trace solutions for government authorities to fight against counterfeit medicines.

Governance structure

Board of Directors

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

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

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

Board of Statutory Auditors

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

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

Board Committees

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

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

** The functions and duties regarding related-party transactions have also been assigned to the Control, Risk and Sustainability Committee.*
*** Director with adequate knowledge and experience in accounting, finance and risk management.*

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

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

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

Supervisory Board

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

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

Independent auditors

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

Scope of consolidation

At 30 June 2023, the scope of consolidation was made up as follows:

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

* Company founded in 2023
** Company acquired in 2023

Please refer to the notes for a more detailed description of the changes in the scope of consolidation compared with 30 June 2022 and at 31 December 2022.

Information on the shareholders and stock performance

The share capital at 30 June 2023 amounted to Euro 169,457, fully paid up, divided into 69,121,137 ordinary shares, 250,000 special shares and 1,189,590 performance shares, all without par value.

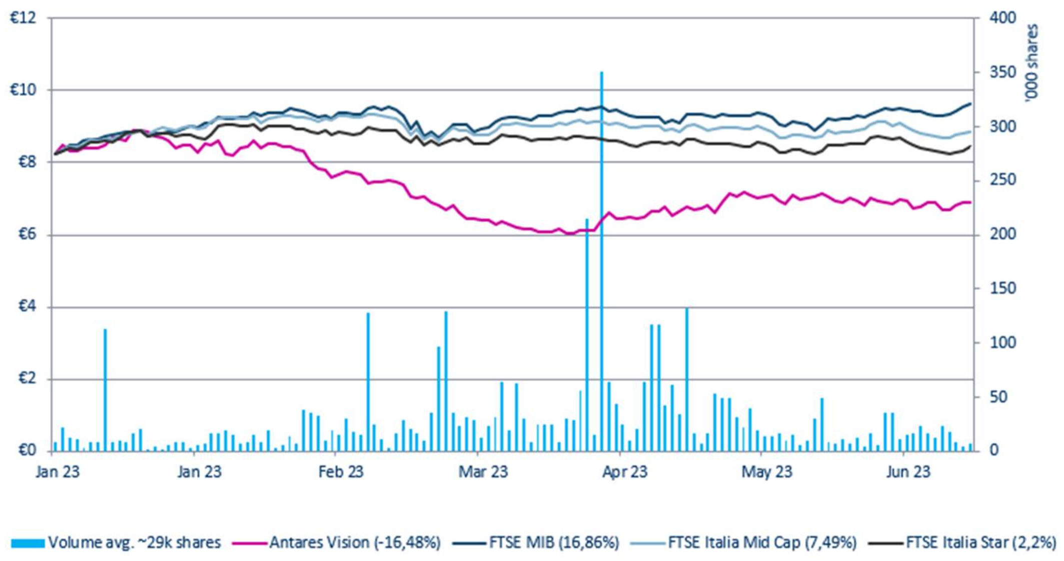
At 30 June 2023, the shareholder structure is made up as follows:

SHAREHOLDER STRUCTURE			
Shareholder	**Number of Ordinary Shares**	**% Ordinary Share Capital**	**% Share capital in Voting Rights**
Regolo S.p.A.	35,037,802	50.69%	62.69%
Sargas S.r.l.	6,547,598	9.47%	11.72%
Capital Research and Management Company	5,580,608	8.07%	4.99%
Rfxcel management	668,198	0.97%	0.60%
Treasury Shares	33,916	0.05%	0.03%
Float remaining	21,253,015	30.75%	20.02%

Since 14 May 2021, Antares Vision S.p.A. has been listed on the Euronext Star Milan market, a segment of the main list of Borsa Italiana which includes the securities of medium-sized companies that adhere to stringent requirements in terms of governance, transparency and liquidity.

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

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



Since June 2022, Antares Vision Group has been a member of Euronext Tech Leaders, the initiative dedicated to leading companies in the technology sector with a high growth potential. The aim is to expand Euronext's existing offering to strengthen the European Tech sector and accelerate the growth of the next generation of technology leaders: the companies taking part in the project will become members of an exclusive network and will benefit from a series of services devoted to technology companies, not to mention greater visibility at an international level. Euronext's rich tech ecosystem brings together over 700 technology companies listed on the Euronext markets and a broad base of international investors who finance tech companies with significant growth profiles.

Operating performance

The first half of 2023 was characterised by the consolidation of the Group structure, the effects of which will be visible from the second half of the year onwards, aimed at strengthening synergies within the Group and harmonising the organization and the activities involved in integrating technology solutions.

The actions taken so far can be summarised as follows:

- Internal organization of the Group, with a project for the definition of the organizational and operational model through the definition of planning processes, budgeting and control and review of decision-making processes with particular attention to cross-functional coordination for the implementation of a matrix model;
- Got-to-market: we launched Diamind, which is an intelligent and integrated ecosystem of solutions, the first result of the harmonization process that began last year and which is continuously developing with the integration of the technologies and solutions present within the Group. Diamind represents the value proposition, born from the synergy between technologies, experiences and skills from all the companies within the Antares Vision Group. Diamind realizes the essence of the Group, offering distinctive advantages: integration to simplify complexity and ensure a single point of reference, effective project management and a centralised support service. By connecting the integrity and quality of products, from raw materials to production processes, with a digital identity and traceability of the entire supply chain, Antares Vision Group develops an integrated cycle of safety, efficiency and sustainability to build Trustparency, a value that combines transparency and trust.
- Developments by Product Unit:
    - ***Inspection***: the range of inspection systems and machines for quality control, further strengthened by expanding and integrating the technological portfolio, has brought results in each business area: (*i*) Pharmaceutical where the development of automatic inspection solutions continues, aimed at covering a greater variety of drugs being inspected (liquids, freeze-dried products, powders, solids and injectables) and new types of packaging. We finalised an inspection machine for pre-filled syringes and created a Blow Fill Seal visual inspection and leak control machine, which is innovative in terms of the new material used

for the packaging and for the inspection control. The range of semi-automatic machines has been enriched to guarantee a complete offer in the field of inspection machines (manual, semi-automatic, automatic), also with the use of artificial intelligence. In the field of vision systems, the path of innovation for blister filling control continues through the implementation of Blister Filling Control 3D and the use of artificial intelligence; *(ii)* Beverage, continuing the business relating to inspection controls for tethered caps, created to meet the European Directive 2019/904 which will come into force in July 2024, making it mandatory to adopt a type of cap that remains attached to the container after opening; (*iii)* Food, where market penetration continues with the All-in-One, a single machine capable of carrying out multiple quality checks, as does the industrialisation road map for the application of microwave technology to detect foreign bodies (physical contaminants) in packaged products, overcoming the limitations of existing technologies (x-ray and metal detector). In addition, we are continuing our expansion strategy with new foreign body inspection techniques for vertically falling products (Bulk X-Ray) and for leak control in MAP packages, exploiting the technologies already present in the Group with new applications; (*iv*) rigid containers, where we are continuing to work on the optimisation and efficiency-raising activities of the range of solutions for the inspection of glass containers and cans with a view to improving production, functionality, installation and use by the operator.

- ***Track & Trace***: the harmonisation of the various solutions present in the Group continues, with the integration of functions and a shared road map for the next 3 years. The expansion of the fleet of installed machines is a significant strategic condition for the implementation also of track & trace software solutions. The food & beverage sectors have seen the implementation of track & trace solutions to meet regulations applied in certain countries; the cosmetics sector has seen with the addition of two top players as new clients.
- ***Digital Factory***: the integration process has led to the consolidation of Digital Factory as a model for various solutions: monitoring the efficiency and productivity of production lines and plants, optimising maintenance with the use of artificial intelligence, measuring the impacts of sustainability, monitoring quality control trends, managing traceability data through the integration of primary data extracted from machines and systems for quality control (Inspection) and traceability machines (Track & Trace) and from interoperability with IoT and existing solutions. The range of functions has been expanded with the launch of the Line Clearance to manage the cleaning procedures of the production lines and for the correct planning of maintenance.
- ***Smart Data/SaaS/Service:*** the pharmaceutical sector has seen growth in the more profitable business models (Smart Data, SaaS, Service), partly as a result of the expanding fleet of installed machines, and partly because of greater market penetration, as well as the implementation of track & trace solutions at

government hubs; development of the end to end track & trace platform continues (from the raw material, to the transformation processes, to distribution up to the end consumer), with new supply chain projects, in the Agrifood sector and in Fashion. Supply Chain Transparency solutions have seen an increase in the management of returnable assets applied in emerging sectors such as the chemical industry.

From a management point of view, the good result in terms of turnover, as detailed below, confirms the growth trend and high delivery capacity of Antares Vision Group, even if this positive result is more than offset by the growing complications on the Russian market, which particularly affected the results of the Russian subsidiary ("**AVRUS**"). In fact, AVRUS reported negative EBITDA of Euro 991 thousand (negative Euro 839 thousand at December 31, 2022). These circumstances convinced the management to consider selling the Russian operations in the coming months.

Please refer to the following paragraphs for a detailed analysis of the Group's performance during the first half of the year, with evidence of the main impacts related to AVRUS.

Development path

During the first half of 2023, Antares Vision Group continued along its path of development and consolidation through:

Group projects

- ONE COMPANY, which involves all Antares Vision Group companies with the aim of consolidating our presence on the market as a Group. This has entailed integrating the corporate brands of individual companies, which will live where it is necessary as a technology brand linked to specific solutions, to highlight and guarantee the value of expertise recognized in certain sectors and markets. Antares Vision Group is a single interlocutor with a dedicated offer in each business area, access to an integrated ecosystem of solutions and a unique and distinctive technology hub. The project coincides with a new corporate organization that considers a single model, defined by business area and by product unit.
- INTERNAL ORGANIZATION, the implementation of a matrix model continues with an integration of teams from every company in the Group, with a view to positioning Antares Vision Group in each market with a customer-focused approach, activating synergies that already exist; the organization will, for now, include the following business areas: Life Sciences & Cosmetics, Food & Beverage and Rigid Containers, and the specific skills of certain product units (Inspection, Track & Trace, Supply Chain Transparency, Digital Factory). A Group-wide governance team will be responsible for implementing the strategy.
- ADVOCACY, this has involved strengthening our institutional presence as thought leaders for the digitalization of products and supply chains, within both national and international government circles (EMVO,

NMVO, CIRPASS), as a tech leader at authoritative organizations in the technological field (Gartner, GS1) and as a partner in national and international trade associations (UCIMA, Ambrosetti House, PDA, HDA, A3P).

Innovation projects

- Digital Care Platform (DCP), a project that is part of the interventions of the Ministry of Enterprise and Made in Italy to subsidise a series of investments in research and development as part of the "Horizon Europe" program - "Instruments, technologies and digital solutions for health and care, including personalised medicine”. The project aims to study, define and develop a platform that puts the patient centre stage through a hardware and software architecture that can enable digitalization processes aimed at collecting data, transforming it into information and then turning the information into value for the benefit of people's health and well-being. The project will develop solutions for the hospitals and healthcare structures of the future and for the remote monitoring and treatment of the sick, the elderly and the frail.
- Agritech, coordinated by the University of Naples, in which Antares Vision Group develops new Artificial Intelligence (AI) components to obtain breeding systems with a lower environmental impact and greater respect for animal welfare. In particular, in collaboration with the Universities of Padua (Centro Agripolis) and Pisa, AI vision modules are being developed for the early diagnosis of pathologies and measurements of body conditions ("Body Condition Score") in dairy cows, and the animal welfare assessment of cattle and pigs in experimental breeding centres and pilot farms. In collaboration with the University of Tuscia, protocols are being developed for the management and analysis in cloud of data gathered from IOT sensors. Traceability solutions for agricultural supply chains are also being studied to be integrated into a new national resource, an experimental platform called the "Web of Agriculture". The platform is being developed specially for the Agritech Centre as a cloud solution complete with AI-based decision support systems.
- The Made in Italy Supply Chain Project, in collaboration with RurAll, an affiliate, for the development of a digital infrastructure of services for the agrifood sector "from the field to the fork". In this context, we are finalising a track & trace solution in the rice supply chain.
- The Mechanobiology Centre, founded in December 2020 in collaboration with the departments of Mechanical and Industrial Engineering and Translational Molecular Medicine of the University of Brescia and some local excellences, the Interdepartmental Centre for International Research in Mechanobiology is the first one to be set up in Italy dedicated specifically to this discipline. Mechanobiology is an emerging branch of science that combines biology and engineering to study cellular functions to support the medicine of the future. Inspection techniques on animal and human tissues are being studied together with Antares Vision Group for the detection of any diseased parts and consequently for the early diagnosis of diseases.

Geographical expansion projects

- New offices in Switzerland, at the end of 2022 Antares Vision Group set up Antares Vision Sagl in Lugano, in Canton Ticino, with a co-working space inside Dagorà – Lifestyle Innovation Hub. The project to expand in Canton Ticino is in line with the research and technological innovation process that began in May 2022, with Antares Vision Group joining the Lifestyle – Tech Competence Center of Lugano (LTCC), part of the Switzerland Innovation Park Ticino, as an associate and partner of excellence in the digitalization of products and supply chains. The expansion project in the Swiss market continued both for the development of new businesses and as an innovation hub in collaboration with SUPSI (University of Applied Sciences and Arts of Southern Switzerland), for the development of a complete traceability platform capable of collecting, managing and processing data of an entire production chain: from the start (raw materials) to the end consumer in the Fashion industry.
- Establishment of Antares Vision (Korea) Co. Ltd., a new branch was established in South Korea in January 2023 and became fully operational on 1 March 2023. Under the name of Antares Vision (Korea) Co. Ltd. ("AV Korea"), it is wholly owned by Antares Vision Asia Pacific and will make it possible to dominate the Asian market even more through a direct presence in the area, exploiting the area's strong growth potential.
- New production hub in India, AVI Excellence Private Limited owned 50% by Antares Vision S.p.A. and 50% by an Indian partner was established on August 21, 2023, with the aim of further developing the local market and ensuring a direct presence in the territory. By the end of the year, the parent company plans to increase its shareholding to 99.99%, the maximum percentage allowed under local corporate law.

Research projects

- RNA THERAPY AND DRUGS Research Project in collaboration with the University of Padua, with the aim of contributing with traceability solutions and the help of artificial intelligence to achieve greater robustness and precision and a reduction in the side effects of new drugs based on DNA and RNA. In particular, Antares Vision Group has started to design a tracking system for RNA drugs to be applied in the logistics of the National Research Center "Development of gene therapy and drugs with RNA technology", as well as a bio-imaging platform to be applied to in vitro systems and to in vivo tests.
- LIGHT Project (Lifescience Innovation Good Healthcare Technology), new public-private research infrastructure dedicated to the development of AI solutions for Digital Healthcare and Biopharma. LIGHT is a centre with majority-private ownership, being held 51% by Antares Vision Group and Dompé Farmaceutici S.p.A. with co-financing from the National Recovery and Resilience Plan (NRRP). The design of a new building in the centre of the Brescia University campus has been completed. It will include high-security biological laboratories and spaces for the simulation and experimentation of hospital technologies and processes, including emergency rooms, telemedicine rooms, specialist clinics, rehabilitation rooms and a hospital

pharmacy. The LIGHT centre will be supplemented by secondary offices in Travagliato, L'Aquila, Naples and Aprilia, where an experimental drug quality control line will be installed. As part of the initial development of LIGHT's industrial plan, actions are underway to make LIGHT a centre of expertise in the validation of reliable AI systems for use in the field of healthcare, responding to the new challenges and opportunities of the European AI-Act. Digital Healthcare projects are also being developed in collaboration with Brescia Hospital.

- PhD Project: Antares Vision has promoted 13 research doctorates with some of the main Italian universities. Seven of these doctorates are aimed at Digital Healthcare, a rapidly growing division of the Group ("Telemedicine and Digitalization of health services"; "Development of mechatronic systems and smart solutions for the hospital of the future"), two are scholarships activated in the field of artificial intelligence, and two will be dedicated to research into personalised gene therapy platforms, with the Federico II University of Naples and its pharmacy department, designated by the University and Research Ministry as a department of excellence, to develop new materials, delivery systems, vesicles and microneedles, for a new generation of dosing technologies.

Alternative performance measures

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

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

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

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

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

Main consolidated income statement figures

The consolidated income statement at 30 June 2023 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 30 June 2022 (in thousands of Euro).

Note that the first half of 2023 and the equivalent period of 2022 are not totally comparable because of:

- the inclusion in the scope of consolidation of ACSIS, acquired on 18 February 2022 through Rfxcel, and therefore present in the comparative figures for only 4 months;
- the inclusion in the scope of consolidation of Smart Point, acquired in April 2022 through Rfxcel, and therefore not included in the comparative figures.

Antares Vision Group Consolidated Income Statement ('000,€)	0623 YTD	0622 YTD	Delta
Revenue (*)	102,771	85,413	20.3%
Capitalization of R&D	4,247	3,980	6.7%
Other Tax Credit	1,097	288	280.4%
Tax Credit	665	563	18.0%
Value of Production	**108,780**	**90,245**	**20.5%**
Changes in Inventory Stock	-2,027	-10,362	-80.4%
Purchase	33,128	30,439	8.8%
Changes in work in progress	-7,439	-48	15559.9%
Cost of Goods Sold (COGS)	**23,662**	**20,029**	**18.1%**
Margin % on Sales	*23.0%*	*23.5%*	*-1.8%*
Commissions for agents	1,576	1,244	26.7%
Installation Expenses	562	366	53.6%
First Margin	**82,980**	**68,606**	**21.0%**
Margin % on Sales	*80.7%*	*80.3%*	*0.5%*
Third party assets	901	1,103	-18.3%
Operating expenses	249	107	134.0%
Services	22,720	19,132	18.8%
Added Value	**59,109**	**48,264**	**22.5%**
Margin % on Sales	*57.5%*	*56.5%*	*1.8%*
Labour Cost	54,426	44,645	21.9%
Employees	50,843	40,557	25.4%
Professional Staff	3,583	4,088	-12.3%
EBITDA	**4,683**	**3,619**	**29.4%**
Margin % on Sales	*4.6%*	*4.2%*	*7.6%*
Provision	735	492	49.4%
Depreciation	5,865	4,435	32.3%
R&D intangible assets	3,738	2,815	32.8%
Tangible assets	2,127	1,620	31.3%
EBIT	**-1,918**	**-1,309**	**46.5%**
Margin % on Sales	*-1.9%*	*-1.5%*	*21.8%*
Financial expenses	2,590	-3,384	-176.5%
Financial interest & commissions	2,580	2,029	27.2%
Exchange rates profit & loss	731	-2,005	-136.5%
Derivatives	-143	-604	-76.3%
Warrants mark to market	-578	-2,804	-79.4%
Extraordinary income & expenses	1,204	1,097	9.7%
PPA-GW Amortization	4,165	3,966	5.0%
EBT	**-9,876**	**-2,988**	**230.5%**
Margin % on Sales	*-9.6%*	*-3.5%*	*174.7%*
	0		
Taxation	1,521	-1,140	-233.4%
Profit/(loss) attributable to minority interests	-139	-4	3513.5%
Net Profit /(Loss)	**-11,258**	**-1,844**	**510.6%**
Margin % on Sales	*-11.0%*	*-2.2%*	*407.4%*

EBT	**-9,876**	**-2,988**
PPA-GW Amortization	4,165	3,966
Extraordinary income & expenses	1,204	1,097
Exchange rates profit & loss	731	-2,005
Warrants mark to market	-578	-2,804
EBT_ADJ	**-4,354**	**-2,734**
Adjusted income taxes	3,056	-882
Profit/(loss) attributable to minority interests	-139	-4
Net Profit / (Loss) ADJ	**-7,271**	**-1,848**

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

The figures have been adjusted to exclude certain extraordinary items (Euro 1.2 million), reclassified below EBIT and mainly consisting of the costs that Antares Vision Group incurred for the reorganisation which was entrusted to an external consultancy.

In the first half of 2023, the Group achieved **Consolidated Net Revenues** of Euro 102.8 million, up 20.3% and 15.8% at an organic level compared with the same period of 2022. The acquired companies (ACSIS, AV Electronics and Smart Point) contributed to growth by 4.9%, while the exchange rate dynamics contributed by 0.8%.

In terms of evolution of revenues by geographical area, the greatest contribution, both in absolute terms (Euro 46 million in the first half of 2023 compared with Euro 33 million in the first half of 2022) and in terms of growth (+39.2%), derives from the Americas, led by North America (+50.4%), where by 27 November 2023, pharmaceutical manufacturers and supply chain players will have to implement aggregation solutions to comply with the requirements of the Drug Supply Chain Security Act (DSCSA), which aims to combat drug counterfeiting. This area, where the Group recorded growth of 26.6% Y/Y in the second quarter, remains the most important, with revenue equal to 45% of the total.

In the first half of 2023, Italy showed significant signs of recovery, recording +23.5% Y/Y, with strong acceleration in the second quarter, compared with the same period of 2022 (+102.2%), and reversing the result negative recorded in the first quarter of 2023 (-15% Y/Y).

Africa & Middle East (120.4% Y/Y) and Asia & Oceania (12.3% Y/Y) also recorded good signs of growth.

Europe, on the other hand, reported a negative trend (-15%), driven by the Eastern Europe (Euro 7.4 million in the first half of 2023 compared with Euro 11.4 million in the first half of 2023), which recorded a drop of 34.9%.

Revenue by geographical area – 1H 2023 vs. 1H 2022 (Euro m)

Revenue by geographical area					
Geographical area	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Italy	14.7	14.3%	11.9	14.0%	23.5%
Europe	25.2	24.5%	29.5	34.5%	-14.7%
North & South America	46.0	44.7%	33.0	38.7%	39.2%
Asia and Oceania	7.6	7.4%	6.7	7.9%	12.3%
Africa and the Middle East	9.3	9.1%	4.2	4.9%	120.4%
Total	**102.8**	**100.0%**	**85.4**	**100.0%**	**20.3%**

Source: Antares Vision Group

As regards "Technological Solutions", last May the Group launched Diamind, the integrated ecosystem of solutions that reduces technological complexity and supports the growth of businesses, setting out a path towards digital innovation, personalised and driven by data. By connecting physical products with digital identities, Diamind works at line, plant, warehouse, company and supply chain levels. The ecosystem guarantees product quality (inspection systems and equipment) and end-to-end traceability (from raw materials to production, from distribution to consumer and vice versa) through integrated data management, applying artificial intelligence and integrating with blockchain.

All our technological solutions show growth in the first half of 2023. Specifically, we note the sharp increase in Smart Data (+84%) and Inspection (+24.9%).

In the second quarter there was a slowdown in the growth of the Life Science sector (+10.5% compared with +18% in the first quarter). In this segment, it is worth noting the double-digit growth of Smart Data (+92%), while the decline in Inspection is due to the negative performance of the first quarter of 2023, when the delivery of several machines was delayed, and the dynamics of the turnover relating to the multi-year contract with an important Italian industrial group.

The Fast-Moving Consumer Goods sector (FMCG) records strong growth (+36%) compared with the first quarter (+27%), recording an increase of +45% Y/Y in the second quarter of 2023. Furthermore, there is significant growth in both Inspection (+40%) and Smart Data (+84%), while the decline recorded in Track&Trace is linked to deliveries made in the first half of 2022, currently not replicated in 2023, but which will take shape during the coming quarters.

Revenues by Technological Solutions -1H 2023 vs.1H 2022 (Euro m)

Revenues by Technological Solutions					
Life Science	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Inspection	9.6	16.5%	11.0	21.0%	-12.7%
Track and Trace	36.4	62.7%	35.2	67.0%	3.2%
Smart Data	12.1	20.8%	6.3	12.0%	91.8%
Total Life Science	**58.1**	**100%**	**52.5**	**100.0%**	**10.5%**
FMCG	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Inspection	39.3	87.9%	28.1	85.4%	39.6%
Track and Trace	1.2	2.7%	2.2	6.7%	-44.0%
Smart Data	4.2	9.4%	2.6	7.9%	63.7%
Total FMCG	**44.7**	**100%**	**32.9**	**100.0%**	**36.0%**
Antares Vision Group	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Inspection	48.9	47.6%	39.2	45.9%	24.9%
Track and Trace	37.6	36.6%	37.4	43.8%	0.5%
Smart Data	16.3	15.9%	8.9	10.4%	83.6%
Total Antares Vision Group	**102.8**	**100%**	**85.4**	**100.0%**	**20.3%**

Source: Antares Vision Group

At "Business Model" level, the considerable growth of Services and SaaS continues in the first half of 2023 (+44% and +16% Y/Y, respectively), which together record an increase of 27% Y/Y. These confirm the positioning of Antares Vision Group in the generation of recurring revenue and higher margins: this is the result of the Group's strategy to develop more easily scalable "as a service" business models. In fact, Life Cycle Services and SaaS/Smart Data represent 46% of total turnover in the first half of 2023 with an overall growth of +27%.

Lastly, Equipment bucks the trend compared with the first quarter of 2023 (-2%), recording an increase of 15% in the first part of the year (+29% in the second quarter of 2023).

Revenues by business model - 1H 2023 vs.1H 2022 (Euro m)

Revenues by business model					
Life Science	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Life Cycle Services	9.0	16%	9.0	17%	-0.2%
SaaS/Smart Data	23.2	40%	19.5	36%	19.3%
Recurring Business	**32.3**	**56%**	**28.5**	**53%**	**13.2%**
Equipment	25.8	44%	24.0	47%	7.3%
Total Life Science	**58.1**	**100%**	**52.5**	**100%**	**10.5%**
FMCG	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Life Cycle Services	13.1	29%	6.4	17%	105.7%
SaaS/Smart Data	2.4	5%	2.6	36%	-10.0%
Recurring Business	**15.5**	**35%**	**9.0**	**53%**	**71.9%**
Equipment	29.2	65%	23.9	47%	22.5%
Total FMCG	**44.7**	**100%**	**32.9**	**100%**	**36.0%**
Antares Vision Group	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Life Cycle Services	22.2	22%	15.4	17%	43.7%
SaaS/Smart Data	25.6	25%	22.1	36%	15.8%
Recurring Business	**47.8**	**46%**	**37.5**	**53%**	**27.3%**
Equipment	55.0	54%	47.9	47%	14.9%
Total Antares Vision Group	**102.8**	**100%**	**85.4**	**100%**	**20.3%**

Source: Antares Vision Group

The first half of 2023 closes with a **Value of production** (Euro 108.8 million) up by 20.5% compared with the same period last year (Euro 90.2 million). While influenced by the change in the scope of consolidation, the result demonstrates how Antares Vision Group has managed to continue on its growth path, despite the numerous challenges, thanks to its business vision and in line with consumption trends.

Cost of goods sold (**COGS**) stands at Euro 23.7 million, an increase of 18.1% compared with the figure at 30 June 2022 when it amounted to Euro 20.0 million, with a reduction in the impact on turnover of 43 basis points.

Consequently, the **Gross Operating Margin** and **Value Added** respectively come to Euro 83 million (Euro 68.6 million at 30 June 2022, +21.0%) and Euro 59.1 million (Euro 48.3 million, +22.5%) with an improvement in these margins of 42 and 101 basis points respectively.

The **Adjusted Gross Operating Profit (EBITDA)** is equal to Euro 4.7 million compared with Euro 3.6 million in the previous period (+29.4%), equal to 4.6% of sales (4.2% at 30 June 2022). This result is negatively affected by AVRUS by Euro 2,029 thousand.

The **Adjusted Operating Result** (**EBIT**) is negative for Euro 1.9 million compared with Euro 1.3 million in the comparative period. This result reflects higher amortisation and depreciation following capitalisation of development costs and rights of use for the various company locations, as well as higher provisions of a prudential nature for credit risks. It should also be noted that AVRUS contributes negatively to this result by Euro 2,127 thousand.

The financial element (negative for Euro 2.6 million) is influenced for Euro 2.6 million by interest and financial charges on loans, for Euro 0.7 million by the negative balance of exchange gains and losses, offset by Euro 0.6 million from recognition of the income deriving from the fair value measurement of the warrants.

All this, together with extraordinary items (Euro 1.2 thousand) and the effect of the PPAs (Euro 4.2 million), resulted in a negative result of Euro 9.9 million before tax and Euro 11.3 million euro after tax. This result is affected by Euro 2,644 thousand by the result of AVRUS.

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

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

determining an **Adjusted loss for the period** for Euro 7.3 million, compared with the loss of Euro 5.3 million in the first half of 2022.

Main consolidated balance sheet figures

The statement of financial position is set out below, reclassified by sources and applications at 30 June 2023 and 31 December 2022 (in thousands of Euro).

Antares Vision Group Consolidated Balance sheet ('000,€)	Jun-23	Dec-22	Change %
Real Estate & Right of use	31,410	31,182	0.7%
Financial Assets	11,770	9,707	21.2%
Net Tangible Assets	3,544	3,571	-0.8%
Net Intangible Assets	242,008	238,057	1.7%
Total Fixed Assets	**288,732**	**282,517**	**2.2%**
% Incid. On NIC	*73.4%*	*75.1%*	
Inventory Raw Material	29,430	33,814	-13.0%
Inventory Finished Goods	13,733	7,546	82.0%
Inventory WIP	14,163	6,943	104.0%
Total Inventory	**57,326**	**48,303**	**18.7%**
Trade Receivables	114,541	113,969	0.5%
Trade Payables	-21,485	-23,140	-7.2%
Advances from Clients	-32,606	-30,292	7.6%
Trade Net Working Capital	**117,776**	**108,840**	**8.2%**
% Incid. On NIC	*29.9%*	*28.9%*	
Other Current Assets	28,539	29,274	-2.5%
Other Current Liabilities	-28,572	-32,355	-11.7%
Net Working Capital	**117,744**	**105,759**	**11.3%**
% Incid. On NIC	*29.9%*	*28.1%*	
Severance Indemnity Fund (TFR)	-8,518	-7,799	9.2%
Other Funds	-1,065	-1,231	-13.5%
Bad Debt	-3,521	-3,240	8.7%
Net Invested Capital	**393,372**	**376,007**	**4.6%**
% Incid. On NIC	*100.0%*	*100.0%*	
Net Equity	295,335	308,851	-4.4%
Net Equity	**295,335**	**308,851**	**-4.4%**
% Incid. On TSoF	*75.1%*	*82.1%*	
Long Term loans + Leasing (*)	171,886	150,961	13.9%
Bank Loans	150,569	131,036	14.9%
Leasing	15,396	16,683	-7.7%
Other financial debts	5,921	3,242	82.6%
Net Cash (*)	-73,849	-83,805	-11.9%
Net Financial Debt	**98,037**	**67,156**	**46.0%**
% Incid. On TSoF	*24.9%*	*17.9%*	
Total Source of Financing	**393,372**	**376,007**	**4.6%**
% Incid. On TSoF	*100.0%*	*100.0%*	

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

Total fixed assets (Euro 288.7 million) show a significant increase of 2.2% compared with 31 December 2022, mainly influenced by:

- the inclusion in the scope of consolidation of Smart Point, which took place in April 2023 through Rfxcel. The total outlay amounted to Euro 7.1 million[1], of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months. The difference between the price and the shareholders' equity of the acquired company amounted to Euro 6,232 thousand and at 30 June 2023 it was all allocated to Goodwill pending the conclusion of the PPA during the second half of 2023, as permitted by the international accounting standards;
- the exchange effect on goodwill already recognised at 31 December 2022, negative for Euro 1,661 thousand;
- investments in intangible assets, mainly for development costs (Euro 6,042 thousand of higher capitalisations, offset by Euro 185 thousand for the negative exchange effect and partially by the increase in accumulated amortisation due to the amortisation charge for the period) and for digital transformation projects (Euro 1,076 thousand),first of all the introduction of the new ERP whose Go Live in the Parent Company took place in April 2023, then of the new PLM, the latter not yet completed and therefore not yet subject to amortisation;
- the acquisition of 30% of Pygsa by FT System, which led to the recording of an investment of Euro 791 thousand;
- the acquisition of 15% of Isinnova by the Parent Company, which led to the recording of an investment of Euro 1,500 thousand;
- the acquisition of 38.18% of Light Scarl by the Parent Company, which led to the recording of an investment of Euro 76 thousand.

It should be remembered that at the end of the previous year, the Board of Directors of Antares Vision Group carried out specific procedures to control the recoverable value of intangible assets with an indefinite useful life recognised in the consolidated balance sheet of Antares Vision Group, in accordance with the provisions of IAS 36, showing that the recoverable amount of the group of assets under analysis was well above its carrying amount. The Directors believe that they have no additional or substantially modifying elements with respect to the assessments carried out and, considering the first-half results, that they are not aware of any indicators of impairment.

The Directors will systematically monitor the financial position and income data to assess the need to adjust the

[1] *At the exchange rate on the date of acquisition, corresponding to 1.0981*

forecasts and promptly reflect any further impairment.

Net operating working capital increases by 8.2%, a change mainly linked to the increase in inventory (Euro 9.0 million, +18.7%) and trade receivables (Euro 0.6 million, +0.5%), partially offset by the growth in advances from customers (Euro 2.3 million, +7.6%) following the increase in sales, as well as orders from customers.

As a whole, **Net working capital** has increased by 11.3%, also following the provisions made for deferred tax assets and liabilities on the various accounting items, as well as the balance of current taxes.

Provisions have increased by Euro 835 thousand. Contributing to this result are the Euro 719 thousand allocated to the severance indemnity provision, accounted for in accordance with IAS 19 – Employee benefits, and the Euro 282 thousand allocated to the provision for doubtful accounts in accordance with IFRS 9.

Shareholders' equity amounts to Euro 295.3 million, down by 4.4% compared with 31 December 2022, influenced by the result for the period (not adjusted for extraordinary items) negative for Euro 11.3 million. Please refer to the statement of changes in shareholders' equity, included in the notes, for a more detailed discussion of the changes that have affected shareholders' equity.

Main consolidated financial figures

The following is the consolidated net financial position at 30 June 2023 compared with 31 December 2022 (in thousands of euro). The statement reflects the provisions of the ESMA32-382-1138 guideline on disclosure obligations, aimed at greater uniformity of disclosure obligations at European level.

Antares Vision Group **Net financial position ('000,€)**		**30/06/2023**	**31/12/2022**
Cash and banks *(3)*	A	41,326	50,010
Cash equivalents	B	-	-
Other financial assets	C	25,813	26,827
Cash and cash equivalents	**D=A+B+C**	**67,138**	**76,837**
Current lease liabilities		*- 3,529*	*- 3,508*
Financial liability of warrants (fair value measurement) (4)		*- 1,169*	*-*
Other financial payables (2) (3)		*- 812*	*-*
Current financial debt *(including debt instruments, but excluding the current portion of non-current financial debt)*	E	-5,510	-3,508
Current portion of non-current financial debt	F	-15,158	-8,361
Current financial debt	**G=E+F**	**-20,668**	**-11,870**
Net current financial debt	**H=G-D**	**46,470**	**64,967**
Non-current loans and borrowings		*- 138,452*	*- 124,169*
Non-current lease liabilities		*- 11,866*	*- 13,175*
Financial liability of warrants (fair value measurement)		*-*	*- 1,747*
Other financial debts (2)		*- 910*	*-*
Non-current financial payables	I	-151,229	-139,091
Debt instruments including negative derivative instruments	J	-142	-162
Other non-current payables	K	-	-
Non-current financial debt	**L=I+J+K**	**-151,371**	**-139,254**
Net financial position (1)	**M=H+L**	**-104,900**	**-74,286**

(1) The difference with respect to the Net financial position shown in the section on Capital management of the Explanatory Notes is due to a different classification of company credit cards and to the inclusion of the positive derivatives as provided by ESMA guideline 32-382-1138
(2) Amounts related to the portion of the price for the acquisition of Smart Point to be paid within 12 and 18 months
(3) Balances net of the amounts not yet redeemed by the previous shareholders of Rfxcel following the company's sale to Antares Vision Group. In the half yearly consolidated financial statements, these amounts are shown in cash and cash equivalents (Euro 9,940 thousand at 30 June 2023 and Euro 11,087 thousand at 31 December 2022) with a corresponding payable as the contra-entry.
(4) At 30 June 2023 the financial liability of warrants has been reclassified in the current section consistently with the maturity within 12 months

It is also considered appropriate to provide the financial position net of the effect of derivatives and the fair value of the warrants ("**Adjusted net financial position**”).

Antares Vision Group **Adjusted net financial position ('000,€)**	**30/06/2023**	**31/12/2022**
Net financial position	**-104,900**	**-74,286**
Positive derivatives (5)	6,863	7,130
	-98,037	**-67,156**
Warrant *fair value*	1,169	1,747
Adjusted net financial position	**-96,868**	**-65,409**

(5) ESMA guideline 32-382-1138 does not provide for the inclusion of positive derivatives in the Net Financial Position, contrary to what happens for negative derivatives

The **Net financial position** is negative for Euro 104,900 thousand compared with a negative balance of Euro 74,286 thousand at 31 December 2022. The **Adjusted net financial position**, i.e. including derivatives receivable but without the effect of measuring the warrants at market value (which will never correspond to an actual cash outflow), is negative for Euro 96,868 thousand (negative for Euro 65,409 thousand at 31 December 2022).

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

- Euro 4.7 million of positive Adjusted Gross Operating Profit (EBITDA)[2];
- a change in net working capital, increasing by Euro 12 million, for the reasons described above;
- the acquisition of Smart Point through Rfxcel, which took place in April 2023. The total outlay amounted to Euro 7.1 million, of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months. The difference between the price and the shareholders' equity of the acquired company amounted to Euro 6,232 thousand and at 30 June 2023 it was all allocated to Goodwill pending the conclusion of the PPA during the second half of 2023, as permitted by the international accounting standards;
- investments in minority interests, namely:
  - the acquisition of 30% of Pygsa by FT System, which involved an outlay of Euro 791 thousand;
  - the acquisition of 15% of Isinnova by the Parent Company, which involved a cash outlay of Euro 1,500 thousand;
  - the acquisition of 38.18% of Light Scarl by the Parent Company, which entailed a cash outlay of Euro 76 thousand;
- investments in intangible assets, mainly for development costs (Euro 6,042 thousand due to higher capitalisations, offset by a negative exchange effect for Euro 185 thousand), and for digital transformation projects (Euro 1,076 thousand), first of all the introduction of the new ERP, whose Go Live took place at the Parent Company in April 2023, and the new PLM, the latter not yet completed and therefore not yet subject to amortisation.
- the purchase for Euro 1,200 thousand of land in the municipality of Sorbolo Mezzani, where one of the local units of the Parent Company is located, of which Euro 400 thousand already paid as a deposit in 2022.

[2] *As explained in the comments to the Main Income Statement figures, items with an extraordinary nature are reclassified below EBIT (Euro 1.2 million). At 30 June 2023, they consist of costs that Antares Vision Group incurred for the reorganization process entrusted to an external consultancy.*

Among the events that took place during the period which have a neutral effect on the Net Financial Position, the following are worth noting:

- payment to the Parent Company of a Euro 20 million bank loan by a leading credit institution. This forms part of the broader debt refinancing strategy launched in the second half of 2021, when the bank loan in question was negotiated with the possibility of it being disbursed at a later date. Antares Vision Group is required to comply with financial covenants in line with market practice and there is full compliance at the date of preparation of this document;
- payment to the Parent Company of a subsidised loan of Euro 1.1 million and a bank loan of Euro 0.1 million relating to the fourth structural adjustment loan ("SAL") of the Smart Ward Platform R&D project ("**SWP**”).

Significant events

Merger by absorption of Convel S.r.l. by Antares Vision S.p.A.

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

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

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

As better explained in the Explanatory Notes, for the purposes of preparing the half yearly consolidated financial statements, the Merger did not lead to any accounting effects or treatments other than those that would have taken place without a merger.

Birth of AV Electronics as a result of the merger by absorption of Ingg.Vescovini by Tecnel

On 1 January 2023, Ingg. Vescovini (“**Ingg. Vescovini**”) S.r.l. was absorbed by Tecnel S.r.l. (“**Tecnel**”), which at the same time changed its name to AV Electronics S.r.l. It is based in Parma and will have the purpose of designing and supplying customised electronic hardware and software components to support the innovative developments of Antares Vision Group's technological ecosystem, mainly in inspection solutions for quality control and traceability, and to meet specific needs in the packaging sector, with highly innovative electronics.

Establishment of Antares Vision (Korea) Co. Ltd.

A new branch was established in South Korea in January 2023 and became fully operational on 1 March 2023. Under the name of Antares Vision (Korea) Co. Ltd. (“**AV Korea**”), it is wholly owned by Antares Vision Asia Pacific and will make it possible to dominate the Asian market even more through a direct presence in the area, exploiting the area's strong growth potential.

Acquisition of 30% of Pygsa

On 1 March 2023 Antares Vision Group, through its subsidiary FT System, completed the acquisition of 30% of Pygsa Sistemas Y Applicaciones SL (“Pygsa”), already communicated to the market on 9 February 2023, through an increase in capital and an outlay of 0.8 million. Simultaneously, Antares Vision Group signed an agreement with the Spanish company for the exclusive distribution of its solutions in Spain, in all the reference sectors (Life Sciences, Cosmetics, Food & Beverage) and in Portugal for Food & Beverage only. PYGSA was founded in 2008 by two partners with over 20 years of specific experience in product inspection technologies for quality control. Pygsa, is made up of three companies: Sistemas Tecnicos de Vision S.L., which specialises in visual inspection technologies and components for Food & Beverage lines; Investigaciones Y Control s.l.u., operating in control and traceability systems in the pharmaceutical sector; Talleres Ferragut S.L., operating in industrial automation systems and high-speed handling systems. Present in all reference sectors of Antares Vision Group, PYGSA has developed specific know-how for the design and production of inspection systems for quality control, traceability solutions, software solutions for measuring efficiency and related integrations. In 2021, Pygsa employed 72 people, had a turnover of Euro 7.5 million and an Adjusted EBITDA of Euro 0.6 million.

Acquisition of Isinnova

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

Acquisition of Smart Point Technologies

On 26 April 2023, Antares Vision Group acquired, through Rfxcel, 100% of Smart Point Technologies Ltd (Smart Point), an Indian software development company that creates complex and innovative solutions. The total outlay amounted to Euro 7.1 million, of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months. Smart Point, which was founded in 2010 by three entrepreneurs with its HQ in Chennai, offers a wide range of software solutions and services, made available to the customers of Rfxcel in over 30 countries. With over 12 years of experience in software development and assistance, the Company has gained expertise especially in the pharmaceutical Track & Trace sector and the solutions developed on behalf of Rfxcel are directly available to the main pharmaceutical companies around the world, which are also the end customers of Antares Vision Group. In fiscal year 2022/2023, which closed at the end of March, Smart Point had 124 employees in India and Germany and a turnover of Euro 3.9 million (of which approximately 90% generated with Rfxcel), with an EBITDA of approximately Euro 2.0 million. The acquisition of Smart Point has made it possible to internalise highly qualified resources with specific skills and abilities, whose know-how is a precious asset for Antares Vision Group, which continues to invest in technological development to support its growth and guide the process of innovation and digitalization of products and supply chains.

Information concerning the environment and personnel

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

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

<u>Sustainability and actions aimed at mitigating climate changes</u>

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

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

The European Securities and Markets Authority (ESMA) has observed that it is essential that all issuers consider climate-related topics in their communications to the market, ensuring consistency of information disclosed in the directors' report, the non-financial report, financial statements and, where applicable, a prospectus. In particular, ESMA highlights that, if material, climate change risk must be considered when preparing financial statements and during the audit, assuming a longer time horizon than is usually considered for financial risk. ESMA also mentions that, in addition to the information required by the individual IFRS, according to paragraph 112 (c) of IAS 1, information on climate risk, if material, has to be provided in the notes to the financial statements.

In this context, Antares Vision Group is not particularly exposed to the risks associated with climate change, given the nature of its business, nor does it operate in sectors that are particularly vulnerable to climate and environmental risks[3].

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

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

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

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

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

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

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

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

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

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

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

Commitment to the environment

Antares Vision Group periodically sets objectives for environmental improvement based on solid principles, such as:

- use in a responsible, efficient and effective way the raw materials and resources necessary for the functioning and implementation of production processes;
- optimize production processes for the progressive reduction of waste;
- conceive of and design the products and their packaging considering their entire life cycle;
- reduce energy consumption;
- reduce emissions of pollutants into the atmosphere, always paying attention to the organisation of transfers and shipments;
- reduce the use of hazardous chemicals in production cycles, or replace them with others that are safer and have a lower impact on the environment;
- where possible, replace materials that have a high environmental impact with other environmentally friendly materials;
- responsibly manage waste and apply the principles of the circular economy;
- guarantee the continuous control of direct and indirect environmental aspects through careful use of the facilities.

Each co-worker of Antares Vision Group, is involved in ensuring compliance with the requirements indicated and has to constantly improve their work and that of their colleagues, with a view to reducing the environmental impact. For this reason, in addition to what is required by current regulations, green campaigns have been launched since 2019 with the claim "Join the Green Side of Antares Vision Group", for which the Travagliato HQ is acting as the Group's driving force.

Elimination of plastic bottles from all dispensers with the installation of drinking fountains

In 2019 Antares Vision Group decided to join the world campaign #PlasticFree, the #I am Environment initiative promoted by the Ministry of Environment and to anticipate the European ban on all single-use plastic products such as cutlery, dishes, straws, stirring sticks and containers. The first steps were to replace bottle dispensers with water fountains, install new coffee machines that pour liquids into paper cups and allow reusable personal containers, and distribute Antares Vision Group flasks. Antares Vision Group has also encouraged local restaurants to serve take-away food in containers made of eco-sustainable materials rather than plastic.

Paperless campaign to include all machine user manuals to be designed for digital consultation

In terms of printed documents, the quality office has replaced the packaging of the documentation provided with the machines with an eco-sustainable version and the format of the new user manuals will be designed specifically for digital consultation in such a way as to discourage over time the demand for the paper version by customers.

Implementation of Separate Waste Collection

During the years of the pandemic, a new area for separate waste collection was prepared at HQ and a best recycling practice was established for the offices, due to be launched in January 2024. In general, we have identified margins for improvement that can be achieved by adopting suitable measures within the Group which should achieve a level of separate waste collection of 95% (according to the figures at 31 December 2022, the Group is currently at a level of 60%).

Ecological printing

In 2021, new printers with an eco ink system were introduced at the Parent Company and FT System. These have been gradually implemented with a Follow Me device, which uses personal badges to control the number of documents that are being printed.

AV Energy Challenge and energy from renewable sources

In the autumn of 2022 the AV Energy Challenge was launched as an in-house initiative to make employees (at the Group's Italian and US offices for now) more aware of the question of energy waste, with the dissemination of best practices, concrete energy saving suggestions and interventions, such as switching off the illuminated facades of offices and factories[4], setting the temperature of specific work environments within a set range and limiting the power of the compressors.

Furthermore, the Parent Company has by now completely abandoned the use of methane in favour of electricity and in 2023 signed a supply contract with a guarantee of origin for all the Italian sites (Travagliato, Aprilia, Sorbolo and Vicenza).

[4]*With the appropriate limitations imposed by safety requirements*

Alliance for Biodiversity

In the summer of 2023, the Parent Company launched the pioneer project "Alliance for Biodiversity", for which one of the grassy plots surrounding the Travagliato headquarters will be mowed less frequently, so as to allow the flowers to flourish and form a habitat suitable for pollinating insects.

Animal pollination is the fundamental basis for the ecology of species and the functioning of ecosystems, the conservation of habitat and the provision of a wide range of important and vital human services and benefits, including the production of food, fibre, timber and other tangible products. Over 75% of the main agricultural crops and about 90% of wild flowering plants use bees, wasps, butterflies, ladybirds, spiders, reptiles, birds and mammals and pollinators in general to transfer pollen from one flower to another, allowing them to reproduce. In summary, pollination, especially entomophilous pollination (i.e. carried out by insects), is the basis not only of biodiversity, but also of our existence and our economies.

Personnel

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

At 30 June 2023, Antares Vision Group had 1,375 employees, which compares with 1,186 persons at 31 December 2022 (+15.9%, +4.2% on a like-for-like basis) and 1,118 at 30 June 2022 (+23.0%, +8.0% on a like-for-like basis).

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

Company	Apprentices	Production workers	Office workers	Middle managers	Executives	Total at 30/06/2023	Total as at 31/12/2022	Total at 30/06/2022
Antares Vision S.p.A. (*)	30		435	34	10	509	472	446
Imago Technologies			25			25	25	26
Antares Vision do Brasil			64			64	61	58
T2 Software			8			8	10	11
Antares Vision North America			54			54	44	45
Antares Vision France			27			27	26	24
Antares Vision Ireland			2			2	2	2
Antares Vision Russia			58			58	55	56
FT System	5	25	109	3	3	145	144	143
FT Hexagone			7			7	7	9
FT North America			21			21	20	17
Antares Vision Asia Pacific			10			10	6	10
Antares Vision Gmbh			9			9	8	9
Tradeticity			5			5	4	4
Tradeticity Services			25			25	28	28
Convel (*)						-	19	20
Applied Vision			72			72	72	70
rfXcel Corporation			54			54	52	53
rfXcel LTD			5			5	5	5
rfXcel LLC			5			5	5	6
Pen-tec		5	5	1		11	11	12
AV Electronics (**)		5	7			12	5	6
Antares Vision India			36			36	33	23
Markirovka As a Service			10			10	11	7
Acsis			33			33	26	28
TOTAL ON A LIKE-FOR-LIKE BASIS AT 30 JUNE 2023	**35**	**35**	**1.086**	**38**	**13**	**1.207**	**1.151**	**1.118**
Ingg. Vescovini (**)						-	6	
Packital		11	11			22	23	
Wavision			1			1	1	
Antares Vision (Thailand)			6			6	5	
TOTAL ON A LIKE-FOR-LIKE BASIS	**35**	**46**	**1.104**	**38**	**13**	**1.236**	**1.186**	
Antares Vision Korea Limited			4			4		
SmartPoint Technologies Private Limited			135			135		
TOTAL	**35**	**46**	**1.243**	**38**	**13**	**1.375**		

(*) Convel was absorbed by Antares Vision S.p.A. with effect from 1 January 2023.
(**) With effect from 1 January 2023, Ingg. Vescovini was absorbed by Tecnel, which at the same time changed its name to AV Electronics.

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

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

With reference to the First Stock Option Plan:

- during the 2020 financial year, the first tranche corresponding to 108,000 options was assigned to

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

executive directors and 225,000 options to top management and key employees. Of the latter, a total of 79,078 options were cancelled due to the lack of some of the vesting conditions envisaged in the plan.

- during the first half of 2021, the second tranche was assigned in favour of top management and key employees, corresponding to 333,000 options, of which 55,303 were cancelled due to the lack of some of the vesting conditions envisaged in the plan. It should be remembered that at the time of assignment, the executive directors waived the options assigned to them as part of the second vesting cycle for a total of 108,000 options in favour of the employees of the Group.
- the third tranche was assigned during the second half of 2022 in favour of top management and key employees, corresponding to 369,000 options, of which 19,560 were cancelled due to the lack of some of the vesting conditions envisaged in the plan. It should be remembered that, at the time of the assignment, the executive directors waived the options assigned to them as part of the third vesting cycle.

With reference to the Second Stock Option Plan:

- the first tranche was assigned during the first half of 2021 with 425,000 options going to employees and directors who have been delegated powers, consultants and similar persons of the Parent Company and the Group. Of these, 118,463 options have been cancelled due to the lack of some of the vesting conditions envisaged in the plan.
- the second tranche was assigned during the second half of 2022 with 466,000 options going to employees and directors who have been delegated powers, consultants and similar persons of the Parent Company and the Group. Of these, 46,000 options have been cancelled due to the lack of some of the vesting conditions envisaged in the plan.

During the first half of 2023, the Plans had an effect on the consolidated income statement of Euro 576 thousand.

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

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

The Parent Company has ISO 45001:2018 Certification, which attests compliance with the requirements for safety and health at work management systems by all its divisions and production activities. Furthermore, following the entry into force of Legislative Decree 81/2008 that superseded Legislative Decree 626/94, external consultants have been hired to carry out the surveys required by law, also by carrying out periodic analyses of the workplaces and instrumental measurements, whose results confirm full compliance with the legal standards.

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

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

Research and development

During the first half of 2023, Antares Vision Group continued its research and development activity and the related costs incurred were mostly charged to the income statement.

In addition to the investments of previous years, during the first half of 2023 development costs were capitalised for Euro 3,362,438, once it was reasonably certain that the expected future economic benefits would materialise. This amount relates to:

- FT System for Euro 413,972;
- Applied Vision for Euro 217,357;
- Rfxcel for Euro 2,731,109.

to which have to be added amortisation for the period of Euro 3,202,371 and a negative exchange effect of Euro 136,314.

Additional investments in the development costs for a total of Euro 2,680,077 have been recorded under Fixed assets in course of formation and advances as they relate to projects not yet completed at the end of the period, so amortisation has not yet commenced.

These investments refer to:

- the Parent Company for Euro 2,173,825;
- FT System for Euro 20,109;
- Applied Vision for Euro 329,800;
- Rfxcel for Euro 156,343;

to which has to be added a negative exchange effect of Euro 11,660.

Below there is a description of the most important projects, divided by company. Management believes that these projects will have a successful outcome which should increase turnover and have a positive impact on the results of Antares Vision Group.

Antares Vision S.p.A.

The Parent Company concentrated on the following projects:

- Agritech Project with which Antares Vision Group intends to evolve and extend its Inspection, Track & Trace and Big Data Analytics technologies to create an ecosystem of products and services for the agro-food market and build a platform capable of guaranteeing traceability, quality and safety of the entire supply chain. The top quality segments of the food market are highly interested in being able to use such a platform to address growing consumer awareness of the issues of food quality and sustainability. The platform in the works is consistent with the circular economy models that are currently being debated, to maintain high standards of living while fully respecting the environment.
- Digital Factory, with which Antares Vision Group continues its effort to help companies improve production efficiency and quality, monitor planning and facilitate decision-making. Taking advantage of numerous features that make the software very effective in managing and extracting data, Digital Factory is a project which, also through the use of Artificial Intelligence, aims to make Antares Vision Group's Smart Data solutions able to be fully scaled up at various levels, from the single machine up to the entire company plant; it can also be integrated with other management software. Digital Factory will actively contribute to optimizing the business model through a continuous flow of data which makes communication within the organisation faster and more effective, guaranteeing savings in terms of time and costs and greater efficiency in the allocation of resources, as well as an improvement in quality, speeding up the diagnosis of problems and suggesting solutions to resolve them.
- DCP – Digital Care Platform, which aims to develop a model of connected healthcare, centred on the patient, through the creation of a single and integrated platform capable of collecting data not only on patient care, but also on their lifestyle, behaviour and therapeutic adherence. The platform will be configured as a Virtual Care Solution which, with the help of artificial intelligence, will allow health and welfare organizations to provide high-quality and cost-effective care services on a remote basis.

FT System (FOOD & BEVERAGE)

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

- RoboQCS: the aim of the ROBO-QCS (Quality Control System) project is to create a container quality verification system (weight-volume, measurement of the capping torque, Co_2 concentration) placed on the inspection line, through a robot that picks up the containers and performs quality tests on them in a fully automated, non-destructive manner; after testing, the containers can be placed back on the production line as they are intact and fit to be marketed.

- FOOD: the aim of the project is to identify the factors that could impair the airtight sealing of the container. Errors in setting the sealing temperature, incorrect selection of the adhesive sealing material, less-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.
- AV GROUP DATA: this project comes from the integration of FT System with Antares Vision Group and has the aim of collecting data from the inspection systems so that information relating to the efficiency of the production line, product quality and predictive maintenance can be acquired. In fact, inspection systems often analyse and eliminate faulty containers and produce the data relating to the analyses, corresponding to the point of the line where they are installed, but lack a data centralisation system that makes it possible to improve the operational management of the customer's production. The project aims to implement new communication protocols and open "doors" on the data inside local databases in order to be accessible to centralisation software outside the individual machines.
- AV GROUP VISION: it aims to create intercompany software interfaces that allow the integration of certain products based on artificial vision that have already been developed within the Antares Vision Group platforms. The project makes it possible to establish the common development foundations between FT System's own systems and those of Antares Vision Group so that it will be possible to work on a shared, transversal platform in the future.
- AV GROUP T&T: this aims to set up inspection systems that they can manage and/or provide information relating to codes (barcode, datamatrix, QR Code) read on containers (bottles, cartons, cash registers, etc.) for product Track & Trace. The systems currently produced by FT System have an architecture that does not allow the communication of information for tracking the containers; their main objective is to eliminate faulty samples, not to follow those that are compliant. Thanks to a process of comparison and integration with Antares Vision Group's systems, which began with the acquisition of FT System in 2019, it will be possible to apply product tracking also in the beverage field.
- Neural OCR: this project will make it possible to create a prototype of a Neural OCR system based on artificial intelligence with important steps forward in the field of verification of the codes required by law (expiry date, lot code, etc.).
- Empties: the aim is to create an empty container inspection system that allows for better performance in terms of defect identification precision, ease of use and higher production speeds. One of the main steps is the transition from the smart-camera system to a system that uses a PC for processing, capable of offering more power and the possibility of combining multiple inspections, as well as the that of increasing the

quantity of defects detected and, in the near future, hosting artificial intelligence technology, thereby improving the system's performance.

- HMI and Control System: with the aim of creating common inter-company electronic control and user interface systems with an architecture designed for Industry 4.0, i.e. aimed at sending information for the purpose of collecting and analysing data. This development will allow data to be obtained from all of the machine's sensors/cameras in order to process them. The orientation towards industry 4.0 that we want to provide with this project will not only permit an improvement in the production process of the client company, but will also allow FT System to develop internally; in fact, the company sets itself the goal of being able to improve future processes through the collection and processing of data provided by this system, evaluating which are the most frequent defects or the types of logic most used by the customer. Furthermore, through the development of an interface that allows easy interpretation of the data collected, the company can operate directly on a remote basis, offering a remote assistance service to solve any problems that are encountered.
- JUG Inspection with the aim of identifying and implementing a solution to verify the reusability of large containers of drinking water called jugs. The reusability of a jug depends on whether it is watertight and has no internal contamination. The development involves the aspects of Leakage and Sniffing. In the case of leakage, thanks to tests and studies, we have gained a great deal of knowledge about fluid dynamics and the elastic behaviour of the containers. For sniffing, a fundamental aspect of this activity is the development of sensors that can detect the presence of chemical agents or contaminants in general inside the sample; this operation is performed by analysing the air extracted from the container by means of special sensors.

Applied Vision (RIGID CONTAINERS)

Applied Vision concentrated on the following projects:

- Volcano Check (Polaris), a new system used for the detection of small cracks (controls) in glass bottles and jars without rotation of the goods and minimal handling of the container. Rotating and/or handling of merchandise has many disadvantages to the overall throughput of the production line, causing high rates of container deterioration and slower speed of goods through the line. On the contrary, Volcano Check will be able to significantly reduce time and costs, ensuring greater efficiency on the production line.
- UI Updates which, through a user-friendly interface, allows you to easily carry out and interpret statistical analyses on the performance of the production line, quantifying, for example, machine downtime or product waste percentages.

rfxcel (SUPPLY CHAIN TRANSPARENCY)

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

- rTS - rfxcel Traceability System, a system initially developed for pharmaceutical applications, now being adapted for new sectors, such as food & beverage and the consumer goods market, which are very much interested in guaranteeing complete visibility of their products' supply chain. The advantages are innumerable: tracing the origin and authenticity of the products, guaranteeing their safety and allowing efficient management of stocks or recalls.
- rTH - rfxcel Traceability Hub, aimed at government or public sector business partners. The project aims to create a single information hub for the end-to-end monitoring of imported products for origin, their digital identification or authentication, tracking them along the entire supply chain, acquisition of import records for import/tax/duty purposes. The regulations on serialisation and traceability are in continuous and rapid evolution and we are confident that the efforts made in developing this project will be amply rewarded by considerable opportunities in the future.

Own shares and shares in Parent Companies

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

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

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

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

The main features of the plan are the following:

- purchases can be made on one or more occasions within 18 months from the date of the resolution, up to a maximum amount of treasury shares which, taking into account the shares held from time to time by the Parent Company and its subsidiaries, is not more than 2% of the Parent Company's share capital and, in any case, in compliance with the legal limits[6], at a unit price not lower than a minimum of 10% and no higher than a maximum of 10% with respect to the reference price that the security posted on the trading day prior to each individual transaction;
- purchases can be made on regulated markets according to operating methods established in the organisation and management regulations of the markets and agreed with Borsa Italiana S.p.A., which in any case allow respect for equal treatment of shareholders, as well as in compliance with any other applicable legislation, or in different ways, where permitted by art. 132, paragraph 3, of the aforementioned Legislative Decree 58 of 24 February 1998, or by other legal or regulatory provisions applicable from time to time at the time of the transaction, in any of the following ways: (i) public purchase or exchange offer, pursuant to art. 144-bis, paragraph 1a), of Consob Regulation 11971/1999 *ibidem*, following a resolution of the Board of Directors in compliance with current legislation; (ii) purchases made in a way that does not allow a direct matching of purchase orders with specific sales orders, in compliance with the provisions of article 132 of TUF and art. 144-bis, paragraph 1b), of the Issuers' Regulations, or (iii) any other way provided for by the law, as assessed from time to time in relation to the best implementation of the shareholders' mandate in this sense;
- purchases, even in several tranches, must be made within the limits of the distributable profits and/or available reserves resulting from the latest financial statements approved by the Parent Company at the time of the transaction, establishing a reserve for treasury shares and, in any case, proceeding with the necessary accounting entries in the manner and within the limits of the law;
- only fully paid-up shares may be purchased;
- the administrative body, pursuant to art. 2357-ter of the Italian Civil Code, may dispose at any time, in whole or in part, on one or more occasions, even before having exhausted the purchases, of the treasury shares purchased on the basis of this resolution or in any case in the portfolio of the Parent Company,

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

through their alienation on the market, in blocks or otherwise outside the market, accelerated book building, or the transfer of any real and/or personal rights relating to them (including, but not limited to, securities lending), with the power to establish, in compliance with the provisions of law and regulations[7] the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of Antares Vision Group. It is understood that such transactions may take place at the price or value or, in any case, according to criteria and conditions, which will result congruous and in line with the transaction, also taking into account the trend of the market and share prices and/or the development prospects of the issuer or the economic convenience of completing the transaction in relation to the market scenario or the transaction (including integration) to be carried out having regard to the actual implementation methods used.

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

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

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

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

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

Financial instrument	Main transaction	Risk covered	Accounting policy
Interest Rate Swap	Leasing	INTEREST RATE RISK	Speculative **
Interest Rate Swap	Leasing	INTEREST RATE RISK	Speculative **
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Hedging
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Hedging
Flexible forward	Intercompany loan	Exchange rate risk	Hedging
Cross currency swap	Intercompany loan	Exchange rate risk	Hedging
Total			

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

Business outlook

On 27 February 2023, the Board of Directors of Antares Vision Group approved the strategic guidelines and objectives of the 2023-2025 Business Plan. Over the next three years, we will continue our commitment to the strategy of growth and reinforcement of Antares Vision Group, through the organic development of the Group's activities and the launch of important projects, also thanks to the new skills deriving from the acquisitions finalised in recent years. The aim will be to further consolidate the leadership of Antares Vision Group in strategic markets and in new adjacent sectors, which will lay the foundations for the development of recurring revenues and higher margins. Antares Vision Group will continue to make decisions with a view to sustainable growth, both by promoting integration, the search for synergies and efficiencies within the Group, and by enhancing human capital and their innovation skills. The creation of an integrated and scalable ecosystem of solutions offers the Group a unique competitive advantage; together with the new organisational model and the hiring of specialised personnel, it will allow for new synergies, additional cross-selling opportunities and penetration into new markets. Antares Vision Group will therefore continue to invest in technological innovation and Research & Development, trusting in the future evolution of the sectors in which it operates. Over the next three years, the Group will continue to pursue its growth strategy, aimed at consolidating its leadership in the markets of reference. The guidelines can be summarised as follows.

Growth drivers:

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

Enabling factors:

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

Note that in formulating its expectations, management carried out assessments based on the general principle of prudence.

Going concern

Based on the economic results and cash generation achieved in recent years, as well as the financial resources available at 30 June 2023, management believe that, as things stand, there are no significant uncertainties that might raise doubts about the Group's capacity to continue in business as a going concern.

Travagliato, 11 September 2023

The Board of Directors

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

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

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

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

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the preparation of the half yearly consolidated financial statements during the first half of 2023.

No significant aspects emerged in this regard.

They also confirm that:

- the half yearly consolidated financial statements:

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

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

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

- The report on operations includes a reliable analysis of important events that took place during the first half of the year and their impact on the half yearly consolidated financial statements.

Travagliato (Brescia), 11 September 2023

Chairman of the Board of Directors	Manager in charge of preparing the accounting and corporate documents
Emidio Zorzella	Alioscia Berto

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

CONSOLIDATED FINANCIAL SCHEDULES

Statement of financial position	Notes	30/06/2023	31/12/2022
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	1	34,953,498	34,752,661
Goodwill	2	164,769,902	160,198,596
Other intangible assets	3	92,078,963	93,972,268
Investments in associates, joint ventures and other companies	4	11,769,858	9,707,358
Non-current financial assets	5	7,159,041	7,398,767
Deferred tax assets	6	15,129,347	16,522,675
Total non-current assets		**325,860,609**	**322,552,325**
Current assets			
Inventories	7	58,435,650	49,959,689
Trade receivables	8	111,024,014	110,733,795
of which with related parties		*4,116,533*	*4,252,745*
Other receivables	9	12,006,626	10,821,835
Other current financial assets	10	25,806,059	26,826,890
Cash and banks	11	51,265,971	61,096,981
Total current assets		**258,538,320**	**259,439,190**
Total assets		**584,398,929**	**581,991,515**
Shareholders’ equity and liabilities			
Shareholders’ equity			
Share capital	12	169,457	169,457
Other reserves	12	272,519,942	278,475,662
FTA reserve	12	-15,250,613	-15,250,613
Retained earnings	12	49,153,109	27,156,007
Profit/(loss) for the period	12	-11,257,618	18,201,370
Shareholders' equity attributable to the Group	**12**	**295,334,277**	**308,751,883**
Capital and reserves attributable to minority interests	12	139,720	170,691
Profit/(loss) attributable to minority interests	12	-139,102	-71,698
Total minority interests	**12**	**618**	**98,993**
Total shareholders' equity	**12**	**295,334,895**	**308,850,876**
Non-current liabilities			
Non-current loans and borrowings	13	138,452,293	125,917,064
Non-current lease liabilities	14	11,866,465	13,175,064
Other non-current financial liabilities	15	1,051,368	162,383
Retirement benefit obligations	16	8,518,357	7,799,034
Deferred tax liabilities	17	19,931,283	21,142,434
Other non-current liabilities	18	140,175	82,382
Total non-current liabilities		**179,959,941**	**168,278,361**
Current liabilities			
Current loans and borrowings	19	16,650,884	8,702,122
Current lease liabilities	20	3,529,467	3,508,203
Other current financial liabilities	21	10,751,963	11,086,926
Current provisions for risks and charges	22	1,064,521	1,230,814
Contract liabilities	23	1,721,419	2,767,210
Trade payables	24	21,484,765	23,140,137
of which with related parties		*1,514,611*	*1,914,938*
Other payables	25	53,901,074	54,426,866
Total current liabilities		**109,104,093**	**104,862,278**
Total shareholders’ equity and liabilities		**584,398,929**	**581,991,515**

Income statement	Notes	June 2023	June 2022
Revenue	26	101,548,868	85,453,240
of which with related parties		*184,984*	*92,851*
Other income	27	3,424,666	813,837
Changes in finished and semi-finished products	28	13,402,218	-1,530,831
Raw materials and consumables	29	-40,158,908	-18,740,414
of which with related parties		*-2,320,015*	*-458,486*
Personnel costs	30	-50,864,818	-40,585,876
Amortisation and depreciation	31	-10,361,229	-8,644,931
Capitalised development costs	32	4,247,100	3,980,427
Sales and marketing costs	33	-3,736,710	-3,371,003
Service costs	34	-23,117,968	-22,891,290
of which with related parties		*-190,684*	*-174,058*
Other operating expenses	35	-1,726,343	-1,360,122
Operating profit/(loss)		**-7,343,124**	**-6,876,964**
Financial charges	36	-3,352,403	-2,152,611
Financial income	37	1,467,875	3,667,787
Foreign exchange gains and losses	38	-731,398	2,004,887
Income (charges) on investments	39	83,368	-298,356
Profit before taxes		**-9,875,682**	**-3,655,257**
Income taxes	**40**	**-1,521,038**	**1,807,620**
Profit/(loss) after tax		**-11,396,720**	**-1,847,637**
Profit/(loss) attributable to minority interests		-139,102	-3,850
Profit/(loss) attributable to owners of the Company		**-11,257,618**	**-1,843,787**
Earnings per share			
- Basic, profit attributable to the ordinary shareholders of the parent	41	-0.16	-0.03
- Diluted, profit attributable to the ordinary shareholders of the parent (*)	41	-0.16	-0.07

(*) During the period, warrants issued by Parent Company has never been exercisable, since the average monthly price was always lower than the strike price Therefore, no dilutive effect occurred, and Diluted earnings per share is equal to Earnings per share

Statement of other comprehensive income	June 2023	June 2022
Profit/(loss) for the period	**-11,396,720**	**-1,847,637**
Differences on translation of foreign financial statements	-2,617,691	14,993,224
(Loss)/profit from cash flow hedging	-29,402	4,871,664
Tax effect	7,056	-1,169,199
Total other components of comprehensive income that will subsequently be reclassified to profit/(loss) after tax	**-2,640,036**	**18,695,689**
Other components of comprehensive income that will not subsequently be reclassified to profit/loss:		
Revaluation of defined-benefit plans	-126,354	2,330,343
Tax effect	30,325	-559,282
Total other components of comprehensive income that will not subsequently be reclassified to profit/(loss) after tax	**-96,029**	**1,771,061**
Total other comprehensive income after tax	**-2,736,065**	**20,466,750**
Total comprehensive profit/(loss) after tax	**-14,132,785**	**18,619,113**
Attributable to:		
Owners of the parent	-14,132,756	18,610,679
Minority interests	-29	8,434

Cash flow statement (indirect method)	30/06/2023	30/06/2022
Profit / (Loss)	**(11,396,720)**	**(1,847,637)**
Income tax	1,521,038	(1,807,620)
Financial income	(1,467,875)	(3,667,787)
Financial charges	3,352,405	2,152,611
Depreciation and impairment loss on property, plant and equipment	2,126,997	1,619,647
Amortisation and impairment loss on intangible assets	7,902,675	6,781,516
Employee severance indemnities	(244,846)	(137,621)
Other non-monetary movements	916,999	(2,123,884)
Income taxes paid	(5,157,845)	(3,159,816)
(Increase)/decrease in inventories	(8,625,394)	(13,910,663)
(Increase)/decrease in trade receivables	(571,915)	(13,844,060)
(Increase)/decrease in other non-financial assets	(1,109,552)	(725,054)
Increase/decrease in trade payables	(2,240,948)	(1,486,291)
Increase/(decrease) in other non-financial liabilities	4,675,082	12,832,224
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(10,319,899)**	**(19,324,436)**
Investing activities:		
Purchases of property, plant and equipment, net of disposals	(1,864,709)	(340,990)
Purchases of intangible assets, net of disposals	(6,567,858)	(5,540,016)
Purchases of investments in associates, joint ventures and other companies	(2,367,869)	(250,000)
Purchases of current financial assets	1,089,473	2,920,579
Business combinations, net of cash and banks acquired	(6,571,426)	(10,920,027)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(16,282,390)**	**(14,130,454)**
Financing activities:		
New loans and borrowings	23,548,941	11,912,013
Repayments of loans and borrowings	(4,529,883)	(7,351,769)
Repayments of other financial liabilities	(1,246,034)	10,381,844
CASH FLOWS FROM FINANCING ACTIVITIES	**17,773,024**	**14,942,184**
NET CHANGE IN CASH AND BANKS	**(8,829,265)**	**(18,512,706)**
EXCHANGE DIFFERENCE ON CASH AND BANKS	**(1,001,745)**	**2,545,096**
Cash and banks at beginning of period	61,096,981	78,332,432
Cash and banks at end of period	51,265,971	62,364,822

Statement of changes in consolidated equity

Shareholders' equity	31/12/2022	Allocation of prior year's profit/(loss)	Issue and exercise of warrants	Stock options	Other comprehensive income	Other changes	Result for the period	30/06/2023
Share capital	169,457							169,457
Other reserves	278,475,662	(3,795,732)	-	576,077	(2,736,065)	-	-	272,519,942
Share premium reserve	*209,467,141*							*209,467,141*
Legal reserve	*98,798*							*98,798*
Extraordinary reserve	*49,681,559*	*(3,795,732)*						*45,885,827*
Reserve for translation of current year's equity	*16,589,073*				*(2,617,691)*			*13,971,382*
OCI reserve	*6,246,842*				*(118,374)*			*6,128,468*
Stock option plan reserve	*1,396,537*			*576,077*				*1,972,614*
Other reserves	*(5,004,288)*							*(5,004,288)*
FTA reserve	(15,250,613)							(15,250,613)
Retained earnings	27,156,007	21,997,102						49,153,109
Profit/(loss) for the year	18,201,370	(18,201,370)					(11,257,618)	(11,257,618)
Shareholders' equity attributable to the Group	**308,751,883**	**-**	**-**	**576,077**	**(2,736,065)**	**-**	**(11,257,618)**	**295,334,277**
Capital and reserves attributable to minority interests	170,691	(71,698)				40,727		139,720
Profit/(loss) attributable to minority interests	(71,698)	71,698					(139,102)	(139,102)
Total minority interests	**98,993**	**-**	**-**	**-**	**-**	**40,727**	**(139,102)**	**618**
Total shareholders' equity	**308,850,876**	**-**	**-**	**576,077**	**(2,736,065)**	**40,727**	**(11,396,720)**	**295,334,895**

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

EXPLANATORY NOTES

Corporate information

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

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

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

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

Declaration of compliance with International Accounting Standards

The half yearly consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Committee (IFRIC) and implemented by the European Union (EU) and, in particular, in compliance with IAS 34 – Interim Financial Reporting.

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

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

The half yearly consolidated financial statements have been drawn up on a going-concern basis and on the basis of the historical cost principle, except for financial derivative instruments, financial assets represented by shares or bonds in portfolio and potential proceeds, which are recognised at fair value. The reporting currency is the Euro. Unless indicated otherwise, amounts are expressed in Euros.

Financial statements

Antares Vision Group has adopted the following financial statements:

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

An asset is current when:

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

All other assets are classified as non-current.

A liability is current when:

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

The contractual terms of the liability, which could entail its extinction by issuing equity instruments at the counterparty's discretion, do not affect its classification.

Antares Vision Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified under non-current assets and liabilities.

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

Principles of consolidation

The half yearly consolidated financial statements include the half yearly financial statements of Antares Vision S.p.A. and its subsidiaries at 30 June 2023.

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

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

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

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

Antares Vision Group reconsiders whether or not it has control of a subsidiary if facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. Consolidation of a subsidiary begins when Antares Vision Group gains control and ceases when Antares Vision Group loses control.
The assets, liabilities, revenue and costs of a subsidiary acquired or disposed of during the period are included in the half yearly consolidated financial statements from the date on which Antares Vision Group obtains control until the date on which Antares Vision Group no longer exercises control over the company.

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

Scope of consolidation

In addition to the Parent Company Antares Vision S.p.A., the entities included in the scope of consolidation at 30 June 2023 are as follows.

SCOPE OF CONSOLIDATION

	Name	Headquarters	Currency	Direct parent company	Direct investment	Indirect investment	Shareholders' equity (in euro)	Result for the period (in euro)	Consolidation method
	Antares Vision Inc.	New York, USA	USD	Antares Vision S.p.A.	100.00%		206,385,612	4,094,680	Line-by-line consolidation
	Antares Vision North America LLC	New Jersey, USA	USD	Antares Vision Inc. America	100.00%	100.00%	5,315,265	269,798	Line-by-line consolidation
	Imago Technologies Gmbh	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%		7,504,320	223,363	Line-by-line consolidation
	Antares Vision do Brasil ltda	Sao Paulo, Brazil	BRL	Antares Vision S.p.A.	99.99%		(1,832,318)	(1,415,909)	Line-by-line consolidation
	Legg System ltda	Sao Paulo, Brazil	BRL	Antares Vision do Brasil ltda	99.99%	99.99%	18,466	129	Line-by-line consolidation
	T2 Software	Sao Paulo, Brazil	BRL	Antares Vision do Brasil ltda	51.00%	50.99%	155,406	(224,155)	Line-by-line consolidation
	Pharmatrack Sistemas LTDA	Sao Paulo, Brazil	BRL	T2 SOFTWARE	73.00%	37.23%	76,840	(642)	Line-by-line consolidation
	Antares Vision France Sas	Rillieux-la-Pape, France	EUR	Antares Vision S.p.A.	100.00%		(465,467)	(1,296,401)	Line-by-line consolidation
	Antares Vision Ireland Ltd	Galway, Ireland	EUR	Antares Vision S.p.A.	100.00%		(66,219)	(95,179)	Line-by-line consolidation
	Antares Vision Rus OOO	Moscow, Russia	RUB	Antares Vision S.p.A.	100.00%		(2,167,170)	(1,613,450)	Line-by-line consolidation
	Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100.00%		(1,080,064)	(905,638)	Line-by-line consolidation
	Antares Vision (Shenzhen) International Trading Co., LTD	Shenzhen, China	CNY	Antares Vision Asia Pacific Ltd	100.00%	100.00%	498,668	(473)	Line-by-line consolidation
	FT System S.r.l.	Piacenza, Italy	EUR	Antares Vision S.p.A.	100.00%		24,183,619	2,091,389	Line-by-line consolidation
	FT System North America LLC	Massachusetts, USA	USD	FT System S.r.l.	100.00%	100.00%	1,563,550	696,738	Line-by-line consolidation
	FT Hexagon	Challes les Eaux, France	EUR	FT System S.r.l.	100.00%	100.00%	397,596	38,467	Line-by-line consolidation
	Pen-tec S.r.l.	Parma, Italy	EUR	FT System S.r.l.	100.00%	100.00%	1,634,573	1,207	Line-by-line consolidation
*	AV Electronics S.r.l	Parma, Italy	EUR	FT System S.r.l.	100.00%	100.00%	3,524,217	(16,699)	Line-by-line consolidation
**	Tradeticity d.o.o	Zagreb, Croatia	EUR	Antares Vision S.p.A.	82.80%		186,986	(10,718)	Line-by-line consolidation
	Tradeticity Service d.o.o	Belgrade, Serbia	RSD	Tradeticity d.o.o	100.00%	82.80%	(103,634)	86,852	Line-by-line consolidation
	Antares Vision Germany	Friedberg, Germany	EUR	Antares Vision S.p.A.	100.00%		(140,844)	(353,587)	Line-by-line consolidation
	Innovative Marking Digital Solutions	London, UK	GBP	Antares Vision S.p.A.	70.00%		(19,640)	(2,225)	Line-by-line consolidation
	Applied Vision Corporation	Ohio, USA	USD	Antares Vision Inc. America	100.00%	100.00%	53,396,458	643,953	Line-by-line consolidation
	Rfxcel Corporation	Delaware, USA	USD	Antares Vision Inc. America	100.00%	100.00%			Line-by-line consolidation
	RfXcel Limited	UK	GBP	rfXcel Corporation	100.00%	100.00%	59,318,732	4,049,945	Line-by-line consolidation
	RfXcel LLC	Russia	RUB	rfXcel Corporation	100.00%	100.00%			Line-by-line consolidation
	Antares Vision India Private Limited	Mumbai, India	INR	Antares Vision S.p.A.	99.998%		230,759	(77,259)	Line-by-line consolidation
				FT System S.r.l.	0.002%	100.00%			Line-by-line consolidation
	Markirovka As a Service	Russia	RUB	Innovative Marketing Digital Solutions (IMDS) Uk Ltd	100.00%	70.00%	(342,087)	(159,785)	Line-by-line consolidation
	ACSIS, Inc.	USA	USD	Rfxcel Corporation	100.00%	100.00%	(1,731,660)	(830,176)	Line-by-line consolidation
	Antares Vision (Thailand) Co., LTD	Thailand	THB	Antares Vision Asia Pacific Ltd	49.00%	49.00%	167,685	50,330	Line-by-line consolidation
	Packital S.r.l.	Italy	EUR	FT System S.r.l.	100.00%	100.00%	671,631	(77,131)	Line-by-line consolidation
	Antares Vision Sagl	Switzerland	CHF	Antares Vision S.p.A.	100.00%	100.00%	(86,029)	(94,897)	Line-by-line consolidation
	Wavision S.r.l.	Italy	EUR	FT System S.r.l.	60.00%	60.00%	(12,972)	(49,310)	Line-by-line consolidation
***	Antares Vision Korea Limited	South Korea	KRW	Antares Vision Asia Pacific Ltd	100.00%	100.00%	92,782	23,706	Line-by-line consolidation
****	SmartPoint Technologies Private Limited	India	INR	Rfxcel Corporation	100.00%	100.00%	947,593	52,079	Line-by-line consolidation

* *Company resulting from the absorption of Ingg. Vescovini by Tecnel, at the same time changing the latter company's name to AV Electronics.*
** *On 1 January 2023, Croatia abandoned its national currency (Kuna, HRK) and adopted the euro.*
*** *Company founded in 2023*
**** *Company acquired in 2023*

The scope of consolidation at 30 June 2023 has changed compared with what it was at 31 December 2022 as a result of the following events.

Merger by absorption of Convel S.r.l. by Antares Vision S.p.A.

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

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

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

As regards the accounting treatment of this transaction, in the financial statements of the merging company reference was made to Assirevi's document OPI 2 on mergers that involve a restructuring and so-called legal consolidation, based on the fact that a control relationship already existed between Antares Vision and Convel. For this reason, for the purposes of preparing the half yearly consolidated financial statements, the Merger did not lead to any accounting effects or treatments other than those that would have taken place without a merger. This matter will be discussed in greater detail in the Parent Company's annual financial statements.

Birth of AV Electronics as a result of the merger by absorption of Ingg. Vescovini by Tecnel

On 1 January 2023, Ingg. Vescovini ("**Ingg. Vescovini**") S.r.l. was absorbed by Tecnel S.r.l. ("**Tecnel**"), which at the same time changed its name to AV Electronics S.r.l. It is based in Parma and will have the purpose of designing and supplying customised electronic hardware and software components to support the innovative developments of Antares Vision Group's technological ecosystem, mainly in inspection solutions for quality control and traceability, and to meet specific needs in the packaging sector, with highly innovative electronics.

For the purposes of preparing the half yearly consolidated financial statements, this transaction did not lead to any accounting effect other than what would have taken place without a merger.

Establishment of Antares Vision (Korea) Co. Ltd.

A new branch was established in South Korea in January 2023 and became fully operational on 1 March 2023. Under the name of Antares Vision (Korea) Co. Ltd. ("**AV Korea**"), it is wholly owned by Antares Vision Asia Pacific and will make it possible to dominate the Asian market even more through a direct presence in the area, exploiting the area's strong growth potential.

Acquisition of Smart Point Technologies

On 26 April 2023, Antares Vision Group acquired, through Rfxcel, 100% of Smart Point Technologies Ltd (Smart Point), an Indian software development company that creates complex and innovative solutions. The total outlay amounted to Euro 7.1 million, of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months. Smart Point, which was founded in 2010 by three entrepreneurs with its HQ in Chennai, offers a wide range of software solutions and services to customers in over 30 countries. With over 12 years of experience in software development and assistance, the Company has gained expertise especially in the pharmaceutical Track & Trace sector and, through the solutions developed for Rfxcel, works with the main pharmaceutical companies around the world, which are also the end customers of Antares Vision Group. In fiscal year 2022/2023, which closed at the end of March, Smart Point had 124 employees in India and Germany and a turnover of Euro 3.9 million (of which approximately 90% generated with Rfxcel), with an EBITDA of approximately Euro 2.0 million. The acquisition of Smart Point has made it possible to internalise highly qualified resources with specific skills and abilities, whose know-how is a precious asset for Antares Vision Group, which continues to invest in technological development to support its growth and guide the process of innovation and digitalization of products and supply chains.

The Purchase Price Allocation (“PPA”) will be carried out during the second half of 2023 as explained in the Notes in the section on Business Combinations.

Investments in associates, joint venture and other companies

On 30 June 2023, the investments in associates, joint ventures and other companies are as follows:

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES			
Name	Operating headquarters	Equity investment %	Classification
OROBIX SRL	BERGAMO, ITALY	37.5%	Associate
RURALL	MILAN, ITALY	25.0%	Associate
OPTWO	TRAVAGLIATO (BS), ITALY	24.9%	Associate
LIGHT	BRESCIA, ITALY	38.2%	Associate
PYGSA	VALENCIA, SPAIN	30.0%	Associate
SIEMPHARMA	APRILIA (LT), ITALY	45.0%	Joint Venture
SHENZHEN ANTARUIXIN LLC	SHENZHEN, CHINA	40.0%	Joint Venture
NEURALA	BOSTON (USA	0.4%	Other companies
ISINNOVA	BRESCIA, ITALY	15.0%	Other companies
FONDAZIONI (*)	n.a.	n.a.	Other companies
ALTRE PARTECIPAZIONI	n.a.	n.a.	Other companies

(*) These are the investments in the National Research Centre for Agricultural Technologies - Agritech and the National Centre for the Development of Gene Therapy and Drugs using RNA-based Technology

Please refer to Note 4 for a more detailed discussion of these investments.

Subsidiaries with significant minority interests

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

Translation of financial statements in foreign currencies

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

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

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

EXCHANGE RATES				
Currency	**Actual exchange rate at 30/06/2023**	**Average exchange rate at 30/06/2023**	**Actual exchange rate at 31/12/2022**	**Average exchange rate at 30/06/2022**
Euro	1	1	1	1
US Dollar	1.0866	1.0811	1.0666	1.094
Brazilian Real	5.2788	5.4833	5.6386	5.5579
Hong Kong Dollar	8.5157	8.4747	8.3163	8.5601
Russian Rouble	96.8903	83.7762	78.9716	84.8254
Croatian kuna	1	1	7.5345	7.5414
Serbian dinar	117.1796	117.3002	117.3246	117.5347
Chinese yuan	7.8983	7.4898	7.3582	7.0827
Indian rupee	89.2065	88.8775	88.171	83.3249
GBP	0.8583	0.8766	0.8869	0.8422
Thai Baht	38.482	36.9675	36.835	36.928
Swiss franc	0.9788	0.9856	0.9847	36.928
South Korean won	1435.88	1401.535	n.a.	n.a.

Accounting policies

Business combinations

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

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

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

Fair value measurement

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

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

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

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

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

Specifically:

- the warrants issued by the Parent Company at the time of the Parent Company's listing on the Euronext Growth and subsequently admitted to trading on the Euronext Milan are recorded under non-current loans and borrowings fall under the Level 1 hierarchy as their fair value is directly observable from official market prices;
- the derivative instruments held by the Parent Company to hedge interest rates and the EUR/USD exchange rate fall under the Level 2 hierarchy as they are determined using valuation techniques that make reference to variables that are observable on active markets. The reference value is the mark-to-market by which the value of the derivative is systematically adjusted on the basis of current market prices;

- the insurance policies and securities held by the Parent Company fall under the Level 2 hierarchy as they are determined using valuation techniques that make reference to variables that are observable on active markets;
- all of the other financial assets and liabilities recognised in these half yearly consolidated financial statements at fair value fall under the Level 3 hierarchy as their fair value is determined with reference to variables that are not observable on the market.

Non-current assets held for sale

Antares Vision classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction instead of through continuing use. Non-current assets and disposable groups classified as held for sale are measured at the lower of their carrying amount and their fair value, net of selling costs. Selling costs are the additional costs directly attributable to the sale, excluding financial charges and taxes. The condition for classification as held for sale is considered to be met only when the sale is highly probable and the disposable asset or group is available for immediate sale in its current condition. The actions required to conclude the sale should indicate that it is unlikely that there will be significant changes to the sale or that the sale may be cancelled. Management must have committed itself to the sale, the completion of which should be envisaged within one year from the date of classification. The depreciation of property, plant and equipment and the amortisation of intangible assets ceases at the moment they are classified as available for sale. Assets and liabilities classified as held for sale are shown separately in the financial statements as current assets or liabilities.

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

Property, plant and equipment

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

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

- Temporary buildings and constructions: from 3% to 10%
- Plant and machinery: from 10% to 20%
- Industrial and commercial equipment: from 10% to 33%

- Other fixed assets:
    - Vehicles and internal means of transport: from 15% to 30%
    - Office furniture and machines and IT systems: from 12% to 30%

Land is not depreciated.

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

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

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

Right-of-use asset

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

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

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

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

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

Goodwill

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

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

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

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

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

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

As explained in greater detail in the section on Business Combinations, following the acquisition of Smart Point, which took place through Rfxcel in April 2023, the difference between the price and the shareholders' equity of the acquired company has been temporarily allocated in full to Goodwill, pending conclusion of the PPA in the second half of 2023, as permitted by international accounting standards.

Other intangible assets

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

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

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

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

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

- the ability to reliably assess the cost attributable to the asset during development.

After initial recognition, development activities are valued at cost less accumulated amortisation or impairment losses.

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

- Development costs: 20%
- Patents: 20%
- Software: 20%
- Customer List: 6% - 10%
- Tecnologies: 6% - 10%

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

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

Investments in associates, joint ventures and other companies

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

These include:

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

- the 25% interest in RurAll, an entrepreneurial project launched by the Parent Company together with three partners in July 2021 with the aim of carrying out projects designed to make the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeit products;
- the 24.9% investment in Optwo acquired by the Parent Company in July 2022 through an increase in capital of Euro 1,000 thousand (including share premium);
- the investment of 38.18% in Light Scarl, acquired by the Parent Company in January 2023;
- the investment of 30% in Pygsa Sistemas Y Applicaciones SL ("Pygsa"), acquired on 1 March 2023 through FT System.

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

These circumstances include:

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

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

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

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

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

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

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

In the half yearly Consolidated Financial Statements, the value of these investments has been adjusted according to the Equity Method. As a result of this valuation:

- the investment in the associate Orobix is recorded for an amount of Euro 2,555,783 following the recognition of the portion of the result of the period pertaining to Antares Vision Group, negative for Euro 319,721;
- the investment in the associate Rurall is recorded for an amount of Euro 1,372,323 following recognition of the portion of the result of the period pertaining to Antares Vision Group, negative for Euro 48,150;
- the investment in the associate Optwo is recorded for an amount of Euro 970,475 following the recognition of the portion of the result of the period pertaining to Antares Vision Group, negative for Euro 29,525;
- the investment in the joint venture Siempharma is recognised for an amount of Euro 3,807,293 following recognition of the share of the result for the period attributable to Antares Vision Group, positive for Euro 145,800;
- the investment in the joint venture Shenzhen Antaruixin Limited Liability Company is recognised in the financial statements of AV (Shenzhen) at an amount of CNY 1,594,224, following the recognition of the portion of the profit for the period attributable to Antares Vision Group, negative for CNY 286,644. In the half yearly consolidated financial statements, this adjustment translates into an equity investment recognised at a value of Euro 201,844 following recognition of the portion of the profit for the period pertaining to Antares Vision Group, negative for Euro 38,271, as well as a positive exchange rate effect of Euro 15,501.

With regard to the investments in the associated companies Light Scarl (held by the Parent Company since January 2023) and Pygsa (held by FT System since March 2023), their values recorded in the half yearly

Consolidated Financial Statements at 30 June 2023 have not undergone changes compared with the initial recognition value as the Group's share of the profit (loss) for the period appears to be of an insignificant amount.

Investments in other companies include:

- the investment in Neurala for Euro 244,255;
- the investment in the National Research Centre for Agricultural Technologies - Agritech for Euro 50,000;
- the investment in the National Centre for the development of gene therapy and drugs using RNA-based technology for Euro 200,000;
- the investment in Isinnova for Euro 1,500,000, held by the Parent Company since March 2023.

More information is provided in Note 4.

Deferred tax assets and liabilities

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

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

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

Inventories

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, as well as write-downs for obsolete and slow-moving goods.

Trade receivables, other receivables and other financial assets

Initial recognition

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

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

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

Subsequent measurement

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

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

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

Derecognition

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

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

Impairment

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

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

Cash and banks

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

For the purposes of the consolidated cash flow statement, cash and cash equivalents are represented by cash as defined above.

Trade payables and other financial liabilities

Initial recognition

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

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

Subsequent measurement

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

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

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

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

Derecognition

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

Provisions for risks and charges

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

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

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

Severance indemnity

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

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

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

Share-based payments

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

This cost, together with the corresponding increase in equity, is recognised under personnel costs for the options assigned to employees (Note 30) and under service costs for the options assigned to the directors (Note 34) over the period during which the conditions for achievement of the objectives and/or provision of the service are satisfied. The cumulative costs recognised for these transactions at the closing date of each financial period up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. The cost or revenue in the statement of profit or loss for the period represents the change in the cumulative cost recognised at the beginning and end of the half-year.

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

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

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

Translation of foreign currency items

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

Revenue from contracts with customers

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

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

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

Supply of goods

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

SaaS

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

Other types of services (other than SaaS)

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

Government grants

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

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

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed during the period or spread according to the accrual principle.

Income taxes

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

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

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

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

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

Earnings per share

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

Diluted earnings per share is the ratio between the Group's earnings reported in the half yearly consolidated financial statements and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. those not yet subscribed) with a dilutive effect. Diluted earnings per share cannot exceed the basic earnings per share as per IAS 33.

Accounting standards issued and entered into force in 2023

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

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

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

The changes did not have any impact on the Group's consolidated financial statements.

Definition of accounting estimate - Amendments to IAS 8

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

These changes did not have any impact on the Group's consolidated financial statements.

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

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

The amendments to IAS 1 are effective for financial years beginning on or after 1 January 2023. The amendments to Practice Statement 2 provide non-mandatory guidance on applying the definition of materiality to disclosure on accounting policies.

The changes did not have any impact on the Group's consolidated financial statements.

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

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

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

Antares Vision Group was not affected by these changes.

Use of estimates

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

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

Lease term and incremental borrowing rate

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

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

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

Impairment of non-financial assets

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

Provision for expected losses on trade receivables

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

Defined benefit plans

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

Fair value of financial instruments

When the fair value of a financial asset or liability recognised in the statement of financial position cannot be measured based on prices in an active market, the fair value is determined using various measurement techniques, including the discounted cash flow model. The inputs included in this model are inferred from observable markets, where possible, but where this is not possible, a certain degree of estimation is required to define the fair value.

The estimates include considerations of variables such as liquidity risk, credit risk and volatility. Changes in assumptions about these elements could have an impact on the fair value of financial instruments.

Development costs

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

Write-downs of inventories

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

Share-based payments

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

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

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

Income taxes

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

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

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

Other taxes not related to income, such as property taxes, are included in operating expenses. Costs, revenues, assets and liabilities are normally recognised net of indirect taxes, such as value added tax. If the tax applied to the purchase of goods or services is non-deductible, it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement. Trade receivables and payables include the applicable indirect tax. The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the balance sheet under receivables or payables.

Revenue from contracts with customers

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

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

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

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

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

Recognition of costs

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

Contingent liabilities

The Group makes provision for a liability in the event of disputes when it deems it probable that a financial outlay will occur and when the amount of the resulting losses can be reasonably estimated. In the event that a financial outlay becomes possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements. For the assessment of contingent liabilities, management can make use of experts and consultants in legal and tax matters.

Business Combinations

Acquisition of Smart Point Technologies

On 26 April 2023, Antares Vision Group acquired, through Rfxcel, 100% of Smart Point Technologies Ltd (Smart Point), an Indian software development company that creates complex and innovative solutions. The total outlay amounted to Euro 7.1 million, of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months. Smart Point, which was founded in 2010 by three entrepreneurs with its HQ in Chennai, through the solutions developed for Rfxcel, offers a wide range of software solutions and services to customers in over 30 countries. With over 12 years of experience in software development and assistance, the Company has gained expertise especially in the pharmaceutical Track & Trace sector and works indirectly through Rfxcel with the main pharmaceutical companies around the world, which are also the end customers of Antares Vision Group.

The Purchase Price Allocation ("**PPA**") will be carried out during the second half of 2023 as permitted by international accounting standards. at 30 June 2023, all of the difference between the price and the shareholders' equity of the acquired company amounting to Euro 6,233 thousand at the acquisition date[1], was therefore allocated to Goodwill.

SMART POINT	USD	EUR
Negotiated price	7,819,849	7,121,254
Shareholders' equity	- 975,735	- 888,566
Difference (*)	**6,844,114**	**6,232,688**

(*) Pending finalisation of the PPA in the second half of 2023, in these consolidated financial statements the difference between the price and shareholders' equity has all been allocated to Goodwill.

The following is the value of the business combination in question, net of the cash acquired.

SMART POINT	USD	EUR
Negotiated price	7.819.849	7.121.254
Cash and cash equivalents acquired	- 603.765	- 549.827
Business combinations, without cash and cash equivalent acquired	**7.216.083**	**6.571.426**

Segment reporting

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

[1] *At the exchange rate on the date of acquisition, corresponding to 1.0981*

Seasonality of the business

Although the sector in which Antares Vision Group operates is not typically one with seasonality, the Group generally reports higher revenues and operating results in the second half of the year than in the first half. This trend is justified by increased line installations, which, involving production downtime for customers, occur mainly in the summer months or in December, i.e., when plants are closed.

There is also a tendency on the part of customers to postpone production investments in the second half of the year due to issues related to the management of company budgets, which specifically for the pharmaceutical sector are sometimes linked to grants or public tenders.

As further detailed below, at 30 June 2023, this dynamic has resulted in high levels of inventories in order to equip itself with materials to meet expected sales in view of the larger orders received.
As an additional disclosure to enable a better understanding of the half yearly results, the main Income Statement figures for the period 1 July 2022 – 30 June 2023, compared with the previous 12 months, are shown below.

Income statement	01/01/2021 30/06/2021	01/01/2021 31/12/2021	01/01/2022 30/06/2022	01/01/2022 31/12/2022	01/01/2023 30/06/2023	01/07/2021 30/06/2022	01/07/2022 30/06/2023
Revenues	74,969,751	103,988,016	85,453,240	138,611,279	101,548,868	189,441,256	240,160,147
Operating profit/(loss)	**-215,442**	**17,935,016**	**-6,876,964**	**23,887,667**	**-7,343,124**	**11,058,052**	**16,544,543**
Profit/(loss) after tax	**-2,706,965**	**15,102,955**	**-1,843,787**	**20,045,157**	**-11,257,618**	**13,259,168**	**8,787,539**

Capital management

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

CAPITAL MANAGEMENT		
Description	**30/06/2023**	**31/12/2022**
Interest-bearing loans and other loans (**)	170,499,110	151,302,453
Other non-current financial liabilities	142,052	162,383
Other current financial liabilities	9,940,454	11,086,926
Cash and cash equivalents (**)	-51,265,971	-61,096,981
Current securities available for sale	-25,806,059	-26,826,890
Other financial assets	-6,869,771	-7,130,074
Net medium and long-term financial position (*)	**96,639,815**	**67,497,817**
Trade and other payables	77,106,665	77,567,006
Net debt	**173,746,480**	**145,064,823**
Total capital	**295,334,276**	**308,751,882**
Capital and net debt	**469,080,756**	**453,816,705**
Gearing ratio	*37.0%*	*32.0%*

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

(**) The amounts not yet redeemed by the previous shareholders of rfxcel following the company's sale to Antares Vision Group are shown for Euro 9,940 thousand (Euro 11,087 thousand at 31 December 2022) under Cash and cash equivalents, with a corresponding financial payable as the contra-entry.

The gearing ratio is 37.0% compared with 32.0% at 31 December 2022. This result derives from the combined effect of several factors, the most significant of which are:

- a change in net working capital, up by Euro 10.3 million;
- the acquisition of Smart Point through Rfxcel, which took place in April 2023. The price amounted to Euro 7.1 million, of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months;
- investments in minority interests, namely:
  - the acquisition of 30% of Pygsa by FT System, which involved an outlay of Euro 791 thousand;
  - the acquisition of 15% of Isinnova by the Parent Company, which involved a cash outlay of Euro 1,500 thousand;
  - the acquisition of 38.18% of Light Scarl by the Parent Company, which entailed a cash outlay of Euro 76 thousand;
- investments in intangible assets, mainly for development costs (Euro 6,042 thousand due to higher capitalisations, offset by a negative exchange effect for Euro 185 thousand), and for *digital transformation*

projects (Euro 1,076 thousand), first of all the introduction of the new ERP, whose Go Live took place at the Parent Company in April 2023, and the new PLM, the latter not yet completed and therefore not yet subject to amortisation;

- the purchase for Euro 1,200 thousand of land in the municipality of Sorbolo Mezzani, where one of the local units of the Parent Company is located, of which Euro 400 thousand already paid as a deposit in 2022;
- the higher proportion of trade and other payables;
- the result for the period, which is negative for Euro 11,258 thousand.

Other significant transactions that have a neutral effect on Capital management include:

- payment to the Parent Company of a Euro 20 million bank loan by a leading credit institution. This forms part of the broader debt refinancing strategy launched in the second half of 2021, when the bank loan in question was negotiated with the possibility of it being disbursed at a later date. Antares Vision Group is required to comply with **financial covenants** in line with market practice and there is full compliance at the date of preparation of this document;
- payment to the Parent Company of a subsidised loan of Euro 1.1 million and a bank loan of Euro 0.1 million relating to the fourth structural adjustment loan ("SAL") of the Smart Ward Platform R&D project ("**SWP**");

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

STATEMENT OF FINANCIAL POSITION

Non-current assets

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

During the first half, Antares Vision Group's investments in property, plant, machinery and right-of-use assets reached a total of Euro 34,953,498 which compares with Euro 34,752,661 at 31 December 2022. The inclusion of Smart Point in the scope of consolidation resulted in an increase in this item of Euro 242,568 (net carrying amount).

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS						
Description	**Land and buildings (including right-of-use assets)**	**Plant and machinery**	**Industrial and commercial equipment**	**Other fixed assets (including right-of-use assets)**	**Fixed assets under construction and advances**	**Total**
Historical cost 31/12/2022	36,486,205	1,048,879	3,479,275	5,073,262	1,264,471	47,352,093
Accumulated depreciation 31/12/2022	- 7,606,909	- 559,136	- 1,545,155	- 2,888,232		- 12,599,432
Carrying amount 31/12/2022	**28,879,296**	**489,743**	**1,934,120**	**2,185,030**	**1,264,471**	**34,752,661**
Increases	816,094	21,747	96,851	741,937	640,930	2,317,559
Increases in historical cost due to expansion of the scope of consolidation	67,582	32,001		464,305		563,888
Increases in accumulated depreciation due to expansion of the scope of consolidation	- 12,873	- 32,001		- 276,446		- 321,320
Reclassifications	400,000				- 400,000	-
Exchange rate effect (historical cost)	- 79,847	- 3,219	- 47,232	- 144,066		- 274,364
Exchange rate effect (accumulated depr./amort.)	6,019	835	14,059	21,158		42,071
Elimination of historical cost	- 452,850					- 452,850
Elimination of accumulated depr./amort.	452,850					452,850
Depreciation for the period	- 1,202,193	- 60,595	- 245,252	- 618,957		- 2,126,997
Total changes	**- 5,218**	**- 41,232**	**- 181,574**	**187,931**	**240,930**	**200,837**
Historical cost 30/06/2023	37,237,184	1,099,408	3,528,894	6,135,438	1,505,401	49,506,326
Accumulated depreciation 30/06/2023	- 8,363,106	- 650,897	- 1,776,348	- 3,762,477	-	- 14,552,828
Carrying amount 30/06/2023	**28,874,078**	**448,511**	**1,752,546**	**2,372,961**	**1,505,401**	**34,953,498**

Land and buildings, for an amount of Euro 28,874,078 (Euro 28,879,296 at 31 December 2022), include the land and buildings owned by the Group, the buildings held under finance leases in compliance with IFRS 16, and the long-term lease, rent and rental contracts that fall within the scope of application of this standard, increased by the amount of any improvements made to the assets in accordance with the standards. The increase in this item is attributable to the Parent Company for Euro 1,200,000 relating to the purchase of land in the municipality of Sorbolo Mezzani, where one of the local units of Antares Vision S.p.A. is located, of which Euro 400,000 had already been accounted for at 31 December 2022 under Fixed assets under construction and advances. The inclusion of Smart Point in the scope of consolidation resulted in an increase in this item of Euro 54,709 (net carrying amount).

Plant and machinery amount to Euro 448,511, after increases of Euro 21,747 linked to new investments and depreciation for the period of Euro 60,595.

Industrial and commercial equipment amount to Euro 1,752,546 compared with Euro 1,934,120 in 2022.

Other fixed assets amount to Euro 2,372,961 at 31 December 2022, compared with Euro 2,185,030 at 31 December 2022. The increase of Euro 741,937 is linked to the value in use of the new contracts for the lease, rent and long-term leasing of motor vehicles and capital assets that fall within the scope of IFRS 16, as well as investments in electronic office equipment made during the period and, to a lesser extent, furniture and fittings.

Fixed assets under construction and advances include advances paid for the purchase of machinery for Euro 727,500, building permit rights for Euro 81,200 which will go to increase the cost of the related building in application of IFRS 16, as well as the investments relating to the expansion and modernisation works of the building in Vicenza, where the registered office of Convel was located prior to its merger with the Parent Company from 1 January 2023.

2. Goodwill

Goodwill amounts to Euro 164,769,902 and is made up as follows:

GOODWILL														
Description	Antares Vision S.p.A.	FT System	T2 Sofware	Tradeticity	Applied Vision	rfXcel	Pen-tec	AV Electronics	Antares Vision India	ACSIS	Packital	Smart Point	Others	Total
Amount at 31/12/2022	**12,322,155**	**45,297,868**	**81,675**	**1,073,329**	**14,740,087**	**71,878,536**	**4,034,310**	**1,138,811**	**253,549**	**7,216,083**	**2,039,153**	**-**	**123,039**	**160,198,596**
Change for new acquisitions	-	-	-	-	-	-	-	-	-	-		6,232,688	-	6,232,688
Exchange rate effect	-	-	5,567	-	(271,307)	(1,322,999)	-	-	-	(132,819)		65,963	(5,786)	(1,661,381)
Amount at 30/06/2023	**12,322,155**	**45,297,868**	**87,242**	**1,073,329**	**14,468,780**	**70,555,537**	**4,034,310**	**1,138,811**	**253,549**	**7,083,264**	**2,039,153**	**6,298,651**	**117,253**	**164,769,902**

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

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

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

With regard to SMART POINT, acquired in April 2023 through Rfxcel, the difference between the price and the shareholders' equity of the acquired company was all allocated to Goodwill pending the conclusion of the PPA during the second half of 2023, as permitted by the international accounting standards;

Impairment test

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

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

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

The directors have established that the activities subject to analysis constitute a single CGU. The Directors adopted this approach based on the following considerations:

- Antares Vision Group provides track & trace and inspection solutions, as well as smart data management and assistance and maintenance services, across all its target markets;
- within Antares Vision Group, there are more and more cross-selling mechanisms, also thanks to the growth in solutions on offer;
- starting from 2020, remuneration mechanisms for management and employees were implemented based on the consolidated results and the Group's strategic objectives;
- each acquisition made by Antares Vision Group provides for the subsequent integration of the business acquired from a strategic and commercial point of view;
- in 2023 we launched Diamind, which is an intelligent and integrated ecosystem of solutions, the first result of the harmonization process that began in 2022 and which is continuously developing with the integration of the technologies and solutions present within the Group. Diamind represents the value proposition,

born from the synergy between technologies, experiences and skills from all the companies within the Antares Vision Group;

- the Business Plan is drawn up from a Group perspective.

With reference to the consolidated financial statements at 31 December 2022 regarding the main assumptions used in carrying out the impairment test, note that the recoverable value obtained by discounting forecast cash flows and comparing it with shareholders' equity, after deducting net financial debt, resulted in headroom equal to 56% of the recoverable value.

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

- Assuming an increase in the WACC of 0.25 percentage points, the headroom would have been 51% of the recoverable amount;
- Assuming a decrease in the g rate of 0.25 percentage points, the headroom would have been 52% of the recoverable amount;
- Assuming a combined effect of an increase in the WACC of 0.25 percentage points and a decrease in the g rate of 0.25 percentage points, the headroom would have been 47% of the recoverable amount.

Considering the period following 31 December 2022, up to the date of preparation of this document, the Directors believe that there are no additional or substantially modifying elements with respect to the assessments made and, taking into account the performance of the half-year, they are not aware of any indicators of impairment.

3. Other intangible assets

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

OTHER INTANGIBLE ASSETS								
Description	**Development costs**	**Industrial patent rights and use of intellectual property**	**Concessions, licences, trademarks and similar rights**	**Customer list**	**Know-how**	**Other intangible assets**	**Fixed assets in course of formation and advances**	**TOTAL**
Historical cost 31/12/2022	29,266,696	421,732	3,374,593	56,316,723	29,116,888	139,604	5,387,503	124,023,739
Accumulated amortisation 31/12/2022	- 11,394,833	- 361,417	- 1,743,987	- 11,380,108	- 5,104,884	- 66,242	-	- 30,051,471
Carrying amount 31/12/2022	**17,871,863**	**60,314**	**1,630,607**	**44,936,615**	**24,012,004**	**73,362**	**5,387,503**	**93,972,268**
Increases	3,362,438	30,004				44,961	3,755,564	7,192,967
Reclassifications			2,367,630				- 2,367,630	-
Increases in historical cost due to expansion of the scope of consolidation			46,173					46,173
Increases in accumulated amortisation due to expansion of the scope of consolidation			- 39,801					- 39,801
Exchange rate effect (historical cost)	- 173,600		- 68,640	- 781,725	- 508,655		- 11,660	- 1,544,280
Exchange rate effect (accumulated depr./amort.)	37,286		2,451	146,105	168,469			354,311
Elimination of historical cost						- 48,634		- 48,634
Elimination of accumulated depr./amort.						48,634		48,634
Depreciation for the period	- 3,202,371	- 30,624	- 485,930	- 2,803,805	- 1,360,711	- 19,234		- 7,902,675
Total changes	**23,753**	**- 620**	**1,821,883**	**- 3,439,425**	**- 1,700,897**	**25,727**	**1,376,274**	**- 1,893,305**
Historical cost 30/06/2023	32,455,534	451,736	5,719,756	55,534,998	28,608,233	135,931	6,763,777	129,669,965
Accumulated amortisation 30/06/2023	- 14,559,918	- 392,041	- 2,267,267	- 14,037,808	- 6,297,126	- 36,842	-	- 37,591,002
Carrying amount 30/06/2023	**17,895,616**	**59,694**	**3,452,490**	**41,497,190**	**22,311,107**	**99,089**	**6,763,777**	**92,078,963**

Other intangible assets only include assets with a finite life and at 30 June 2023 they amount to Euro 92,078,963. Development costs are showing a balance of Euro 17,895,616, net of accumulated amortisation. In addition to the investments of previous years, during the first half of 2023 development costs were capitalised for Euro 3,362,438, once it was reasonably certain that the expected future economic benefits would materialise. This amount relates to:

- FT System for Euro 413,972;
- Applied Vision for Euro 217,357;
- Rfxcel for Euro 2,731,109.

to which have to be added amortisation for the period of Euro 3,202,371 and a negative exchange effect of Euro 136,314.

A detailed description of the projects that generated new capitalisations during the period is provided in the directors' report.

Additional investments in the development costs for a total of Euro 2,680,077 have been recorded under Fixed assets in course of formation and advances as they relate to projects not yet completed at the end of the period, so amortisation has not yet commenced.

These investments refer to:

- the Parent Company for Euro 2,173,825;
- FT System for Euro 20,109;
- Applied Vision for Euro 329,800;
- Rfxcel for Euro 156,343;

to which has to be added a negative exchange effect of Euro 11,660.

Last year, the costs that the Parent Company was incurring for digital transformation projects were also included under Fixed assets in course of formation and advances. The new ERP and the new CRM were launched during the first half of 2023 and for this reason resulted in transfers from this item to Concessions, licences, trademarks and similar rights for Euro 2,367,630 which therefore shows a balance of Euro 3,452,490 after amortisation for the period of Euro 485,930, increases due to the inclusion of Smart Point in the scope of consolidation for Euro 6,372 and an overall negative exchange effect of Euro 66,189. Costs incurred to date for the new PLM implementation are still classified under Fixed assets in course of formation and advances pending the project's completion, which is expected by the end of the fiscal year.

Industrial patent rights and intellectual property rights amount to Euro 59,694, net of accumulated amortisation, compared with Euro 60,314 at 31 December 2022.

Lastly, at 30 June 2023, the Customer List amounts to Euro 41,497,190 after amortisation for the period of Euro 2,803,805 and an overall negative exchange effect of Euro 635,620, while Technologies amount to Euro 22,311,107 after amortisation for the period of Euro 1,360,711 and an overall negative exchange effect of Euro 340,186. These are intangible assets measured at the time of the PPAs carried out following the acquisitions completed in previous years

4. Investments in associates, joint ventures and other companies

The equity investments shown at 30 June 2023 amount to Euro 11,769,858.

Their composition and changes are as follows:

INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER COMPANIES												
	ASSOCIATES					*JOINT VENTURE*		OTHER COMPANIES				
Description	OROBIX	RURALL	OPTWO	LIGHT	PYGSA	SIEMPHARMA	SHENZHEN ANTARUIXIN	NEURALA	FONDAZIONI	ISINNOVA	OTHERS	TOTAL
Amount at 31/12/2022	2,875,504	1,420,473	1,000,000	-	-	3,661,493	255,617	244,255	250,000	-	17	9,707,358
Acquisitions	-	-	-	76,350	790,801	-	-	-	-	1,500,000	718	2,367,869
Disposals	-	-	-	-		-	-	-	-	-	-	-
Equity method adjustment	- 319,721	- 48,150	- 29,525	-		145,800	- 38,271	-	-	-	-	- 289,868
Exchange rate effect	-	-	-	-		-	- 15,501	-	-	-	-	- 15,501
Amount at 30/06/2023	**2,555,783**	**1,372,323**	**970,475**	**76,350**	**790,801**	**3,807,293**	**201,844**	**244,255**	**250,000**	**1,500,000**	**735**	**11,769,858**

Orobix is a company based in Bergamo that operates in artificial intelligence systems. Antares Vision S.p.A. acquired 37.5% of its share capital in December 2019 through an increase in capital. The investment is valued according to the equity method and is recorded for an amount of Euro 2,555,783 following the recognition of the portion of the result for the period pertaining to Antares Vision Group, negative for Euro 319,721.

In July 2021 the Parent Company signed an agreement with three strategic partners (BF S.p.A., the most important Italian agro-industrial group, Bluarancio S.p.A., Information Technology leader in the construction and management of platforms for the Italian agricultural sector, and SDF S.p.A., one of the world's leading manufacturers of tractors, harvesting machines and diesel engines) for the start-up of RurAll S.p.A., a recently established company jointly owned by the partners in equal shares. The projects are geared to making the entire Italian Agro-Food sector more efficient, guaranteeing quality and protecting it from counterfeiting, given that the sector is fundamental for the entire national economy and, consequently, for all consumers. The shareholding, equal to 25%, is recorded in the Parent Company's financial statements at Euro 1,372,323[2]. At 30 June 2023, the share of the loss for the period pertaining to Antares Vision Group was recognised for Euro 48,150

On 28 July 2022 the Parent Company subscribed an increase in capital of Euro 1,000 thousand (including a share premium) for a 24.9% stake in Optwo, an innovative start-up for the development of a system which, through the use of a combination of third-party and proprietary software (currently being developed), makes it possible: (i) to collect, process and analyse data based on consumers' browsing habits, interests and purchasing preferences; (ii) for corporate customers to use the latest set of data, rendered suitably anonymous; and (iii) to plan, send and

[2] *The investment was initially recorded in the financial statements of the Parent Company for Euro 1,500,000, of which Euro 425,000 had been paid in at 30 June 2023. An additional amount of Euro 325,000 was paid in July 2023.*

subsequently analyse the effectiveness of reports, notifications and advertising messages sent by corporate customers to end-consumers, based on the analyses previously carried out and in full compliance with the regulations on the protection of personal data. This investment is part of customer engagement. At 30 June 2023, the share of the loss for the period pertaining to Antares Vision Group was recognised for Euro 29,525, adjusting the value of the investment to Euro 970,475.

In January 2023, the Parent Company acquired an investment of 38.18% in Light Scarl, a start-up based in Brescia, at the campus of the Faculty of Engineering of the University of Brescia, dedicated to developing artificial intelligence solutions for Digital Healthcare and Biopharma. The goal is to make Light a centre of expertise in validating reliable artificial intelligence systems for healthcare, responding to the new challenges and opportunities of the European AI-Act. Collaborations with the Brescia Hospital are already under way. The outlay for the acquisition of the investment came to Euro 76,350; at 30 June 2023, the management of Antares Vision Group did not deem it necessary to recognise any adjustments to the initial recognition value of the investment, considering the fact that Light is still in the start-up phase. It should be noted that the effects of any value adjustment would be negligible.

On 1 March 2023 Antares Vision Group, through FT System, completed the acquisition of 30% of Pygsa Sistemas Y Applicaciones SL (“Pygsa”), already communicated to the market on 9 February 2023, through an increase in capital and an outlay of Euro 791 thousand. Simultaneously, Antares Vision Group signed an agreement with the Spanish company for the exclusive distribution of its solutions in Spain, in all the reference sectors (Life Sciences, Cosmetics, Food & Beverage) and in Portugal for Food & Beverage only. Pygsa was founded in 2008 by two partners with over 20 years of specific experience in product inspection technologies for quality control. In addition to the parent company Pygsa, the acquired group is made up of other three companies: Sistemas Tecnicos de Vision S.L., which specialises in visual inspection technologies and components for Food & Beverage lines; Investigaciones Y Control s.l.u., operating in control and traceability systems in the pharmaceutical sector; Talleres Ferragut S.L., operating in industrial automation systems and high-speed handling systems. Present in all reference sectors of Antares Vision Group, Pygsa has developed specific know-how for the design and production of inspection systems for quality control, traceability solutions, software solutions for measuring efficiency and related integrations. At 30 June 2023, the share of the result for the period pertaining to Antares Vision Group is to be considered irrelevant and for this reason the management did not deem it necessary to make adjustments to the initial recognition value, equal to Euro 791 thousand.

Siempharma (an investment under joint control as there are shareholders' agreements to that effect) operates in the design and marketing of packaging machines. The Parent Company has acquired 45% of its share capital in various stages.[3] The effect of applying the equity method in the income statement at 30 June 2023 was positive for Euro 145,800, this being the portion of the result for the period attributable to Antares Vision Group.

The joint ventures also include Shenzhen Antaruixin Limited Liability Company, held 40% by AV Shenzhen, which is in turn wholly owned by Antares Vision Asia Pacific. This investment is measured according to the equity method and is recorded at a value of Euro 201,844 (CNY 1,594,224), following recognition of the portion of the result for the period attributable to Antares Vision Group, negative for Euro 38,271 (CNY 286,644), as well as a negative exchange rate effect of Euro 15,501.

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

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

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

The National Research Centre for Agricultural Technologies - Agritech is a non-profit foundation under private law, created with the aim of giving greater impetus to cutting-edge research in the technological field with particular

[3] *The Parent Company acquired 10% of the share capital on 28 January 2019, a subsequent 20% on 27 September 2021 and a further 15% on 16 November 2022.*

reference to technologies for agriculture and nutrition in line with the priorities of the European research agenda and with the contents of the National Research Plan.

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

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

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

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

5. Non-current financial assets

Non-current financial assets amount to Euro 7,159,041 (Euro 7,398,767 at 31 December 2022) and mainly relate to security deposits paid to guarantee contracts in force for Euro 289,270 and financial assets for Euro 6,863,162, the latter all belonging to the Parent Company.

NON-CURRENT FINANCIAL ASSETS				
Description	Security deposits	Derivatives receivable	Others non-current financial assets	Total
Amount at 31/12/2022	**268,693**	**7,130,074**	**-**	**7,398,767**
Change during the period	20,577	- 266,912	6,609	- 239,726
Amount at 30/06/2023	**289,270**	**6,863,162**	**6,609**	**7,159,041**

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

Financial instrument	Main transaction	Risk covered	Accounting policy	Effective date of the contract	Contract expiry date	Rate purchased	Currency	Notional in foreign currency	Mark to market * at 30/06/2023
Interest Rate Swap	Leasing	INTEREST RATE RISK	Speculative **	01/08/2016	01/02/2026	0.450%	Euro	1,969,864	143,362
Interest Rate Swap	Leasing	INTEREST RATE RISK	Speculative **	01/12/2019	01/12/2026	0.800%	Euro	2,450,614	221,922
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Hedging	30/09/2021	29/09/2028	0.200%	Euro	30,000,000	3,338,309
Interest Rate Swap	Bank borrowing	INTEREST RATE RISK	Hedging	30/09/2021	30/09/2029	0.095%	Euro	28,800,000	3,116,515
Cross currency swap	Intercompany loan	Exchange rate risk	Hedging	11/04/2023	30/04/2026	1.12180	US$	5,950,000	43,053
									6,863,162

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

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

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

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

6. Deferred tax assets

Deferred tax assets amount to Euro 15,129,347 (Euro 16,522,675 at 31 December 2022).

DEFERRED TAX ASSETS						
Description	Temporary differences separate financial statements	Deferred tax assets on tax losses	Tax effect of elimination of unrealised profits	Deferred tax assets from FTA IFRS	Other deferred tax assets	Total
Amount at 31/12/2022	**1,230,571**	**6,158,721**	**157,036**	**5,942,681**	**3,033,666**	**16,522,675**
Change during the period	(46,142)	(1,030,600)	220,993	(473,248)	(64,330)	(1,393,328)
Amount at 30/06/2023	**1,184,429**	**5,128,121**	**378,029**	**5,469,433**	**2,969,336**	**15,129,347**

The figure of Euro 1,184,429 represents the temporary differences between the balance sheet amounts recorded in the financial statements of the individual Antares Vision Group companies and the corresponding amounts recognised for tax purposes, at the tax rates that are expected to apply when these differences reverse.

Deferred tax assets on tax losses are equal to Euro 5,128,121 and are related for Euro 4,555,722 to the fiscal loss deriving from tax consolidation of which the Parent Company is the consolidating entity and for Euro 563,574 to the tax losses of Antares Vision do Brasil. The Board of Directors estimate that it will be possible to make full use of the deferred tax assets to offset future taxable income over a medium-term time horizon, in line with that set out in the Business Plan.

Deferred tax assets on temporary differences generated by the elimination of unrealised intercompany margins amount to Euro 378,029.

The application of IFRS has entailed the recognition of deferred tax assets, which at 30 June 2023 amounted to Euro 5,469,433. Compared to the amount of Euro 5,942,681 last year, deferred tax assets were released for a total of Euro 473,248, of which Euro 989,456 as the reversal for the half year of the effects recognised on first-time adoption of the international accounting standards.

Other deferred tax assets, amounting to Euro 2,969,336, include the provisions generated by the PPAs carried out in recent years for Euro 2,131,389, the net deferred tax assets generated by the different accounting and tax treatment of the goodwill generated in the separate financial statements of AVUS as a result of the acquisition of 30% of Antares Vision North America in 2021 for Euro 463,356 and, to a lesser extent, the provisions for directors' fees not yet disbursed, provisions for slow-moving goods and the product warranty fund.

Current assets

7. <u>Inventories</u>

Inventories at 30 June 2023 amount to Euro 58,435,650 (Euro 49,959,689 at 31 December 2022), measured at the lower of purchase or production cost and estimated realisable value based on market trends.

The balance is made up as follows:

INVENTORIES					
Description	Raw materials, ancillary and consumables	Work in progress and semi-finished goods	Finished products and goods	Advances for stocks	Total inventories
Amount at 31/12/2022	**33,814,146**	**6,942,729**	**7,546,160**	**1,656,654**	**49,959,689**
Change during the period	- 4,384,223	7,220,445	6,186,458	- 546,719	8,475,961
Amount at 30/06/2023	**29,429,923**	**14,163,174**	**13,732,618**	**1,109,935**	**58,435,650**

The increase in this item, although affected by inflationary dynamics, is a direct consequence of the increase in orders from customers and expectations of recovery in Equipment. In fact, although much of the increase in orders (+22.5% in the first half of 2023) is attributable to the recurring businesses (Services and SaaS/Smart Data), Equipment has shown an upward trend since the first quarter of 2023, and Antares Vision Group is confident of further increase.

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

INVENTORY PROVISION			
Description	**Raw materials, ancillary and consumables**	**Finished products and goods**	**Total inventory provision**
Amount at 31/12/2022	**814,851**	**748,229**	**1,563,080**
Change during the period	277,902	- 128,469	149,433
Amount at 30/06/2023	**1,092,753**	**619,760**	**1,712,513**

8. Trade receivables

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

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

The changes in Trade receivables are shown below:

TRADE RECEIVABLES			
Description	**Trade receivables**	**Provision for credit risks**	**Total trade receivables**
Amount at 31/12/2022	**113,973,418**	**3,239,623**	**110,733,795**
Change during the period	571,915	281,696	290,219
Amount at 30/06/2023	**114,545,333**	**3,521,319**	**111,024,014**

At 30 June 2023, this item amounts to Euro 111,024,014 (net of a provision for doubtful accounts of Euro 3,521,319), substantially in line with the balance of Euro 110,733,795 of the previous year (net of a provision of Euro 3,239,623).

The inclusion of Smart Point in the scope of consolidation did not have any effect on this item as the trade receivables of the acquired company at the date of the first consolidation were all attributable to Rfxcel.

The amount of Trade receivables is affected by the impact on the credit component of government counterparties with longer payment terms although with high creditworthiness.

The changes in Provision for credit risks are shown below:

PROVISION FOR CREDIT RISKS	
Description	**Provision for credit risks**
Amount at 31/12/2022	**3,239,623**
Uses of the period	331,555
Provisions for the period	- 49,859
Amount at 30/06/2023	**3,521,319**

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

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

9. Other receivables

Other receivables amount to Euro 12,006,626 and compare with Euro 10,821,835 at 31 December 2022. This item is made up as follows:

OTHER RECEIVABLES				
Description	**Tax receivables**	**Advances to suppliers**	**Other**	**Total other receivables**
Amount at 31/12/2022	4,275,929	1,638,468	4,907,438	10,821,835
Change during the period	1,187,626	- 45,571	- 32,504	1,109,552
Effect of the change in the scope of consolidation - SMART POINT	48,768	1,191	25,280	75,239
Amount at 30/06/2023	**5,512,323**	**1,594,088**	**4,900,215**	**12,006,626**

Tax receivables have gone from Euro 4,275,929 on 31 December 2022 to Euro 5,512,323 on 30 June 2023. This amount relates to:

- the Parent Company for Euro 2,736,370 (of which Euro 467,324 represented by VAT credits, Euro 1,853,510 by tax credits mainly for Research and Development activities and Euro 398,147 by withholding taxes incurred in foreign countries);
- AVUS for Euro 554,964 for advances on taxes paid;
- FT System for Euro 406,961 (of which Euro 212,823 represented by a tax credit for Research and Development activities, Euro 68,195 by VAT credits and Euro 102,543 by withholding taxes incurred in foreign countries);
- Antares Vision Asia Pacific for Euro 100,990 (entirely represented by receivables from social security institutions);
- Pentec for Euro 148,234 (entirely represented by a VAT credit);
- AV Electronics for Euro 125,988 (of which Euro 53,863 represented by VAT credits, Euro 66,859 by tax credits for activities related to innovation and digitization and Euro 5,266 by receivables from social security institutions).

This also comprised Euro 48,768 from the inclusion of Smart Point in the scope of consolidation.

Advances include receivables for advances paid to suppliers, attributable to the Parent Company for Euro 343,496, to Antares Vision Russia for Euro 498,291 and to Antares Vision Asia Pacific for Euro 173,003. The change in scope resulting from the inclusion of Smart Point has had an impact of Euro 1,191.

The item Other receivables is substantially in line with the value in the previous year, changing from a value of Euro 4,907,436 at 31 December 2022 to a value of Euro 4,900,215 at 30 June 2023. This mainly includes accrued income and prepaid expenses for Euro 2,778,171, linked to the portions of costs pertaining to future periods, attributable to the Parent Company for Euro 1,615,063, to FT System for Euro 259,335, to Rfxcel for Euro 489,982, to ACSIS for Euro 74,443 and to Antares Vision North America for Euro 134,475. This item also includes Euro 295,484 relating to the non-repayable grants not yet collected for the TFP/Agrifood tender and Euro 635,679 relating to the modernisation and expansion works which concerned the Parent Company's registered office and which, as a result of the non-representation mandate signed with the lease company, are waiting on reimbursement by the latter.

It has also been influenced by the extension of the scope of consolidation for Euro 25,280.

10. Other current financial assets

Other current financial assets amount to Euro 25,806,059 (Euro 26,826,890 at 31 December 2022) almost entirely attributable to the Parent Company and represented by certificates of deposit for Euro 3,000,000, interest-bearing time deposits for Euro 2,000,000, insurance policies for Euro 11,220,754 and Ordinary Treasury Bonds (BOT) for Euro 9,554,848.

The change during the year was negative for Euro 1,020,831 and was due to:

- the positive *fair value* adjustment of securities and insurance policies held by the Parent Company for Euro 65,439;
- divestment of an insurance policy for Euro 9,644,321;
- investment in BOT for Euro 9,554,848;
- divestment of certificates of deposit for Euro 3,000,000;
- investment in time deposits for Euro 2,000,000;
- the inclusion of Smart Point in the scope of consolidation for Euro 3,203.

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

11. <u>**Cash and banks**</u>

The balance of cash and banks recorded at nominal value amounts to Euro 51,265,971, which compares with the balance of Euro 61,096,981 last year.

The negative change in this item of Euro 9,831,011 is linked to the joint effect of:

- the acquisition of Smart Point which took place in April 2023 through Rfxcel. The total outlay amounted to Euro 7.1 million, of which Euro 5.0 million was paid at the closing with the rest to be paid within 18 months. The difference between the price and the shareholders' equity of the acquired company amounted to Euro 6,232 thousand and at 30 June 2023 it was all allocated to Goodwill pending the conclusion of the PPA during the second half of 2023, as permitted by the international accounting standards. The cash and cash equivalents acquired amounted to Euro 549,827;
- the investments in minority interests, namely:
  - the acquisition of 30% of Pygsa by FT System, which led to the recording of a stake of Euro 791 thousand, corresponding to the cash outlay;
  - the acquisition of 15% of Isinnova by the Parent Company, which involved a cash outlay of Euro 1,500 thousand;
  - the acquisition of 38.18% of Light Scarl by the Parent Company, which entailed a cash outlay of Euro 76 thousand;
- the investments in intangible assets, mainly for development costs (Euro 6,042 thousand as higher capitalisations, offset for Euro 185 thousand by the negative exchange effect) and for digital transformation projects (Euro 1,076 thousand), first of all the introduction of the new ERP, whose Go Live took place at the Parent Company in April 2023, and the new PLM, the latter not yet completed and therefore not yet subject to amortisation;
- the purchase for Euro 1,200 thousand of land in the municipality of Sorbolo Mezzani, where one of the local units of the Parent Company is located, of which Euro 402 thousand already paid as a deposit in 2022;
- payment to the Parent Company of a Euro 20 million bank loan by a leading credit institution. This forms part of the broader debt refinancing strategy launched in the second half of 2021, when the bank loan in question was negotiated with the possibility of it being disbursed at a later date. Antares Vision Group is required to comply with **financial covenants** in line with market practice and there is full compliance at the date of preparation of this document;

- payment to the Parent Company of a subsidised loan of Euro 1.1 million and a bank loan of Euro 0.1 million relating to the fourth structural adjustment loan ("SAL") of the Smart Ward Platform R&D project ("**SWP**").

Shareholders' equity

12. Share capital and reserves

Shareholders' equity at 30 June 2023 amounts to Euro 295,334,895 (Euro 295,334,277 considering only the net equity of the Group) and compares with the value of Euro 308,850,876 (Euro 308,751,883 considering only the net equity of the Group) of the previous financial period.

The share capital is equal to Euro 169,457, fully paid up, while the share premium reserve recorded under Other reserves takes on a value at the end of the period of Euro 209,467,141. These items have not changed compared with 31 December 2022 as there was no exercise during the period of the warrants issued in April 2019 by the Parent Company at the time of the business combination with Alp.I S.p.A. in favour of the latter's shareholders with a view to listing Antares Vision S.p.A. on what was then the AIM market (now the Euronext Growth).

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

Non-current liabilities

13. Non-current loans and borrowings

At 30 June 2023, non-current loans and borrowings amount to Euro 138,452,293 (Euro 125,917,064 at 31 December 2022), almost entirely attributable to the Parent Company (Euro 138,383,203).

The item consists of payables to banks falling due beyond 12 months (of which Euro 58,165,359 over 5 years) and compared with the comparative period is influenced by:

- payment to the Parent Company of a Euro 20 million bank loan by a leading credit institution, classified under this item for Euro 19 million and under Current loans and borrowings for Euro 1 million. This forms part of the broader debt refinancing strategy launched in the second half of 2021, when the bank loan in question was negotiated with the possibility of it being disbursed at a later date. Antares Vision Group is required to comply with **financial covenants** on a consolidated basis in line with market practice and there is full compliance at the date of preparation of this document;

- payment to the Parent Company of a subsidised loan of Euro 1.1 million, classified under this item for Euro 0.8 million and under Current loans and borrowings for the rest, and a bank loan of Euro 0.2 million, all due beyond 12 months, relating to the fourth structural adjustment loan ("SAL") of the Smart Ward Platform R&D project ("**SWP**");
- the inclusion of Smart Point in the scope of consolidation for Euro 71,644;
- the reclassification under Current loans and borrowings (Note 19) of the financial liability represented by warrants, which amounted to Euro 1,746,884 at 31 December 2022;
- the reclassification under Current loans and borrowings (Note 19) of the portion of payables to banks falling due within 12 months.

14. Non-current lease liabilities

Non-current lease liabilities amount to Euro 11,866,465 (Euro 13,175,064 at 31 December 2022). The overall change with respect to the comparative period is negative for Euro 1,308,599; the inclusion of Smart Point in the scope of consolidation resulted in higher non-current lease liabilities of Euro 55,380.

In accordance with IFRS 16, Antares Vision Group assesses when signing a contract whether it can be classified as a lease, i.e.:

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

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

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

Contracts with a total duration of 12 months or less have been excluded from application of the standard, as have contracts for which the unit value of the underlying assets does not exceed Euro 5,000. The related fees are therefore recognised as costs over the duration of the contract.

15. Other non-current financial liabilities

At 30 June 2023, other non-current financial liabilities amount to Euro 1,051,368, compared to the amount of Euro 162,383 at 31 December 2022.

The item includes the amount of Euro 142,052 (Euro 162,383 at 31 December 2022) related to a derivative payable that the Parent Company took out to hedge fluctuations in the exchange rate of the loan granted to AVUS.

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

The composition is shown below:

Financial instrument	Main transaction	Risk covered	Accounting policy	Effective date of the contract	Contract expiry date	Rate purchased	Currency	Notional in foreign currency	Mark to market * at 31/12/2022
Flexible forward	Intercompany loan	Exchange rate risk	Hedging	16/12/2022	29/12/2023	1.16050	US$	2,826,374	- 142,052
Total									**- 142,052**

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

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

Furthermore, the item includes the amount of Euro 909,316 related to the portion of the price for the acquisition of Smart Point not paid at the end of the period and to be paid beyond 12 months.

16. Retirement benefit obligations

Retirement benefit obligations are shown in the half yearly consolidated financial statements at 30 June 2023 for Euro 8,518,357 which compares with the balance of Euro 7,799,034 at 31 December 2022.

This item consists of the severance indemnity (TFR) recognised for the benefit of employees of the Group's Italian companies. The change is represented by the provision for the period, net of disbursements made to employees and to supplementary pension funds, and the effect of discounting the liability that existed at the reference date.

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

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

The individual demographic assumptions adopted were as follows:

DEMOGRAPHIC ASSUMPTIONS	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement age	Attainment of AGO requirements

The technical bases used are listed below:

ECONOMIC ASSUMPTIONS		
Description	30/06/2023	31/12/2022
Annual discount rate	3.60%	3.77%
Annual inflation rate	2.30%	2.30%
Annual rate of increase	3.23%	3.23%
Real annual salary	1.00%	1.00%

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

TURNOVER AND ADVANCES HYPOTHESIS		
Description	30/06/2023	31/12/2022
Frequency of advances	1.50%	1.50%
Frequency of turnover	2.50%	2.50%

The following is a reconciliation of the IAS 19 valuations at the beginning of the period and at 30 June 2023:

IAS 19 EVALUATIONS RECONCILIATION							
Description	**Antares Vision**	**FT System**	**Pen-tec**	**AV Electronics**	**Packital**	**Wavision**	**Total**
Defined Benefit Obligation (DBO) beginning of period	**5,030,430 (*)**	**1,839,304**	**134,132**	**423,276 (**)**	**371,351**	**541**	**7,799,034**
Service Cost	501,527	146,510	11,937	12,844	19,044	1,367	693,230
Interest Cost	93,152	34,521	2,638	7,991	7,000	10	145,312
Benefits paid	(172,380)	(20,928)	(646)	-	-	-	(193,954)
Transfers or other adjustments	(5,009)	(59,226)	11,994	1,349	-	-	(50,892)
Expected DBO end of period	**5,447,719**	**1,940,181**	**160,055**	**445,461**	**397,396**	**1,919**	**8,392,730**
A(G)/L from experience	(9,787)	(37,803)	3,929	2,358	(18,795)	(64)	(60,162)
A(G)/L from change of demographic assumptions	-	-		-	-	1	1
A(G)/L from discount rate exchange	126,013	45,151	3,481	5,208	7,398	48	187,298
Defined Benefit Obligation (DBO) end of period	**5,563,945**	**1,947,529**	**167,465**	**453,027**	**385,998**	**1,903**	**8,519,867**

(*) Amount equal to the sum of the DBOs at al 31 December 2022 of the Parent Company and of Convel due to its merger into Antares Vision S.p.A., which took effect on 1 January 2023.
(**) Amount equal to the sum of the DBOs at 31 December 2022 of Tecnel and Ingg. Vescovini due to its merger into Tecnel, which took effect on 1 January 20232, and the concurrent change in the company name of the merging company

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS						
Description	**Antares Vision**	**FT System**	**Pen-tec**	**AV Electronics**	**Packital**	**Wavision**
Turnover rate +1%	5,601,747	1,960,639	167,836	453,398	387,855	1,924
Turnover rate -1%	5,518,644	1,931,913	167,018	452,618	383,917	1,878
Inflation rate +0.25%	5,717,773	2,002,712	171,846	458,974	394,871	1,967
Inflation rate -0.25%	5,416,229	1,894,519	163,243	447,207	377,406	1,841
Discount rate +0.25%	5,380,193	1,881,685	162,384	445,405	375,193	1,832
Discount rate -0.25%	5,757,818	2,016,965	172,791	460,889	397,277	1,978

The following is the indication of the contribution for the next 12 months and the average financial duration of the obligation as required by IAS 19:

SERVICE COST AND DURATION						
Description	**Antares Vision**	**FT System**	**Pen-tec**	**AV Electronics**	**Packital**	**Wavision**
Service cost in the future	1,037,521	292,522	26,566	26,457	37,332	2,811
Duration	20.9	20.4	18.4	11.0	16.5	23.0

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

FUTURE DISBURSEMENTS						
Years	**Antares Vision**	**FT System**	**Pen-tec**	**AV Electronics**	**Packital**	**Wavision**
1	366,231	97,764	8,005	73,290	28,826	150
2	335,026	106,477	9,182	20,854	33,617	272
3	430,501	131,316	10,353	21,869	20,036	392
4	394,124	129,545	11,490	22,828	21,336	508
5	485,030	140,972	12,598	156,018	22,610	622

17. **Deferred tax liabilities**

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

At 30 June 2023, deferred tax liabilities recognised in the balance sheet amount to Euro 19,931,283, down from Euro 21,142,434 the previous year.

The amount refers for Euro 14,840,530 to the deferred taxes generated during the PPAs and for Euro 2,396,468 to the deferred taxes on the capitalisation of development costs by Applied Vision and Rfxcel. Added to this is Euro 1,616,602 as deferred tax liabilities generated by the recording in accordance with IFRS 9 of derivative instruments that the Parent Company has entered into to hedge interest rate changes.

18. **Other non-current liabilities**

At 30 June 2023, other non-current liabilities amount to Euro 140,175, compared with the balance of Euro 82,382 at 31 December 2022. This mainly refers to FT System for Euro 96,452 and to FT Hexagone for Euro 18,009.

Current liabilities

19. **Current loans and borrowings**

Current loans and borrowings amount to Euro 16,650,884 compared with Euro 8,702,122 last year.

The movements and composition of this item are shown below:

CURRENT LOANS AND BORROWINGS				
Description	**Medium/long-term loans (within 12 months)**	**Warrants**	**Credit cards**	**Total current loans and financing**
Amount at 31/12/2022	**8,316,136**	**-**	**385,986**	**8,702,122**
Reclassifications from Non current loans and borrowings	5,759,627	1,746,884	-	7,506,511
Increases	4,771,916		-	4,771,916
Decreases	- 3,721,596	- 577,948	- 30,121	- 4,329,665
Amount at 30/06/2023	**15,126,083**	**1,168,936**	**355,865**	**16,650,884**

This item includes the portion due within 12 months of the medium/long-term loans of the Parent Company for Euro 11,278,426 and of RfXcel for Euro 3,681,207.

The change in this item derives from:

- payment to the Parent Company of a Euro 20 million bank loan by a leading credit institution, classified under this item for Euro 1 million (the other Euro 19 million are shown under Non-current loans and borrowings). This forms part of the broader debt refinancing strategy launched in the second half of 2021, when the bank loan in question was negotiated with the possibility of it being disbursed at a later date. Antares Vision Group is required to comply with financial covenants on a consolidated basis in line with market practice and there is full compliance at the date of preparation of this document;

- payment to the Parent Company of a subsidised loan for a total of Euro 1.1 million, classified under this item for Euro 0.3 million and under Non-current loans and borrowings for the rest, and a bank loan of Euro 0.1 million, all due beyond 12 months, relating to the fourth structural adjustment loan ("SAL") of the Smart Ward Platform R&D project ("**SWP**");
- Rfxcel's use of a medium/long-term credit line for Euro 3.7 million, of which 2.3 million euros were disbursed in the half year;
- reimbursements of the capital portions of existing loans for Euro 3,7 million;
- reclassification from the item Non-current loans and borrowings (Note 13) of the portion of payables to banks falling due within 12 months.

The financial liability represented by the warrants, that at 31 December 2022 amounted to Euro 1,746,884, has been reclassified under Current loans and borrowings, consistently with the maturity within 12 months.

In this regard, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 approved an increase in capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the warrants, in a divisible manner, for a maximum nominal amount of Euro 3,255.60 through the issue of up to 1,356,500 conversion shares. The regulation for the exercise and conversion of warrants was updated by the Board of Directors of the Parent Company on 28 April 2021 on the occasion of the translisting to Euronext STAR Milan.

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

$$\frac{\textit{average monthly price - strike price}}{\textit{average monthly price - subscription price}}$$

If the acceleration condition in the above formula occurs, the average monthly price will be replaced by the acceleration price (Euro 13 per share). The warrant expiration date is the first of the following dates to occur: (i) the first trading day after 5 years from 18 April 2019 (the date of the business combination with Alp.I and (ii) the first trading day after 30 calendar days have passed from the date of publication of the acceleration notice. Since these are financial instruments that, once exercised, may give the right to delivery of a variable number of shares, they do not fall within the definition of equity instruments in IAS 32, paragraph 16. As a result, they must be classified as a financial liability offset by a corresponding change in shareholders' equity. Subsequent adjustments to the financial liability will be booked to the income statement.

At 30 June 2023 the amount of the financial liability is Euro 1,168,936. The change of Euro 577,948 has been recorded under financial income.

Description	no. Warrants	Price	Financial liability
Amount at 31/12/2022	**2,460,400**	**0.7100**	**1,746,884**
Changes during the period	-		- 577,948
Amount at 30/06/2023	**2,460,400**	**0.4751**	**1,168,936**

Lastly, the balance due on company credit cards is equal to Euro 355,865.

20. Current lease liabilities

Current lease liabilities amount to Euro 3,529,467 (Euro 3,508,203 at 31 December 2022), which is the portion due within 12 months of payables to leasing companies following the application of IFRS 16.

Please refer to the explanation of non-current lease liabilities given in Note 14.

21. Other current financial liabilities

At 30 June 2023, other current financial liabilities amount to Euro 10,751,963, compared with Euro 11,086,926 last year.

The item includes the amounts not yet redeemed by the previous shareholders of RfXcel following the sale of the company to Antares Vision Group. They are shown in this item because according to American law, on the fifth anniversary of the closing, if these funds have not yet been requested by the rightful owners, Antares Vision Group will have to notify the state of the last known address of the rightful owner and the related funds will have to be transferred to this State, becoming de facto state property. At 30 June 2023 they amount to Euro 9,940,454, after Euro 1,146,472 were called up during the period.

The item includes also the amount of Euro 811,509 related to the portion of the price for th acquisition of Smart Point not paid at the end of the period and due within 12 months.

22. Current provisions for risks and charges

At 30 June 2023, current provisions for risks and charges amount to Euro 1,064,521 and compare with the balance of Euro 1,230,814 at 31 December 2022. Its composition and changes are shown below:

CURRENT PROVISIONS FOR RISKS AND CHARGES				
Description	Products warranty fund	Fund for ongoing disputes	Provision for agents' severance indemnity	Total
Amount at 31/12/2022	**988,749**	**74,773**	**167,292**	**1,230,814**
Uses of the period	- 455,578	- 232	- 104,583	- 560,393
Provisions for the period	394,101	-	-	394,101
Amount at 30/06/2023	**927,272**	**74,541**	**62,709**	**1,064,522**

The provision for product warranties relates to the estimated charges for servicing and repairs to be carried out under warranty on machinery already delivered; the calculation was made on the basis of historical trends and resulted in an adjustment of the provision for Euro 394,101 after uses during the period of Euro 455,578.

This item also includes the provision for agents' severance indemnity of Euro 62,709 and other contingent liabilities estimated at Euro 74,541.

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

23. Contract liabilities

The first-time application of IFRS 15 resulted in a deferral of revenue with respect to Italian accounting principles, generating an FTA reserve at 1 January 2018 of Euro 15,250,613. The value recorded under contract liabilities reflects the value of the goods (net of their cost of sales) delivered to the customer, but for which installation has not yet been completed. The changes are reported below:

CONTRACTUAL LIABILITIES	
Description	Contract liabilities
Amount at 31/12/2022	**2,767,210**
Changes during the period	- 1,045,791
Amount at 30/06/2023	**1,721,419**

24. Trade payables

The balance of trade payables is equal to Euro 21,484,765 (Euro 23,140,137 at 31 December 2022), all with a duration of less than twelve months.

The changes during the period are set out below with a separate indication of the effects of the change in the scope of consolidation.

TRADE PAYABLES	
Description	**Trade payables**
Amount at 31/12/2022	**23,140,137**
Changes during the period	-1,664,473
Effect of the change in the scope of consolidation - SMART POINT	9,101
Amount at 30/06/2023	**21,484,765**

25. Other payables

Other payables amount to Euro 53,901,074 compared with Euro 54,426,866 at 31 December 2022. The increase in this item is affected for Euro 490,011 by the inclusion of Smart Point in the scope of consolidation.

The composition of this item is shown below:

OTHER PAYABLES							
Description	Advances from customers	Payables to personnel	Payables to social security institutions	Tax payables	Accrued expenses and deferred income	Other payables	Total
Amount at 31/12/2022	**30,286,075**	**8,173,618**	**3,884,530**	**8,278,830**	**3,614,934**	**188,879**	**54,426,866**
Changes during the period	2,314,026	2,170,983	-144,226	-6,413,246	901,210	155,452	-1,015,801
Effect of the change in the scope of consolidation - SMART POINT	-	459,931	-	30,080	-	-	490,011
Amount at 30/06/2023	**32,600,101**	**10,804,530**	**3,740,304**	**1,895,664**	**4,516,144**	**344,331**	**53,901,074**

Advances from customers relate to amounts collected from customers as an advance on sales still to be completed. They increased by Euro 2,314,026 because of higher advances from customers due to the significant increase in sales and orders.

Payables to personnel include amounts due at the end of the period for wages and salaries. At 30 June 2023, they were affected by the inclusion of Smart Point in the scope of consolidation for Euro 459,931.

Payables to social security institutions amount to Euro 3,740,304 (Euro 3,884,530 at 31 December 2022) and are attributable for Euro 2,303,653 to the Parent Company. This item includes payables to INPS and INAIL of Italian companies and those to local social security institutions of foreign companies.

Tax payables include direct taxes due, net of any advances paid, and the amounts withheld from employees' salaries. At 30 June 2023, this item amounted to Euro 1,895,664 and was affected by the inclusion of Smart Point in the scope of consolidation for Euro 30,080.

Accrued expenses and deferred income mainly include the portions of revenues on assistance contracts which were already invoiced at the end of the pertain, but without pertaining to it. They are attributable to the Parent Company for Euro 3,713,043.

INCOME STATEMENT

26. Revenue

At 30 June 2023, Revenue amounts to Euro 101,548,868 compared with Euro 85,453,240 at 30 June 2022. The inclusion of Smart Point in the scope of consolidation contributes for Euro 56,523, net of the revenues that the company earned from Rfxcel, its main customer. Excluding this effect, the increase in the item (+18.8%) confirms the Group's growth trend and excellent delivery capacity.

REVENUE	
Description	**Revenue**
Amount at 30/06/2022	85,453,240
Amount at 30/06/2023	101,548,868
of which relating to SMART POINT	*56,523*
Change	16,095,628
Change on a like-for-like basis	*16,039,105*

In terms of evolution of revenues by geographical area, the greatest contribution, both in absolute terms (Euro 45,998 thousand in the first half of 2023 compared with Euro 33,035 thousand in the first half of 2022) and in terms of growth (+39.2%), derives from the Americas, led by North America (+50.4%), where by 27 November 2023, pharmaceutical manufacturers and supply chain players will have to implement aggregation solutions to comply with the requirements of the Drug Supply Chain Security Act (DSCSA), which aims to combat drug counterfeiting. This area, where the Group recorded growth of 26.6% Y/Y in the second quarter, remains the most important, with revenue equal to 45% of the total.

In the first half of 2023, Italy showed significant signs of recovery, recording +23.5% Y/Y, with strong acceleration in the second quarter, compared with the same period of 2022 (+102.2%), and reversing the result negative recorded in the first quarter of 2023 (-15% Y/Y).

Africa & Middle East (120.4% Y/Y) and Asia & Oceania (12.3% Y/Y) also recorded good signs of growth.

Europe, on the other hand, reported a negative trend (-18.9%), driven by the Eastern Europe, which recorded a drop of 34.9%.

REVENUE BY GEOGRAPHICAL AREA					
Geographical area	**30/06/2023**	**%**	**30/06/2022**	**%**	**Change %**
Italy	14,725,016	14.5%	11,926,550	14.0%	23.5%
Europe	23,931,694	23.6%	29,521,337	34.5%	-18.9%
North & South America	45,998,596	45.3%	33,034,896	38.7%	39.2%
Asia and Oceania	7,573,461	7.5%	6,742,460	7.9%	12.3%
Africa and the Middle East	9,320,101	9.2%	4,227,997	4.9%	120.4%
Total	**101,548,868**	**100.0%**	**85,453,240**	**100.0%**	**18.8%**

27. Other income

At 30 June 2023, other income amounts to Euro 3,424,666, compared with Euro 813,837 in the previous period. The effect of changes in the scope is negligible.

The item includes the operating grants for Euro 1,503,338, almost exclusively pertaining to the Parent Company, represented by the portion of the tax credit pertaining to the period for R&D activities, appropriately deferred for the portion of costs capitalised in accordance with the cost-income matching principle.

Furthermore, the item includes the recharges of freight costs on sales, amounting to Euro 1,450,801 compared with Euro 147,633 at 30 June 2022.

28. Change in finished and semi-finished products

The change in finished and semi-finished products is positive for Euro 13,402,218 (negative for Euro 1,530,831 at 30 June 2022). Their composition and changes are shown below:

CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS			
Description	**Change in inventories of finished products**	**Change in inventories of semi-finished products and work in progress**	**Total**
Amount at 30/06/2022	- 1,578,335	47,504	- 1,530,831
Amount at 30/06/2023	5,963,132	7,439,086	**13,402,218**
Change	7,541,467	7,391,582	14,933,049

The increase in this item, although affected by inflationary dynamics, is a direct consequence of the increase in orders from customers and expectations of recovery in Equipment. In fact, although much of the increase in orders (+22.5% in the first half of 2023) is attributable to the recurring businesses (Services and SaaS/Smart Data), Equipment has shown an upward trend since the first quarter of 2023, and Antares Vision Group is confident of further increase.

29. Raw materials and consumables

Raw materials and consumables amount to Euro 40,158,908, compared with Euro 18,740,414 at 30 June 2022.

The considerable increase (+114.3%) is the joint effect of the expansion of the business, purchases made to prepare finished and semi-finished products for expected sales already covered by order (see Note 28) and the decision to buy materials in view of higher orders, as well as, to a lesser extent, inflationary tensions.

30. Personnel costs

Personnel costs amounted to Euro 50,864,818 compared with Euro 40,585,876 at 30 June 2022.

Changes in this item are shown below:

TOTAL PERSONNEL COSTS	
Description	**Total personnel costs**
Amount at 30/06/2022	40,585,876
Amount at 30/06/2023	**50,864,818**
of which relating to SMART POINT	*422,472*
Change	10,278,942
Change on a like-for-like basis	*9,856,470*

The increase in Personnel costs (+25.3%) is attributable for Euro 422,472 to the inclusion of Smart Point in the scope of consolidation (4.1% of the increase). If we exclude this, the increase comes to 24.3% compared with the figure at 30 June 2022 and is consistent with the hiring policy implemented as a conscious investment in the future: at 30 June 2023 Antares Vision Group has 1,375 employees (of which 135 employees related to Smart Point) compared with 1,118 at 30 June 2022.

This item also includes the costs for the Stock Option Plans in favour of employees and top managers for Euro 558,088.

31. Amortisation and depreciation

At 30 June 2023, the balance of amortisation and depreciation was Euro 10,361,229 compared with Euro 8,644,931 in the previous period.

AMORTISATION AND DEPRECIATION				
Description	**Amortisation intangible assets**	**Depreciation property, plant and equipment**	**Write-downs**	**Total**
Amount at 30/06/2022	6,781,516	1,619,647	243,768	8,644,931
Amount at 30/06/2023	7,902,675	2,126,997	331,557	**10,361,229**
of which relating to SMART POINT	*780*	*12,192*	*0*	*12,972*
Changes during the period	1,121,159	507,350	87,789	1,716,298
Changes on the same period	*1,120,379*	*495,158*	*87,789*	*1,703,326*

Amortisation amounts to Euro 7,902,675, compared with Euro 6,781,516 at 30 June 2022. As already explained in considerable detail above, the PPAs carried out at the time of the various acquisitions resulted in the recognition of intangible assets represented by the customer list and by the technologies, which during the half-year generated amortisation for the customer list of Euro 2,803,805 (Euro 2,707,347 at 30 June 2022) and for the technologies of Euro 1,360,711 (Euro 1,258,915 at 30 June 2022). There is also higher amortisation as a result of the investments in development costs and proprietary software.

Depreciation of tangible fixed assets, equal to Euro 2,126,997 (Euro 1,619,646 at 30 June 2022), is mostly represented by the depreciation of buildings, owned or leased, for Euro 1,202,193 (Euro 1,116,267 at 30 June 2022), the depreciation of furniture and furnishings for Euro 326,335 (Euro 320,731 at 30 June 2022) and of electronic office machines for Euro 124,721 (Euro 88,141 at 30 June 2022).

Write-downs include the write-down of trade receivables for Euro 331,557. The Group carefully assesses the solvency of its customers, constantly monitors credit exposure and immediately activates debt collection procedures for past due accounts.

32. Capitalised development costs

Capitalised development costs, all of which are personnel costs, amount to Euro 4,247,100, of which Euro 1,948,057 attributable to the Parent Company, Euro 469,764 to FT System, Euro 427,664 to Applied Vision and Euro 1,401,615 to Rfxcel.

In the context of development and strengthening of its competitive positioning, investments in research (fully expensed to the income statement) and in development (capitalised) are inherent to Antares Vision Group's activity and allow the Group to constantly expand the portfolio of technologies and solutions used through the use of human resources and specific skills. Capitalised development costs shown in this item are internal costs incurred during the half year that meet the conditions of IAS 38 for capitalisation, being linked to innovative projects from which Antares Vision expects to benefit in terms of higher future revenue.

33. Sales and marketing costs

At 30 June 2023, sales and marketing costs amount to Euro 3,736,710, an increase of 10.8% compared with the figure of Euro 3,371,003 in the previous period.

SALES AND MARKETING COSTS	
Description	**Sales and marketing costs**
Amount at 30/06/2022	3,371,003
Amount at 30/06/2023	**3,736,710**
Change	365,707

This item includes the cost of promotions, advertising and trade fairs, entertainment expenses and the commission paid to foreign agents, sales representatives and business promoters, which Antares Vision Group uses to gain contracts in particular markets and geographical areas.

The increase mainly derives from the increase in sales during the period, which led to an increase in agents' commissions, and from the international trade fairs and exhibitions that the Group attended after the suspensions caused by Covid-19; on the other hand, there has been no significant effect for the inclusion of Smart Point in the scope of consolidation.

34. Service costs

Service costs amount to Euro 23,117,968, of which Euro 40,381 deriving from the change in the scope of consolidation. Changes in this item are shown in the following table:

SERVICE COSTS	
Description	**Service costs**
Amount at 30/06/2022	22,891,290
Amount at 30/06/2023	**23,117,968**
of which relating to SMART POINT	*40,381*
Change	226,678
Change on a like-for-like basis	*186,297*

The item recorded an increase of Euro 226,678 (+1.0%), or Euro 186,297 (+0.8%) net of changes in the scope of consolidation. The composition of the item is shown below:

SERVICE COSTS										
Description	Installation costs	External Processing	Travel expenses	Licences, fees and development of software	costs for collaborators	Consulting and professional fees	General expenses and utilities	Compensation to board members	Other service costs	Total
Amount at 30/06/2022	365,721	2,867,516	4,799,044	4,162,670	1,997,534	2,480,515	2,691,903	1,208,669	2,317,718	22,891,290
Amount at 30/06/2023	561,692	3,483,215	5,656,626	2,243,134	1,885,889	3,776,170	3,068,024	1,294,715	1,148,503	**23,117,968**
Change	195,971	615,699	857,582	(1,919,536)	(111,645)	1,295,655	376,121	86,046	(1,169,215)	226,678

Installation costs, external work and travel costs saw an overall increase of Euro 1,669,252 (+20.8%), in line with the higher revenue achieved during the period.

Consulting and professional fees increased by Euro 1,295,655, the result of the costs that Antares Vision Group is supporting for the complete integration of the business from a Group perspective.

On the other hand, Licences, fees and development of software, showed a decrease of Euro 1,919,536, mainly as the result of the inclusion of Smart Point in the scope of consolidation and the consequent elision costs incurred by Rfxcel for services provided by Smart Point.

Other service costs include insurances for Euro 502,884 and bank fees for Euro 58,504.

35. Other operating expenses

Other operating expenses amount to Euro 1,726,343 with the following changes during the period:

OTHER OPERATING EXPENSES	
Description	**Other operating expenses**
Amount at 30/06/2022	1,360,122
Amount at 30/06/2023	**1,726,343**
of which relating to SMART POINT	*8,861*
Change	366,221
Change on a like-for-like basis	*357,360*

The breakdown is shown in the following table:

OTHER OPERATING EXPENSES					
Description	Accruals to provisions	Taxes not on income for the year	Other operating expenses	Losses and capital losses	Total
Amount at 30/06/2022	233,561	105,392	994,632	26,537	1,360,122
Amount at 30/06/2023	400,273	133,399	1,079,602	113,069	**1,726,343**
Change	166,712	28,007	84,970	86,532	366,221

The increase in the item, totalling Euro 366,221 (Euro 357,360 net of the inclusion of Smart Point in the scope of consolidation), is attributable for Euro 166,712 to higher provisions made in the period (Euro 400,273, of which Euro 3,886 from Smart Point, compared with Euro 233,561 on 30 June 2022). Among these, the provision was recognized for product guarantees relating to the estimated charges for interventions and repairs to be carried out under guarantee on machinery that has already been delivered; the calculation was made on the basis of historical trends and resulted in an adjustment of the provision for Euro 394,101 after uses during the period of Euro 455,578.

Taxes other than income taxes amount to Euro 133,399, a slight increase compared with the balance of Euro 105,392 in the comparative period.

Other operating expenses increased by Euro 84,970 compared with the previous period (of which Euro 4,975 linked to the inclusion of Smart Point in the scope of consolidation); these are represented by subscriptions, membership fees and other operational expenses.

Losses and capital losses amount to Euro 113,069, an increase compared with the balance of Euro 26,537 in the comparative period due to the recognition by Antares Vision North America of losses on receivables that have become uncollectable for Euro 112,766.

36. Financial charges

Financial charges amount to Euro 3,352,403, compared with Euro 2,152,611 for the previous period.

FINANCIAL CHARGES	
Description	**Financial charges**
Amount at 30/06/2022	2,152,611
Amount at 30/06/2023	3,352,403
Changes during the period	1,199,792

The change in the scope of consolidation did not have any effect.

The following are included in this item:

- interest on loans and leases for Euro 2,968,918, relating almost exclusively to the Parent Company. Note that the Parent Company has several derivative financial instruments in place to hedge interest rate risk on loans obtained at floating rates, which are accounted for by recognising financial income which partially offsets the interest expense in question. In detail, 39% of the loan debt recorded in the half yearly consolidated financial statements is hedged by derivatives and 41% was negotiated at fixed rates. Please refer to Note 37 for the positive effects deriving from accounting for hedging derivatives

- the interest cost component relating to the application of IAS 19 for Euro 145,312;
- the fair value adjustment of derivatives for Euro 126,723 as they have to be accounted for as speculative instruments, given that they do not satisfy all of the requirements for hedge accounting under IFRS 9.

37. Financial income

The changes in financial income, which at 30 June 2023 amounted to Euro 1,467,875, are shown in the table below:

FINANCIAL INCOME	
Description	**Financial income**
Amount at 30/06/2022	3,667,787
Amount at 30/06/2023	**1,467,875**
Changes during the period	-2,199,912

The following are included in this item:

- The fair value adjustment of the warrants issued by the Parent Company at the same time as the listing on the Euronext Growth market (called the AIM at the time the negotiations commenced) and still in circulation at the end of the half year. As already mentioned in Note 13 on non-current loans and borrowings, to which reference should be made, since these are financial instruments whose exercise gives the right to a variable number of shares, the difference of Euro 577,948 with respect to the value of the financial liability at 31 December 2022 has to be shown in the income statement;
- the positive effect of Euro 611,041 resulting from the accounting treatment of derivatives held by the Parent Company. The technical characteristics, risks covered, accounting policy and mark-to-market adjustment at the end of the period are explained in Note 5 as regards positive derivatives and in Note 15 as regards negative derivatives;
- the positive effect deriving from the fair value adjustment of securities and insurance policies held by the Parent Company for Euro 65,439;
- interest of Euro 38,877 pertaining to the period on certificates of deposit held by the Parent Company.

The decrease in the item compared to the comparison period is mainly attributable to the different effect from the change in the fair value of warrants, which amounted to Euro 2,804,266 at 30 June 2022.

38. Foreign exchange gains and losses

Foreign exchange gains and losses show a positive net balance of Euro 731,398 (positive for Euro 2,004,887 at 30 June 2022) and include the exchange differences generated on the payment of foreign currency assets and liabilities (negative for Euro 529,348) or by their translation at rates that are different from those at which they were translated at the time of initial recognition (negative for Euro 202,049).

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

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

39. Income (charges) on investments

At 30 June 2023 this item has a positive balance of Euro 83,368 compared with a negative balance of Euro 298,356 in the comparative period and includes the adjustment of the value of the investments according to the equity method. More in detail:

- the result for the period attributable to the Group deriving from the 37.5% stake in Orobix was negative for Euro 319,721;
- the result for the period attributable to the Group deriving from the 25% stake in Rurall was negative for Euro 48,150;
- the result for the period attributable to the Group deriving from the 24.9% stake in Optwo was negative for Euro 29,525;
- the result for the period attributable to the Group deriving from the 45% stake in Siempharma was positive for Euro 145,800;
- the result for the period attributable to the Group deriving from the 40% stake that AV Shenzhen holds in Shenzhen Antaruixin Limited Liability Company was negative for CNY 286,644, corresponding to Euro 38,271 at the average exchange rate at 30 June 2023.

40. Income taxes

Income taxes are negative for Euro 1,521,038 at 30 June 2023 (positive for Euro 1,807,620 at 30 June 2022).

No additional deferred tax assets have been allocated on tax losses accrued in the period by Group companies, beyond what was recognized in previous periods.

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

	30/06/2023	%	30/06/2022	%
Profit / (loss) before taxes	- 9,875,682		- 3,655,257	
Theoretical taxes	- 2,755,315	27.90%	- 1,019,817	27.90%
Different IRAP taxable effect	- 582,440	5.9%	- 25,961	0.71%
Income elements that do not go towards forming the tax base	- 412,446	4.2%	- 352,846	9.65%
Deduction of own invested capital (ACE)	- 360,009	3.6%	- 1,266,091	34.64%
Non-deductible costs	1,420,629	-14.4%	1,639,215	-44.85%
Tax neutrality effect of fair value measurement of equity instruments	-	0.0%	2,804,266	-76.72%
Reversal of deferred tax assets	1,347,186	-13.6%	- 7,791	0.21%
Effect of other foreign legislation	- 178,643	1.8%	36,645	-1.00%
Total	**- 1,521,038**		**1,807,620**	

41. Earnings per share (basic and diluted)

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

Diluted earnings per share is the ratio between the Group's earnings reported in the half yearly consolidated financial statements and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. those not yet subscribed) with a dilutive effect. It should be noted that the warrants have never been exercisable during the period, and therefore at 30 June 2023, they had no dilutive effect.

EARNINGS PER SHARE		
Description	**30/06/2023**	**30/06/2022**
Profit attributable to the ordinary shareholders of the Parent Company	- 11,257,618	- 1,843,787
Dilution (*)	-	- 2,804,266
Total post-dilution profit	- 11,835,566	- 4,648,053
Weighted average number of ordinary shares	69,093,030	69,091,358
Weighted average potential ordinary shares (*)	-	46,915
Total weighted average potential ordinary shares	69,093,030	69,138,273
Earnings per share (EPS)	**- 0.16**	**- 0.03**
Diluted earnings per share (diluted EPS) (*)	**- 0.16**	**- 0.07**

(*) During the period, warrants issued by Parent Company has never been exercisable, since the average monthly price was always lower than the strike price. Therefore, no dilutive effect occurred, and Diluted earnings per share is equal to Earnings per share

Share-based payments

Stock Option Plans

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

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

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

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

The Black & Scholes valuation model was used. This method is based on the construction of a portfolio of underlying assets and a certain number of options, in such a way that the expected return as a whole is insensitive to fluctuations in the price of the asset and is equivalent to the risk-free rate. The Black & Scholes method determines possible prices for the underlying assets on maturity, as well as their respective probabilities of occurrence, assuming that they are distributed according to a normal distribution (or to be precise, a "lognormal distribution").

At 30 June 2023 the cost of share-based payment transactions amounts to Euro 576 thousand. The amount in shareholders' equity under other reserves is Euro 1,973 thousand.

Changes during the period

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

	30/06/2023		31/12/2022	
Stock Option Plans	**Number**	**PMPE**	**Number**	**PMPE**
outstanding at the beginning of the period	1,673,026	2.63	1,063,000	2.31
1st tranche of SOP I	*253,922*	*2.24*	*312,000*	*2.24*
2nd tranche of SOP I	*281,247*	*2.48*	*333,000*	*2.48*
3rd tranche of SOP I	*369,000*	*2.96*		
1st tranche of SOP II	*326,857*	*2.22*	*418,000*	*2.22*
2nd tranche of SOP II	*442,000*	*2.96*		
granted during the period	-	-	835,000	2.96
2nd tranche of SOP I	-	-	-	-
3rd tranche of SOP I	-	-	*369,000*	*2.96*
1st tranche of SOP II	-	-	-	-
2nd tranche of SOP II	-	-	*466,000*	*2.96*
cancelled during the period	65,430	2.71	224,974	2.05
1st tranche of SOP I	-	*2.24*	*58,078*	*2.24*
2nd tranche of SOP I	*3,550*	*2.48*	*51,753*	*2.48*
3rd tranche of SOP I	*19,560*	*2.96*		
1st tranche of SOP II	*20,320*	*2.22*	*91,143*	*2.22*
2nd tranche of SOP II	*22,000*	*2.96*	*24,000*	*2.96*
exercised during the period	-	-	-	-
expired during the period	-	-	-	-
outstanding at the end of the period	1,607,596	2.63	1,673,026	2.63
1st tranche of SOP I	*253,922*	*2.24*	*253,922*	*2.24*
2nd tranche of SOP I	*277,697*	*2.48*	*281,247*	*2.48*
3rd tranche of SOP I	*349,440*	*2.96*	*369,000*	*2.96*
1st tranche of SOP II	*306,537*	*2.22*	*326,857*	*2.22*
2nd tranche of SOP II	*420,000*	*2.96*	*442,000*	*2.96*
exercisable at the end of the period	-	-	-	-

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

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

OTHER INFORMATION

Guarantees given, commitments and other contingent liabilities

At 30 June 2023, the Group had provided guarantees to its customers consisting of Euro 235 thousand in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and Euro 2,840 thousand in advance bonds for advance payments already received from customers.

Russia-Ukraine conflict

As regards the current scenario in Eastern Europe, the conflict between Russia and Ukraine has resulted in a severe blow to the recovery and led the global economy towards a slowdown in expected growth and increased inflation. The Russian market has long represented an area certainly of interest in implementing Antares Vision Group's tracking solutions, especially in the beverage sector. In this context, it is undeniable that the conflict between Russia and Ukraine represents an element of concern above all because the outcomes and consequences of the crisis that this conflict is causing both on the fate of the world economy and on the Antares Vision Group's business are still unclear. For this reason the forecasts regarding the trend of business in the Russian market were formulated by management in a conservative way with the greatest possible prudence in mind.

As regards the sanctioning regime, with the constant supervision of the Board of Directors and the control bodies, the management has worked and is constantly working to ensure that Antares Vision Group operates in full compliance with the export control regulations and sanctions, adopting a procedure that formalises and strengthens the best practices already operationally in place for some time.

Specifically, for the pharmaceutical sector, where possible, the Parent Company ensures that it obtains specific authorisations from the national authority - UAMA (Unit for the Authorizations of Armament Materials) to export materials, software and services intended for pharmaceutical use.

The growing restrictions and sanctions, together with the results of the Russian subsidiary, which reported a negative EBITDA of Euro 991 thousand (negative for Euro 839 thousand at 31 December 2022), convinced the management to consider selling the Russian business.

Information on risk

Market risk

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

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

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

Credit risk

Antares Vision Group is exposed to potential losses caused by counterparties not fulfilling their obligations. Should a significant part of the customers delay or fail to honour payments within the agreed terms and methods, this would have a negative impact on the financial situation of Antares Vision Group.

The trade credit risk is monitored through formalised procedures that guarantee control over the expected collection flows and any recovery action that may be needed. Furthermore, most of Antares Vision Group's customers are primary pharmaceutical and industrial companies, characterised by a high level of financial solidity, which makes the risk of their insolvency remote with regard to the amounts that they owe Antares Vision Group. In the case of counterparties operating in countries with a high country risk, Antares Vision Group makes use of international payment instruments, such as letters of credit, aimed at guaranteeing correct and timely collection.

The current conflict between Russia and Ukraine could lead to a risk of insolvency, which however is to be considered limited in view of the fact that outstanding receivables are close to zero as a percentage of total receivables. From a sanctions point of view, management, under the constant supervision of the Board of Directors and the control bodies, has worked to ensure full compliance with the restrictions, adopting a procedure that formalises and strengthens the operational best practices that have already been in place for some time. For the pharmaceutical sector in particular, the Parent Company ensures that it obtains specific authorisations from the national authority - UAMA (Unit for the Authorizations of Armament Materials) to export materials, software and services intended for pharmaceutical use.

Liquidity risk

Antares Vision Group obtains its financial resources from the flows deriving from its operations and through bank borrowings. To pursue its strategy through the many acquisitions aimed at diversifying the business, from September 2021, Antares Vision S.p.A. has completely refinanced its debt with an average duration of approximately 6.4 years, with an average fixed cost (post-hedging) of approximately 2.0% and without significant repayments of principal for the subsequent four years. For some loans, Antares Vision Group is required to comply with financial covenants on a consolidated basis, in line with market practice, which were fully met at the date of preparation of this document.

As for the other Group companies, Rfxcel has received a credit line of USD 4 million, equal to Euro 3,7 million (of which already used at 31 December 2022 for USD 1,5 million, equal to Euro 1,4 million) and Antares Vision Asia Pacific can benefit from a bank credit line with a leading credit institution, guaranteed by the Parent Company, for Euro 500 thousand, to date used solely to issue an advance bond in favour of customers.

Interest-rate risk

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

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

Foreign exchange risk

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

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

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

The main exchange ratios affecting Antares Vision Group concern:

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

Environmental risk

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

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

As regards the risks and consequences of climate change, a summary of the information provided in the Consolidated Non-Financial Statement at 31 December 2022 is provided below, to which reference should be made for further information. The Communication of the European Commission *"Guidelines on the disclosure of non-financial information: Supplement concerning the reporting of climate-related information (2019 / C 209/01)"* constitutes a supplement to the guidelines issued by the Commission itself in 2017 for the non-financial reporting required by EU Directive 95/2014. This Communication contains the (non-binding) guidelines for the information to be provided by companies on climate change, integrating the recommendations of the Task Force on Climate-related Financial Disclosures - TCFD) of the Financial Stability Board.

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

In terms of risk, there are possible transition risks linked to changes in production models and the supply chain which could, in the medium term, affect the availability of certain materials, also taking into account energy costs. Management believes that Antares Vision Group's positioning and its capacity for innovation (research and development of new materials) enable it to significantly mitigate these risks. Our analysis did not identify any physical risks. Antares Vision Group has not yet developed specific medium/long-term scenarios that quantify the resilience and the economic and financial effects of increases in temperatures of 2°C or less and a scenario of more than 2°C (20)[4].

[4] *TCFD recommendation, strategy c*

Financial implications of climate change:

Antares Vision Group has not yet developed a model to determine the financial impact of climate change. As mentioned in connection with the TCFD's document, the impacts of climate change represent above all an opportunity for Antares Vision Group, thanks to its role and the purposes of the solutions that it offers, as well as Antares Vision Group's contributions towards a more responsible use of resources. So in the short to medium term, all else being equal, taking into account the commitment made by AV Group companies to mitigate the effects of climate change and a general awareness of the importance of this issue, it is reasonable to expect that the financial impacts for Antares Vision Group may well be positive (in terms of strengthening the business and penetrating new markets).

Management supervision and coordination activities

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

Related-party transactions

As regards dealings between Group companies and related parties, in accordance with IAS 24, the following information is provided on the first half of 2023:

TRANSACTIONS WITH RELATED PARTIES				
Related parties	**Trade payables at 30/06/2023**	**Trade receivables at 30/06/2023**	**Costs H1 2023**	**Revenue H1 2023**
Orobix	87,144	4,406	135,702	6,611
Siempharma	1,419,967	2,914,651	2,237,741	84,846
Shenzhen Antaruixin	-	1,010,358	136,670	93,527
Vigilate	7,500	187,118	585	-
Total	**1,514,611**	**4,116,533**	**2,510,699**	**184,984**

The following table shows related-party transactions in the previous period (31 December 2022 for balance sheet items, 30 June 2022 for income statement items):

TRANSACTIONS WITH RELATED PARTIES				
Related parties	**Trade payables at 31/12/2022**	**Trade receivables at 31/12/2022**	**Costs H1 2022**	**Revenue H1 2022**
Orobix	89,085	10,090	144,167	27,403
Siempharma	985,784	2,293,476	488,177	65,448
Shenzhen Antaruixin	838,258	1,762,062	-	-
Vigilate	1,812	187,118	200	-
Total	**1,914,938**	**4,252,745**	**632,544**	**92,851**

In accordance with Consob Resolution no. 17221 of 12 March 2010 and the provisions on related parties issued by Borsa Italiana S.p.A. in May 2012, the Board of Directors of Antares Vision S.p.A. adopted the Procedure for transactions with related parties, the current version of which entered into force from the date of commencement of trading of the Parent Company's ordinary shares and warrants on the Euronext STAR Milan. It was approved on 28 April 2019 and can be viewed in the Governance section of the Company's website.

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

Compensation to board members

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

COMPENSATION TO DIRECTORS AND STATUTORY AUDITORS		
Description	**Directors (*)**	**Statutory auditors**
Compensation for the period	1,193,290	76,249

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

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

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

FEES TO EY SPA		
Description	**Entity that provided the service**	**Fees**
Audit (*)	EY S.p.A.	38,000

** amount related to the audit of the half yearly consolidated financial statements*

Subsequent events

AVI Excellence Private Limited, owned 50% by Antares Vision S.p.A. and 50% by an Indian partner, was established on August 21, 2023. By the end of the year, the parent company plans to increase its shareholding to 99.99%, the maximum percentage allowed under local corporate law. AVI Excellence Private Limited will a new production hub with the aim of further developing the local market and ensuring a direct presence in the territory.

Explanatory notes, final part

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

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

Travagliato, 11 September 2023

The Board of Directors

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

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

Antares Vision S.p.A.

Half-year consolidated financial statements as of 30 June 2023

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

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

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

Introduction

We have reviewed the half-year consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of other comprehensive income, the statement of changes in the consolidated shareholders' equity, the consolidated statement of cash flows and the related explanatory notes of Antares Vision S.p.A. and its subsidiaries (the "Antares Vision Group") as of 30 June 2023. The Directors of Antares Vision S.p.A. are responsible for the preparation of the half-year consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim consolidated financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this half-year consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year consolidated financial statements of Antares Vision Group as of 30 June 2023 is not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Brescia, 13 September 2023

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

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