



# ANTARES VISION

OUR TECHNOLOGY, YOUR SAFETY.

**Antares Vision S.p.A.**

Registered office: Via del Ferro 16, Travagliato (BS), Italy

Authorised share capital Euro 145,723 subscribed and paid up for Euro 143,074

Brescia Companies Register, Tax Code and VAT no. 02890871201

Chamber of Commerce REA no. 000000523277

## FINANCIAL STATEMENTS AT 31/12/2020

### REPORT ON OPERATIONS

Dear Shareholders,

We submit for your examination and approval the financial statements of Antares Vision S.p.A. (hereinafter the Company or Antares Vision) for the year ended 31/12/2020, which consist of the balance sheet, income statement, cash flow statement and explanatory notes to the financial statements.

We explain the Company's activities, its main business risks and how they are managed. We inform you about the economic and financial situation, the most significant events that have characterized the Company's operations and the events that took place during the early part of 2021.

## Business activities

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

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

Through its offices in Italy and its foreign subsidiaries and branches, three research centres in Italy and a network of over 40 partners worldwide, Antares Vision has a presence in over 60 countries with comprehensive and flexible solutions and related services. With 20 years of experience in vision technologies and 2,196 production lines installed in over 200 production plants worldwide in 2020, Antares Vision supplies 10 of the world's 20 leading pharmaceutical companies (by turnover) and has consolidated relationships with the main multinationals in the beverage sector (by turnover).

## Information on the Company's offices

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

## Information on risk

### **Market risk**

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

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

<sup>2</sup> This is the external packaging that contains the primary packaging to protect it from damage.

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

### **Credit risk**

Antares Vision is exposed to potential losses deriving from the non-fulfilment of the obligations undertaken by its counterparties. Should a significant part of the customers delay or fail to honour payments within the agreed terms and methods, this would have a negative impact on the financial situation of Antares Vision.

The trade credit risk is monitored through formalised procedures that guarantee control over the expected collection flows and any recovery action that may be needed. Furthermore, most of Antares Vision's customers are primary pharmaceutical and industrial companies, characterised by a high level of financial solidity, which makes the risk of their insolvency remote with regard to the amounts that they owe Antares Vision.

The significant reduction in trade receivables starting from last year is due to a more targeted collection policy.

### **Liquidity risk**

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

Starting from 2019, gross debt has increased significantly in proportion to the raising of liquidity by means of medium/long-term loans negotiated with leading banks. These have been used partly to finance acquisitions (FT System in September 2019, Tradeticity in April 2020, Convel in June 2020 and Applied Vision in December 2020) and the increase in capital at Orobix, and partly for possible future acquisitions.

It should be noted that some medium/long-term loan agreements signed by the Company (i) make a series of operations and acts (such as the issue of guarantees in favour of third parties, substantial changes to the corporate purpose of Antares Vision, voluntary reductions in share capital or change of control) subject to the prior consent of the lenders and/or (ii) require certain disclosures from Antares Vision and/or (iii) contain clauses which provide for automatic termination of the contract if so-called "cross default situations" occur and/or (iv) in some cases, require Antares Vision to comply with specific covenants.

Antares Vision carefully monitors the evolution of its financial exposure and has complied with all its payment commitments under the aforementioned loan agreements, as well as all of the covenants imposed on it; none of the lenders has therefore exercised any right of early termination of their loan agreement.

**Interest-rate risk**

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

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

**Foreign exchange risk**

Although its operations on the foreign commercial market are significant, Antares Vision is only marginally exposed to the risk of fluctuations in exchange rates, as its sales prices are mainly expressed in Euro (transaction risk).

Given this limited exposure to exchange rate fluctuations, at the date of preparing this document, Antares Vision has not adopted a structured hedging policy, reserving the right to stipulate specific hedges on the occasion of individual transactions or in view of particular transactions, also of an extraordinary nature.

**Environmental risk**

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

**Other external risks**

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

It should be noted that none of the Antares Vision plants had to interrupt operations due to the restrictive measures to contain the pandemic as the Company's production falls within those considered essential, playing a key role in the supply chain of the pharmaceutical sector. Despite this, the crisis has inevitably led to delays in delivery times, installation postponements of and lower supplies of raw materials, with a consequent impact on revenue and profitability, as explained in greater detail in the following paragraphs. In order to minimise postponements, Antares Vision has implemented a system of installation planning that is even more careful, with constant monitoring and updating. With regard to other external risks, relating in particular to the possibility of catastrophic events, the Company has taken out adequate coverage with leading insurance companies.

### Operating performance

2020 was undoubtedly characterised and influenced by the health emergency caused by the spread of the respiratory syndrome called SARS-CoV-2 and the related Covid-19 pathology, whose evolution is still uncertain.

The authorities of most countries, including the Italian government, have adopted restrictive measures aimed at containing further spread of the pandemic. Among these, the most significant involved restrictions and controls on movements and the closure, in the hypothesis of production activities not considered essential, of production plants and offices. These measures have had a significant negative impact on the financial markets and on economic activities at a domestic and global level, the precise extent of which is currently not determinable in consideration of the continuous evolution of the situation, also in relation to the dynamics that characterize the subsequent waves.

In this context, from the beginning of the pandemic until January 2021, none of the Antares Vision plants had to stop their operations due to the restrictive measures to contain the pandemic.

Moreover, management monitored the situation closely as it evolved and implemented all of the guidelines issued by the authorities with the utmost promptness and care. The health and well-being of employees, collaborators and commercial partners were prioritised by adopting protection and prevention measures, such as switching to remote working, organising video conferences in place of meetings, carefully managing production and installation activities.

When these restrictions were introduced, the Company did not resort to social safety nets, but managed its own resources by encouraging employees to take holidays that they were still due and making it possible for people to donate surplus holidays to colleagues whose activities were temporarily suspended.

Isolating the effects of the pandemic on the business and on Antares Vision's results is not an easy exercise.

In the first part of the year, the Company inevitably suffered from the effects of the first wave, mainly

due to the deferral of preparation terms and the assignment of tenders, which caused a slowdown in the award of new contracts and the postponement of installation work. Despite this, the Company did not have to resort to social safety nets, but managed its own resources by encouraging employees to take holidays that they were still due and making it possible for people to donate surplus holidays to colleagues whose activities were temporarily suspended. It also adopted a careful policy of cost optimisation, monitoring and containment, which made it possible to limit the effects of the pandemic on the results for the year.

It should be noted, however, that in the second half of the year there was an increase in the lines installed and Antares Vision's business performance appeared to be less sensitive to the effects of the restrictive measures introduced by governments to contain the spread of the virus during the second wave.

Although it is difficult to calculate the effects on Antares Vision's results, there is no doubt that this event will create a sense of urgency to implement stricter standards and regulations to guarantee people's safety, also in relation to the quality, authenticity and sustainability not only of essential products, such as medicines, foods, beverages and cosmetics, but of consumer products generally.

And it was precisely during the pandemic that Antares Vision had an opportunity to pursue its own vision "Living technology, for a healthier and safer world". This involved launching at the end of April "Track My Health", a platform conceived together with Vigilante, based on the progress that Antares Vision is making in Digital Health.

"Track My Health" makes it possible to:

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

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

Even more so at this time of uncertainty, Antares Vision's commitment to safety and health has continued to be unwavering, combining the three macro business areas: inspection, traceability and smart data management. The Inspection systems guarantee total quality control for product integrity. Track & Trace

is the tool to follow every product from its origin throughout the production process, along the entire value chain, all the way to the end consumer. The combination of both technologies and the implementation of a single smart data management system that combines traceability and inspection functions, is the strategy for guaranteeing product safety and transparency of the supply chain, fighting counterfeiting, preserving the reputation of the trademark, managing any faulty product recalls thoroughly and promptly, and establishing a relationship with the end consumer based on trust.

This is the context for the strategic diversification and strengthening of the business that started in 2019 and continued in 2020 with the set up of new branches in Germany, China and the United Kingdom and with the acquisitions of strategic investments such as Tradeticity and Convel, acquired directly, and Applied Vision, acquired indirectly through Antares Vision Inc. In addition, there was the prestigious partnership signed on 9 June 2020 with IMA, worldwide leader in the design and production of machines for the automation of processes and the packaging of pharmaceuticals, cosmetics, food, tea and coffee. The 5-year agreement provides for synergy-building collaboration in the development and implementation of innovative solutions as part of specific projects, new businesses and new products to consolidate and strengthen the leadership of both companies in existing and emerging markets. The 20-year collaboration already in place in the supply of inspection systems for quality control and integrity of pharmaceutical product packaging now extends to the most innovative solutions that Antares Vision offers in the various market segments (pharmaceutical, food, cosmetic, medical devices, etc...) for the traceability of products and intelligent data management. This will give Antares Vision a significant increase in turnover and make it one of the privileged technology partners to support the entire IMA Group in digital innovation at an international level.

Lastly, worth noting is the launch in October 2020 of Antares Vision's new Innovation Centre at the CSMT (*Centro Servizi Multisetoriale e Tecnologico* - Multisectoral and Technological Service Centre) in Brescia, confirming how Antares Vision is always at the forefront in promoting innovation as a key driver for a sustainable and competitive business strategy. Founded in 2011 and located between the Faculties of Engineering and Medicine of the University of Brescia, the CSMT represents an ideal place to create networks and alliances, but also a centre for promotion and research, technical and specialist training, as well as having a role in technology transfer and as a start-up incubator. The research and development of new technologies in various fields will be the focus of this new Antares Vision structure, whose staff will work on innovative ideas and projects by creating networking and synergy between universities, associations, research institutes and companies, with a view to favouring development and continuous improvement.

**Main income statement figures**

The income statement at 31 December 2020 is set out below, reclassified according to the criteria adopted for management accounting purposes and compared with the figures at 31 December 2019 (€ 000).

<b>Antares Vision S.p.A.</b>		
<b>Reclassified income statement</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Revenue	63,890	106,662
Capitalisation of development costs	3,939	3,496
Other revenues	1,576	2,709
<i>of which: operating grants</i>	1,395	2,709
<b>Value of production</b>	<b>69,405</b>	<b>112,867</b>
Change in inventories of raw materials and finished goods	-2,944	1,084
Purchases of materials	18,048	26,824
Changes in inventories of work in progress	-132	324
<b>Cost of sales</b>	<b>14,972</b>	<b>28,232</b>
<i>% of sales</i>	23.4%	26.5%
Commissions	3,249	2,911
Installation costs	1,320	5,167
<b>Gross Profit</b>	<b>49,864</b>	<b>76,557</b>
<i>% of sales</i>	78.0%	71.8%
Leases and rentals	1,354	1,619
Operating costs	114	118
Services	17,772	20,464
<b>Value added</b>	<b>30,623</b>	<b>54,356</b>
<i>% of sales</i>	47.9%	51.0%
Labour	25,222	26,149
<i>Employees</i>	21,786	20,700
<i>Collaborators</i>	3,436	5,450
<b>Gross operating profit (EBITDA)</b>	<b>5,402</b>	<b>28,207</b>
<i>% of sales</i>	8.5%	26.4%
Write-down of receivables	423	254
Amortisation and depreciation	2,431	907
<i>Intangible fixed assets</i>	2,410	877
<i>Tangible fixed assets</i>	21	31
<b>Operating profit (EBIT)</b>	<b>2,548</b>	<b>27,046</b>
<i>% of sales</i>	4.0%	25.4%
Financial income and expenses	1,269	661
Extraordinary income and expenses	2,885	554
<b>Profit before taxes</b>	<b>-1,606</b>	<b>25,831</b>
<i>% of sales</i>	-2.5%	24.2%
Income taxes	-8,391	6,553
<b>Profit/(loss) for the year</b>	<b>6,785</b>	<b>19,278</b>
<i>% of sales</i>	10.6%	18.1%



2020 was strongly influenced by the health emergency linked to the spread of Coronavirus (COVID-19) which had an impact on the whole macroeconomic context at both global and national level. This circumstance has inevitably had a negative effect on revenues from sales which fell by 40.1% and more generally on the value of production, down by 38.5% compared with 31 December 2019. Indeed, although the Company did not stop its operations due to the restrictive measures to contain the pandemic, being one of the activities classified as essential, the epidemiological crisis led to a deferral of delivery times and technical assistance activities, as well as to a postponement of orders with a consequent impact on the trend of revenue and profitability. This deferral was partially reabsorbed during the second half, when Antares Vision recorded an increase in the lines installed which, together with a careful policy of cost optimisation, monitoring and containment, made it possible to limit the effects of the pandemic on the results for the year.

The gross profit, equal to Euro 49,864 thousand, decreased by 34.9% compared with the previous year, but increased as a percentage of sales by 6.3% due to lower installation costs. The value added amounted to Euro 30,623 thousand, down by 43.7% compared with the previous year, with a percentage of sales of 47.9%, down by 3.1% with respect to 31 December 2019.

The cost of labour is slightly down (-3.5%) and leads to a gross operating profit (EBITDA) of Euro 5,402 thousand (8.5% of sales).

The operating profit (EBIT) comes to Euro 2,548 thousand due to write-downs of Euro 423 thousand, amortisation and depreciation of Euro 2,431 thousand. Most of the increase in amortisation is due to the capitalisation of development costs.

The result before taxes is a loss of Euro 1,606 thousand. The financial component is negative for Euro 1,269 thousand due to interest on mortgage loans (Euro 1,308 thousand), only partially offset by financial income (Euro 304 thousand). The extraordinary component is negative for Euro 2,885 thousand, attributable for Euro 1,294 thousand to the mark-to-market adjustment of derivative instruments, for Euro 2,485 thousand to the costs that Antares Vision incurred for acquisitions, partially offset by the revaluation of the investment in Imago Technologies for Euro 713 thousand.

In terms of the net result, the Company made a profit of Euro 6,785 thousand, largely thanks to the benefit from the optional "Patent Box" tax regime for the years 2016-2019, all of which is reflected in the 2020 result for an amount of Euro 7,663 thousand.

### **Main balance sheet figures**

The following is the balance sheet reclassified by sources and applications at 31 December 2020 and 31 December 2019 (in thousands of Euro).

<b>Antares Vision S.p.A.</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>Reclassified balance sheet</b>		
Property	903	2,105
Financial assets	132,069	77,356
Tangible fixed assets, net	30	42
Intangible fixed assets, net	11,961	7,397
<b>Total fixed assets</b>	<b>144,962</b>	<b>86,900</b>
<i>% of net invested capital</i>	77.9%	65.6%
Raw materials	17,178	14,248
Work in progress	552	419
Finished products	3,509	3,495
<b>Total inventories</b>	<b>21,238</b>	<b>18,162</b>
Trade receivables	39,337	53,637
Trade payables	-12,799	-15,527
Advances from customers	-8,688	-7,446
<b>Net trade working capital</b>	<b>39,089</b>	<b>48,827</b>
<i>% of net invested capital</i>	21.0%	36.8%
Other current assets	15,828	3,590
Other current liabilities	-7,914	-2,737
<b>Net working capital</b>	<b>47,002</b>	<b>49,680</b>
<i>% of net invested capital</i>	25.3%	37.5%
Employee severance indemnities	-3,587	-2,843
Provisions and write-downs	-2,547	-1,211
<b>Net invested capital</b>	<b>185,829</b>	<b>132,526</b>
Net capital	146,402	139,598
<b>Net capital</b>	<b>146,609</b>	<b>139,598</b>
<i>% of total sources of funds</i>	78.8%	105.3%
Net long-term financial payables	140,433	91,792
Cash and cash equivalents	-101,006	-98,863
<b>Net financial debt</b>	<b>39,427</b>	<b>-7,072</b>
<i>% of total sources of funds</i>	21.2%	-5.3%
<b>Total sources of funds</b>	<b>185,829</b>	<b>132,526</b>

Total fixed assets show a significant increase following:

- the investments made at the Travagliato and Parma sites for extending the offices and production area;
- the increase in share capital in the subsidiary Antares Vision Inc. equal to Euro 37,068 thousand and aimed at purchasing Applied Vision Holdings Corporation and its two subsidiaries;
- the purchase of 82.83% of Tradeticity d.o.o. and its 100% subsidiary Tradeticity Service d.o.o. completed in April 2020 for a book value of Euro 932 thousand;

- the purchase of 100% of Convel S.r.l. which took place on 30 June 2020, for a book value of Euro 15,730 thousand;
- the investment in Neurala, an innovative start-up based in Boston, for Euro 244 thousand;
- revaluation of the investment in Imago Technologies GmbH by Euro 713 thousand;
- the development costs capitalised as explained in greater detail below;
- the purchase of the software of Adents High Tech International, a French company in liquidation, for Euro 1,440 thousand.

Net working capital has decreased by Euro 2,678 thousand (-5.4%). The main impacts are determined by:

- an increase in inventories of Euro 3,076 thousand;
- a contraction in trade receivables of Euro 14,300 thousand due to a more targeted monitoring policy;
- a reduction in trade payables of Euro 2,728 thousand;
- an increase in current assets of Euro 12,238 thousand, mainly because of the benefit deriving from the optional "Patent Box" tax regime for the years 2016-2019, all of which is reflected in the 2020 result.

### **Main financial figures**

The following is the Company's Net Financial Position (NFP) at 31 December 2020 compared with 31 December 2019 (in thousands of Euro). The NFP is calculated by applying the financial method to lease contracts.

<b>Antares Vision S.p.A.</b>		
<b>Net financial position</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Cash at banks	67,736	65,601
Cash and cash equivalents	126	130
<b>Liquid assets</b>	<b>67,862</b>	<b>65,731</b>
Current securities available for sale	33,144	33,132
<b>Current financial receivables</b>	<b>33,144</b>	<b>33,132</b>
Due to banks (within 1 year)	-28,455	-15,337
Due to other lenders (within 1 year)	-1,224	-617
<b>Short-term financial payables</b>	<b>-29,680</b>	<b>-15,955</b>
<b>Net short-term financial position</b>	<b>71,326</b>	<b>82,908</b>

Financial receivables (beyond 12 months)	9,149	3,525
<b>Long-term financial receivables</b>	<b>9,149</b>	<b>3,525</b>
Due to banks (beyond 1 year)	-121,167	-79,895
Due to other lenders (beyond 1 year)	-6,050	-4,793
Other financial payables (beyond 1 year) *	-1,490	-569
<b>Long-term financial payables</b>	<b>-128,707</b>	<b>-85,257</b>
<b>Net long-term financial position</b>	<b>-119,559</b>	<b>-81,731</b>
<b>Net financial position</b>	<b>-48,232</b>	<b>1,177</b>

\* This is the write-down of derivative instruments, which are treated as speculative for prudence sake, despite their hedging purpose

The net financial position is negative for Euro 48,232 thousand, compared with the positive balance of Euro 1,177 thousand the previous year. The change is significantly influenced by the outflows for the acquisitions carried out during the year of:

- 82.83% of Tradeticity d.o.o. and its wholly owned subsidiary Tradeticity Service d.o.o. for a total outlay of Euro 1,421k (including Euro 490k as a intercompany loan);
- 100% of the quota capital of Convel S.r.l. which involved a cash outflow of Euro 15,730 thousand;
- the investment in Neurala for an outlay of Euro 244 thousand;
- the increase in capital in Antares Vision Inc. for Euro 37,068 thousand to acquire 100% of the share capital of Applied Vision Holdings Corporation and its two operating subsidiaries.

In addition, investments have been made to open branches in Germany, China and Hong Kong.

The net financial position is also negatively affected by the fair value measurement of derivative instruments for Euro 1,490 thousand.

It should be noted that, during the year, approximately Euro 71,000 thousand of funding was raised mainly in the form of long-term bank loans, negotiated at particularly favourable terms, thanks to the Company's excellent credit rating. This funding was raised partially to finance the acquisitions mentioned above and partially for possible future acquisitions.

### Significant events

During 2020, Antares Vision further strengthened its presence on foreign markets, not only through the consolidation of existing branches, but also by:

- setting up, on 17 February 2020, a new wholly-owned subsidiary in Germany, which currently has eight employees (two key account managers, three installation technicians, two project managers and a marketing and communication manager). It has been set up to strengthen the presence on

the existing local market and promote further growth and diversification of business by Antares Vision;

- setting up, on 17 August 2020, a new branch in Shenzhen, China, wholly owned by Antares Vision Asia Pacific, which joins the latter, operational since 2019, further strengthening the Group's direct presence on the Chinese market. Consolidation in the Far East market by Antares Vision is based on the "Made in China 2025" plan, launched in 2015 by the Chinese government to ensure the country technological leadership of its products. Antares Vision guarantees the market its technological solutions in the field of inspection and traceability systems, principally for the pharmaceutical and beverage sectors, which are considered particularly sensitive in China, making its expertise and know-how available to the market in the project to raise product quality, fight against counterfeiting and improve brand protection;
- setting up an investment holding company in London (UK) on 6 December 2020 to further develop the business.

The strategic diversification and strengthening of the business has also continued. On 21 April 2020, an agreement was concluded for the acquisition of 82.83% of Tradeticity d.o.o. and its 100% subsidiary Tradeticity Service d.o.o., companies founded respectively in Zagreb and Belgrade and specialised in the software management of advanced traceability and serialisation processes. Tradeticity has consolidated expertise and market shares in the pharmaceutical sector, operating on the domestic and international market. This acquisition, which involved a cash outlay of Euro 1,421 thousand (including Euro 490 thousand paid as an intercompany loan) and which provides for a call option to acquire the remaining 17.17% starting from the approval of the financial statements at 31 December 2021, will allow Antares Vision to extend its geographical presence in Eastern Europe, increase market penetration and accelerate the development and implementation of tracking and serialisation solutions.

On 30 June 2020, an agreement was finalised for the acquisition of 100% of Convel S.r.l., an Italian company based in Dueville (Vicenza) that specialises in automated inspection in the pharmaceutical industry. It is also a leader in Leak Testing, a technology aimed at ensuring the highest quality of inspection by detecting any leaks that may affect the sterility of containers. Convel will allow Antares Vision to strengthen its presence in the market for inspection machines, broaden the range of products and expand its customer base, generating cross selling opportunities, as well as to strengthen the management team with people of proven worth. Furthermore, Convel's strong aptitude for research and development will make it possible to anticipate all the new challenges coming from the pharmaceutical market, which is very demanding and in continuous evolution, generating authentic value for its customers through cutting-edge technologies.

On 30 July 2020 Antares Vision completed its investment in Neurala, an innovative start-up based in Boston, operating in artificial intelligence applied to vision technology for inspection. The investment amounts to US\$ 290,175 and will allow Antares Vision to continue its path in Artificial Intelligence, already started with the entry into the share capital of Orobix. The investment amounts to US\$ 290,175 and will allow Antares

Vision to continue its path in Artificial Intelligence, already started with the entry into the share capital of Orobix. 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.

On 12 November 2020 Antares Vision was selected by the French judicial authority as the winner of the tender for the purchase (also indirectly through its subsidiaries) of the assets of Adents High Tech International ("Adents"), a French company in liquidation. Adents has developed a traceability and serialisation software platform for the management and exchange of data between companies and regulatory bodies (level 5) and a complete offer of cloud services (both single-tenant and multi-tenant). Mainly focused on the pharmaceutical sector, the platform is strategic in other sectors such as food, beverage (particularly in the champagne niche) and luxury goods.

The acquisition price of Euro 1.5 million was paid in cash.

The transaction will allow Antares Vision to expand its portfolio of software solutions able to trace the whole end-to-end supply chain, allowing all the players in the supply chain (distributors, CMO's, 3PLs, hospitals and pharmacies) to meet the regulations relating to the traceability of medicines and able to guarantee the transparency and sustainability of the production and distribution chain in various sectors. Furthermore, the hiring of part of the Adents staff by Antares Vision France will also strengthen the R&D team, through the inclusion of highly specialized resources in the Antares Vision staff. In this way, Antares Vision will strengthen its service capacity with greater coverage of technical and commercial support, as well as its international presence, mainly in France, UK, Ireland, Sweden and the United States.

Another strategic acquisition was that of Applied Vision Corporation, completed on 16 December 2020 through Antares Vision Inc. Applied Vision, founded in 1997 in the United States in Akron, Ohio, has been working for over 20 years in the design and development of artificial vision solutions, based on solid optical skills, innovative lighting techniques, electronic image acquisition devices combined with digital processing processes and artificial intelligence algorithms. The company employs highly specialised personnel, including a strong management team. In addition to selling in the US, Applied Vision exports to South America, Asia, Europe, Australia, the Middle East and Africa. The proprietary imaging technology at the base of the inspection systems, together with the high technological know-how, has allowed Applied Vision to become a world leader in the inspection of metal containers in the food & beverage segment, setting new quality standards for the market. Through technological leadership in the sector and the use of artificial intelligence, with the development of proprietary self-learning algorithms, Applied Vision is able to guarantee an effective inspection on the most innovative and high-speed production lines, whatever the complexity of the containers.

Further recognition of Antares Vision's business model, based on innovation and cutting-edge technologies, came in December 2020 when Antares Vision signed the preliminary agreement with the Tax Authorities to use the optional "Patent Box" tax regime for the five-year period 2016-2020. The Company has also received approval to access the procedure for renewal of the agreement for the years 2021-2025, limited to subsidised intangible assets. The estimated tax benefit for Antares Vision for the years 2016-2019 is Euro 7.8 million and is fully reflected in the result for 2020. As regards 2020, any additional tax benefit will be quantified when the financial statements are prepared for the year when the credit can be used. Through the Patent Box agreement, based on the information currently available, Antares Vision's average consolidated tax rate for the period 2016-2019 was approximately 18%, compared with 26% before the agreement.

### Information concerning the environment and personnel

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

#### **Environment**

Antares Vision has always been active in protecting the environment through *green* campaigns to reduce the use of plastic; it has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and the "Join the Antares Vision Green Side" campaign launched in November 2019, it anticipated by a long time the ban on all disposable plastic products such as cutlery, plates, straws and containers, making it possible to save 675 kg of plastic in one year. The first step involves eliminating disposable plastic water bottles in favour of stainless steel water bottles, to be filled using new drinking fountains. In addition, hot drink vending machines will only dispense paper cups and Antares Vision employees will be able to use their own personal cups or eco-friendly beverage containers.

The effort will continue in 2021, together with the introduction of energy efficiency and renewable energy systems with a view to achieving energy self-sufficiency in 2023, as well as further extending waste sorting, by providing specific areas and identifying best recycling practices, with the aim of sorting and recycling up to 95% of waste.

#### **Personnel**

Antares Vision pays great attention to the protection of safety in the workplace and the preventative assessment of all possible sources of risk for workers' health. Following the entry into force of Legislative

Decree 81/2008 that superseded Legislative Decree 626/94, external consultants have been hired to carry out the surveys required by law, also by carrying out periodic analyses of the workplaces and instrumental measurements, whose results confirm full compliance with the legal standards.

Equal consideration is given to laying down measures to manage any emergency situations. With regard to the recent spread of Covid-19, Antares Vision immediately took steps to comply with and enforce all directives from the competent Authorities in real time.

The Decree of the President of the Council of Ministers (DPCM) of 22 March 2020 classified Antares Vision as an essential business, not requiring its operations to be suspended. The commitment to dealing with the situation in the best possible way translated into measures to protect the safety of workers and visitors, while continuing to assure 100% operability and business continuity. Remote working was activated, video-conferencing was favoured over meetings and, in agreement with customers, production and installation activities were managed according to smart methods, in order to put employees' protection first.

Security in the post-lockdown period continues to be ensured right from the management of access through Track My Health, the innovative solution developed by Antares Vision, integrated and scalable, which in full respect for privacy, checks each person's body temperature at the entrance and whether they are wearing a face mask. It also counts how many people there are, making it possible to restrict the number automatically within a set limit.

The number of employees at 31/12/2020 is provided below, with a comparison with the figures at 31/12/2019:

	Apprentices	Production workers	Office workers	Middle managers	Managers	Total
Employees at 31/12/2020	22	-	329	19	3	373
Employees at 31/12/2019	16	1	335	16	3	371

Human resources have always been one of Antares Vision's critical success factors. Based on this awareness of how human capital increasingly represents a competitive advantage, the Shareholders' Meeting of 20 May 2020 approved the guidelines of a 2020-2022 Stock Option Plan reserved for executive directors, top management and key employees, whose performance is able to influence the Company's results, considering the roles they cover and the functions they perform.

Through the free assignment in the period 2020-2022 of a maximum of 1,000,000 options for the subscription and/or assignment against payment of ordinary shares of the Parent Company, the Plan aims to establish a system of compensation in line with Italian and international best practice. This should increase the already significant level of retention for resources considered essential by Antares Vision, through the planning of medium-long term objectives designed to improve performance in the name of a progressive and increasing creation of value, which should translate into a direct benefit for the shareholders. During the year, 108,000 options were assigned to the executive directors and 225,000 options to top management and key employees.



In line with its social sustainability policies, Antares Vision also pays constant attention to young people, promoting a culture that favours their inclusion at work and enhances their talents.

During 2020, Antares Vision, in collaboration with Manpower Italy, launched the Academy Project, a free training course lasting 230 hours during which five talented youngsters were trained in IT topics, alternating theory and practice. At the end of the course, three of them were hired by Antares Vision as Remote Service Engineers.

Lastly, considering the experience during the Covid-19 emergency, remote working from home will continue, involving a hundred people at the Travagliato site; the corporate welfare project will also proceed with a dedicated platform, including initiatives to promote the well-being and quality of life of employees and their families.

## Research and development

During 2020, the Company continued its research and development, concentrating particularly on the following projects:

### 1. Adapting serialisation solutions for the beverage market

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

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

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

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

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

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

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

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

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

## 2. VRI-EVO inspection machine for liquid and freeze-dried products, combined with traceability set-up

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

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

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

The following years were devoted to achieving the skills integration of the former Pharmamech R&D team with the R&D team of the Antares Vision Machine Inspection division and acquiring the know-how

completing the redesign of the basic machines. During 2019, the development team then focused on designing a new innovative model: a single machine able to inspect both liquid and freeze-dried products, always maintaining the well-established feature of combining particle and cosmetic visual inspection with the leak test performed via the vacuum technique.

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

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

### 3. Smart Ward Platform (SWP)

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

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

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

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

- development of a SMART BEDSIDE;
- development of a SMART BEDSIDE TABLE;
- development of a SMART CABINET for the ward's pharmaceutical products;
- development of a SMART TROLLEY;

- development of WARD MANAGEMENT SOFTWARE and interface with the hospital's management system.

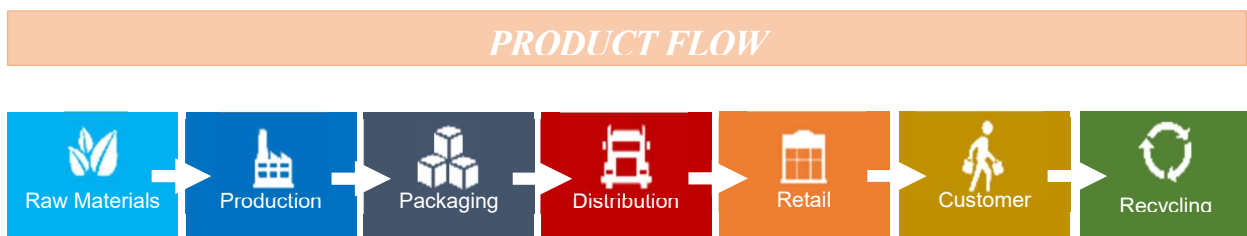
#### 4. TFP Agrifood Project

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

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

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

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



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

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

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

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

The element of radical innovation brought by this project onto the market is a platform (TFP) capable of uniquely tracking each individual process of the entire supply chain, designed to cater for the thousands of SMEs that make up the Italian food industry and intend to safeguard the interests of national productions abroad. This is an essential element to defend and support the exclusive positioning of Italian food production, based on the huge and unrivalled biodiversity of crops such as grapes, olives, vegetable preserves, as well as on the unique features of production, processing and ageing processes, such as the typical ones of products like salami and cheese.

To pursue these projects the Company has incurred costs, most of which have been expensed in the income statement. The capitalisation recorded in the financial statements as at 31 December 2020 amounts to Euro 3,938,770. It is believed the positive outcome of these projects might reflect on the turnover with positive effects on the company's performance.

### Treasury shares

The Company does not hold treasury shares, directly or through subsidiaries, at 31 December 2020. However, it should be noted that, on 4 January 2021, Antares Vision launched the share buyback plan approved by the Shareholders' Meeting on 20 May 2020.

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

- as an efficient way to invest any excess liquidity generated by the Company's operations;
- to implement incentive plans in whatever form they are structured, or to make bonus issues to shareholders or fulfil obligations deriving from warrants, convertible financial instruments that involve mandatory conversion or which are exchangeable for shares (based on existing transactions or transactions still to be resolved or implemented);
- in operations connected with the core business or of projects consistent with the strategic lines that the Company intends to pursue, which could be suitable for share exchanges in order to integrate operations with potential strategic partners;
- to intervene, in compliance with current regulations, also through intermediaries, to limit anomalous movements in prices and to regularise the trend in trading and prices at times of momentary distortions caused by excessive volatility or insufficient liquidity.

In accordance with the resolution of the Shareholders' Meeting:

- purchases may be made on one or more occasions, within 18 months from the date of the resolution, up to a maximum amount of treasury shares which overall is not higher than 2% of the

Company's share capital, taking into account the shares held in the portfolio from time to time by the Company and its subsidiaries;

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

Following the purchases made, Antares Vision now holds 33,916 treasury shares equal to 0.057% of the share capital for a total of Euro 342,272.

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

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

#### **Relations with subsidiaries, associated companies and parent companies**

In accordance with the provisions of art. 13 of the AIM Italia Issuers' Regulations and in compliance with the provisions of Consob Resolution no. 17221 of 12 March 2010 and the provisions on related parties issued by Borsa Italiana S.p.A. in May 2012, the Board of Directors of Antares Vision S.p.A. adopted the Regulations for transactions with related parties, the current version of which was approved on 8 April 2019 and can be viewed on the Company's website at the following link:

<https://www.antaresvision.com/investors/governance/1928/procedure-e-regolamenti>

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.

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

subsidiaries:

- IMAGO TECHNOLOGIES GmbH, based in Friedberg (Germany), of which Antares Vision holds 100% of the share capital;
- ANTARES VISION INC., based in New York (USA), of which Antares Vision holds 100% of the share capital. The latter in turn holds 70% of ANTARES VISION NORTH AMERICA LLC, based in New Jersey (USA), and 100% of the Applied Vision Group acquired in December 2020, which is made up of APPLIED VISION HOLDINGS CORPORATION, APPLIED VISION CORPORATION and APPLIED VISION SERVICES CORPORATION.
- ANTARES VISION DO BRASIL, based in Sao Paulo, Brazil, of which Antares Vision holds 99.99% of the share capital, which in turn holds investments in LEGG SYSTEM COMERCIO E SERVICOS DE PECAS INDUSTRIAIS E AUTOMACAO LTDA, based in Sao Paulo, Brazil, in T2 SOFTWARE, based in Sao Paulo, Brazil, and indirectly through the latter, in PHARMATRACK SISTEMAS LTDA;
- ANTARES VISION FRANCE SAS, based in Rillieux-la-Pape (France), of which Antares Vision holds 100%;
- ANTARES VISION IRELAND LIMITED, based in Galway (Ireland), of which Antares Vision holds 100%;
- ANTARES VISION INDIA PRIVATE LIMITED, based in Mumbai, India, of which Antares Vision holds 51%;
- ANTARES VISION RUS OOO, based in Moscow (Russia), of which Antares Vision holds 100%;
- ANTARES VISION ASIA PACIFIC LIMITED, based in Hong Kong, of which Antares Vision holds 100%, together with its branch ANTARES VISION (SHENZHEN) INTERNATIONAL TRADING CO., LTD, based in Shenzhen (China);
- FT SYSTEM SRL, based in Alseno (Italy), of which Antares Vision acquired 100% on 30 September 2019, which in turn wholly owns FT HEXAGONE SARL, based in Challes les Eaux (France) and FT NORTH AMERICA LLC, based in Massachusetts (USA);
- TRADETCITY DOO, based in Zagreb (Croatia), of which Antares Vision acquired 82.83% on 21 April 2020, which in turn holds 100% of TRADETCITY SERVICES DOO, based in Belgrade (Serbia);
- CONVEL SRL, based in Dueville (Italy), of which Antares Vision acquired 100% on 30 June 2020;
- ANTARES VISION GmbH, branch established on 17 February 2020 based in Friedberg, Germany, which became fully operational in July 2020, of which Antares Vision holds 100%;
- INNOVATIVE MARKING DIGITAL SOLUTIONS (IMDS) UK LTD, based in London (UK), set up on 6 December 2020 to act as a holding company.

By virtue of holding these investments, Antares Vision has prepared consolidated financial statements at 31 December 2020 in accordance with international accounting standards (IAS/IFRS).

The transition to IFRS (International Financial Reporting Standards) was approved, only at a consolidated level, with a resolution passed by the Board of Directors on 17 February 2020. This is a further effort

towards compliance with the best practices in terms of information and transparency, as well as an essential step with a view to possibly applying for listing on the Electronic Stock Market.

### Business outlook

Between the end of the year and preparation of this document, the macroeconomic situation has still been characterised by severe uncertainty. The consequences of the health crisis have been serious for the entire industrial sector and for services (including after-sales and machinery installation activities).

Future prospects remain strictly dependent on the evolution of the pandemic and the measures adopted in terms of health and economic policy; there are high hopes that vaccines will be effective in stopping the spread of infection.

At the time of drafting this document, management's attention remains high, but although the current situation had an impact on delivery and installation times, this should not affect the Company's financial situation in such a way as to compromise its ability to fulfil its obligations.

On the basis of management information available at the date of preparation of this document, despite the persistence of the Covid-19 pandemic, no particularly significant trends that could affect the Company's business have emerged in production, in the evolution of costs and selling prices, nor in sales and inventory variances. From a manufacturing point of view, Antares Vision has not experienced any particularly critical issues in terms of continuity of the production plants, which were promptly adapted to the safety protocols dictated by the Authorities during 2020. Even now, they continue to follow strict rules designed to protect workers and limit contagion.

In this regard, even on the assumption that there might be another lockdown in the future, the business should not be significantly affected. Antares Vision operates in a sector that is considered essential for the economy as its aim is the protection of consumer products (whether they are drugs, food or beverages, cosmetics or luxury goods). It also has a considerable capacity for generating cash flow, even on a prospective basis, by virtue of its positioning and the expectations inherent in its sector, demonstrating that its business is highly resilient.

In light of the health emergency, Antares Vision considers even more topical and urgent the need to introduce rigorous laws and regulations in the pharmaceutical field and to ensure TRUSTPARENCY™ of production chains around the world, increasing the use of technology to ensure the dissemination of safer, traceable products that are certified by origin.

Public market estimates suggest that in 2026 approximately 75% of medicines produced globally will go through Track & Trace solutions.<sup>3</sup> The implementation of Serialisation and Aggregation regulations in some

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<sup>3</sup> Source: *Businesswire* (<https://www.businesswire.com/news/home/20190821005500/en/Track-Trace-Solutions-Market-Set-Exceed-6.8>)



important regions is already being planned for the near future:

- in 2021, so-called "complete" regulation is expected to be adopted in China (mandatory from 2022), Bahrain, Egypt, Ethiopia (mandatory from 2022 - as regards serialisation - to 2027, as regards "complete" regulation); in addition, a "complete" regulation on pharmaceutical exports from India is envisaged (from 1 October 2020 with expiry in 2021);
- on the other hand, also in 2021, serialisation only is expected to be required in Ukraine and the United Arab Emirates (Abu Dhabi);
- in 2022, "complete" regulation is expected to be adopted in Brazil;
- in 2023, Aggregation is expected to be adopted in the United States of America (where only Serialisation is currently required), with Serialisation in Malaysia, Kazakhstan (with a possible deferral to 2024) and Qatar (possible deferral to 2025);
- starting in 2024, "complete" regulation is expected to be adopted in Indonesia (Serialisation for 2025), Greece and Italy (for 2025).

For this, with great passion and enthusiasm, Antares Vision will intensify its efforts on the development of the business, combining the three macro-areas of inspection, traceability and intelligent data management, transforming a challenge into an opportunity by following what have always been its key values: Bravery, Energy, Passion and Innovation ("BEPI").

This is the background to the ambitious project of translisting of the ordinary shares and warrants of Antares Vision S.p.A. (jointly, the "Financial Instruments") from the AIM Italia multilateral trading system to the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., possibly in the STAR segment, if the conditions are met.

The transition to the main market of Borsa Italiana represents an opportunity for Antares Vision to pursue its strategic objectives and is in continuity with the path undertaken with the listing on the AIM Italia market. Over the last few years Antares Vision has continued to grow and diversify its business through strategic acquisitions, to strengthen the industrial plan and expand its solutions in other sectors, such as food & beverage, as well as to consolidate its international presence with opening of new branches. The road travelled so far has allowed the Company to reach a level of maturity that allows it to take this next step, in order to create even greater value for all of its stakeholders. In fact, the transfer of its Financial Instruments from the AIM Italia multilateral trading system to the MTA will benefit the Company in terms of the stock's greater liquidity and, consequently, greater interest on the part of the market and institutional investors. It will also give the Company greater visibility on the national and international markets, with further advantages in terms of competitive positioning and image, also because of the stringent requirements in terms of transparency, disclosure and corporate governance, especially in the STAR segment.

The process of consolidating and diversifying the business also continues: Lastly, on 16 February 2021 Antares Vision announced that it had reached an agreement for the acquisition of rfXcel Corporation

("rfXcel"), a leading Software-as-a-Service ("SaaS") company based in the United States which serves the Life Science and Food & Beverage sectors, for an initial amount of US\$ 120 million payable in cash (the company does not have any cash or debt). The acquisition of rfXcel will further strengthen Antares Vision's software capabilities, allowing it to consolidate its position among the world leaders in Track & Trace. Antares Vision will leverage rfXcel's capabilities and software suite to help its customers accelerate the digitisation of the supply chain end-to-end, leading to greater transparency and sustainability. The acquisition will also enable significant cross-selling opportunities of (i) rfXcel solutions to Antares Vision's growing installed base of Track & Trace and Inspection solutions and the broad base of more than 2,500 blue-chip customers, as well as of (ii) Antares Vision's products to existing rfXcel customers. Together with rfXcel, Antares Vision will take an important step forward in providing increasingly complete solutions in digitisation for tracing, serialisation, compliance with applicable regulations, collection and monitoring of data in real time in order to optimise its customers' supply chain and make it as effective as possible thanks to its complete visibility from start to finish: from ingredients and raw materials, to the end-customer's experience.

## CONCLUSIONS

Dear Shareholders,

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

Travagliato, 22 February 2021

The Board of Directors

EMIDIO ZORZELLA

MASSIMO BONARDI

MARCO CLAUDIO VITALE

MARCO COSTAGUTA

ALIOSCIA BERTO

DANTE ROSCINI

MASSIMO PERONA

FABIO FORESTELLI

MARTINA MONICO



# **ANTARES**VISION

**OUR TECHNOLOGY, YOUR SAFETY.**

**Antares Vision S.p.A.**

Registered office: Via del Ferro 16, Travagliato (Italy)

Authorised share capital Euro 145,723 subscribed and paid up for Euro 143,074

Brescia Companies Register, Tax Code and VAT no. 02890871201

Chamber of Commerce REA no. 000000523277

**FINANCIAL STATEMENTS AT 31/12/2020**

**NOTES TO THE FINANCIAL STATEMENTS**

Balance sheet - assets		31/12/2020	31/12/2019
<b>A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS DUE</b>			
	Payments not called	-	186
	<b>Total</b>	<b>-</b>	<b>186</b>
<b>B) Fixed assets</b>			
<b>I) Intangible fixed assets</b>			
B11)	Start-up and expansion costs	832,729	1,204,193
B12)	Development costs	6,690,405	990,435
B13)	Industrial patents and intellectual property rights	-	29,198
B14)	Concessions, licences, trademarks and similar rights	1,485,571	93,209
B16)	Fixed assets under construction and advances	1,028,015	4,696,935
B17)	Others	1,924,055	1,585,266
	<b>Total</b>	<b>11,960,775</b>	<b>8,599,235</b>
<b>II) Tangible fixed assets</b>			
BII1)	Land and buildings	791,758	791,758
BII3)	Industrial and commercial equipment	7,158	15,747
BII4)	Other assets	22,614	26,002
BII5)	Fixed assets under construction and advances	111,018	111,018
	<b>Total</b>	<b>932,547</b>	<b>944,524</b>
<b>III) Financial fixed assets</b>			
BIII1)	Investments in:	132,068,543	77,355,892
BIII1a)	- subsidiaries	128,010,826	73,705,892
BIII1b)	- associated companies	3,813,462	3,250,000
BIII1d-bis)	- other companies	244,255	400,000
BIII2)	Receivables	9,172,442	3,582,988
BIII2a)	from subsidiaries	9,148,985	3,525,317
	- due within 12 months	106	-
	- due over 12 months	9,148,879	3,525,317
BIII2d-bis)	from others	23,457	57,671
	- due within 12 months	23,457	57,671
	<b>Total</b>	<b>141,240,985</b>	<b>80,938,881</b>
	<b>Total fixed assets (B)</b>	<b>154,134,307</b>	<b>90,482,641</b>
<b>C) Current assets</b>			
<b>I) Inventories</b>			
C11)	Raw materials, ancillaries and consumables	17,177,733	14,248,117
C12)	Work in progress and semi-finished goods	207,317	419,358
C13)	Contract work in progress	344,329	-
C14)	Finished products and goods	3,508,972	3,494,951
C15)	Advances	186,935	326,825
	<b>Total</b>	<b>21,425,286</b>	<b>18,489,250</b>
<b>II) Current receivables</b>			
CII1a)	Trade receivables	25,939,030	41,193,870
	- due within 12 months	25,939,030	41,193,870
CII2)	Receivables from subsidiaries	12,561,650	11,801,565
	- due within 12 months	12,561,650	11,801,565
CII5-bis)	Tax receivables	10,503,214	3,820,046
	- due within 12 months	10,487,334	3,820,046
	- due over 12 months	15,880	-
CII5-ter)	Deferred tax assets	828,333	19,500
CII5-quater)	Other receivables	2,385,917	595,420
	- due within 12 months	2,385,917	595,420
	<b>Total</b>	<b>52,218,143</b>	<b>57,430,401</b>
<b>III) Financial assets not held as fixed assets.</b>			
CIII6)	Other securities	33,144,228	33,132,228
	<b>Total</b>	<b>33,144,228</b>	<b>33,132,228</b>
<b>IV) Liquid assets</b>			
CIV1)	Bank and postal deposits	67,735,824	65,600,793
CIV3)	Cash and cash equivalents	126,047	129,921
	<b>Total</b>	<b>67,861,871</b>	<b>65,730,714</b>
	<b>Total current assets (C)</b>	<b>174,649,529</b>	<b>174,782,594</b>
<b>D) Accrued income and prepaid expenses</b>			
	<b>Total accrued income and prepaid expenses</b>	<b>1,899,682</b>	<b>1,068,218</b>
	<b>Total assets</b>	<b>330,683,518</b>	<b>266,333,639</b>

Financial statements at 31/12/2020 of ANTARES VISION S.P.A.

Balance sheet - Shareholders' equity and liabilities		31/12/2020	31/12/2019
<b>A)</b>	<b>Shareholders' equity</b>		
AI)	Share capital	143,074	142,606
AII)	Share premium reserve	90,002,394	89,983,361
AIII)	Revaluation reserve	5,482,532	4,504,729
AIV)	Legal reserve	98,798	98,798
AVI)	Other reserves disclosed separately	43,890,616	25,590,436
AVII)	Cash flow hedging reserve	-	-
AVIII)	Retained earnings	-	-
AIX)	Profit (loss) for the year	6,784,690	19,277,983
	<b>Total</b>	<b>146,402,104</b>	<b>139,597,913</b>
<b>B)</b>	<b>Provisions for risks and charges</b>		
B1)	Provision for pensions and similar obligations	25,319	-
B3)	Financial derivative instruments	1,490,486	568,648
B4)	Other risk provisions	195,052	-
	<b>Total</b>	<b>1,710,857</b>	<b>568,648</b>
<b>C)</b>	<b>Employee severance indemnities</b>	<b>3,587,455</b>	<b>2,842,501</b>
<b>D)</b>	<b>Payables</b>		
D4)	Bank payables	149,622,330	95,232,621
	- due within 12 months	33,824,185	15,337,289
	- due over 12 months	115,798,145	79,895,332
D5)	Payables to other financial institutions	-	190,378
	- due within 12 months	-	190,378
D6)	Advances	8,687,817	7,446,443
	- due within 12 months	8,687,817	7,446,443
D7)	Trade payables	9,372,941	14,026,816
	- due within 12 months	9,372,941	14,026,816
D9)	Payables to subsidiaries	3,426,149	1,499,723
	- due within 12 months	3,426,149	1,499,723
D12)	Tax payables	776,191	579,934
	- due within 12 months	776,191	579,934
D13)	Payables to social security agencies	1,613,695	1,362,540
	- due within 12 months	1,613,695	1,362,540
D14)	Other payables	3,497,601	2,817,082
	- due within 12 months	3,497,601	2,817,082
	<b>Total</b>	<b>176,996,723</b>	<b>123,155,537</b>
<b>E)</b>	<b>Accrued expenses and deferred income</b>		
	<b>Total accrued expenses and deferred income</b>	<b>1,986,378</b>	<b>169,039</b>
	<b>Total shareholders' equity and liabilities</b>	<b>330,683,518</b>	<b>266,333,639</b>

Income Statement		Dicembre 2020	Dicembre 2019
<b>A)</b>	<b>Value of production</b>		
A1)	Revenues from sales and services	63,676,415	106,753,942
A2)	Change in inventories	146,308	1,250,323
A4)	Increase in fixed assets for internal work	3,938,770	3,495,704
A5a)	Grants	1,576,389	2,710,289
A5b)	Other revenues	395,212	388,388
A5)	Other revenues and income	1,971,600	3,098,676
	<b>Total</b>	<b>69,733,094</b>	<b>114,598,645</b>
<b>B)</b>	<b>Production costs</b>		
B6)	Raw materials, ancillary, consumables and goods	18,386,516	27,388,039
B7)	Services	27,157,175	35,123,312
B8)	Leases and rentals	1,202,604	1,411,756
B9a)	Payroll	15,456,100	13,972,066
B9b)	Social security charges	4,415,993	4,644,151
B9c)	Severance indemnities	997,130	796,398
B9e)	Other costs	230,762	272,201
B9)	Total personnel costs	21,099,985	19,684,816
B10a)	Amortisation	2,410,486	876,674
B10b)	Depreciation	20,977	30,696
B10d)	Write-down of current receivables	202,724	254,493
B10)	Total amortisation, depreciation and write-downs	2,634,187	1,161,863
B11)	Change in inventories of raw materials, anc., cons. and goods	(2,929,617)	2,657,686
B12)	Provisions for risks	220,371	-
B14)	Other operating expenses	1,718,158	1,086,664
	<b>Total</b>	<b>69,489,379</b>	<b>88,514,136</b>
<b>A-B</b>	<b>Difference between value and costs of production</b>	<b>243,715</b>	<b>26,084,509</b>
<b>C)</b>	<b>Financial income and expenses</b>		
C15e)	Income from investments in other companies	-	135
C15)	Income from investments	-	135
C16a)	Income from receivables entered as fixed assets	223,214	9,962
C16d)	Income other than above	101,525	100,371
C16)	Other financial income	324,740	110,333
C17e)	Others	1,553,520	766,600
C17)	Interest and other financial charges	1,553,520	766,600
C17bis_A)	Foreign exchange gains and losses	(40,222)	(5,107)
C17-bis)	Foreign exchange gains and losses	(40,222)	(5,107)
	<b>Total</b>	<b>(1,269,002)</b>	<b>(661,239)</b>
<b>D)</b>	<b>Adjustments of financial assets and liabilities</b>		
D18a)	Revaluation of investments	713,320	977,803
D18)	Revaluations	713,320	977,803
D19d)	Write-downs of financial derivative instruments	1,294,387	570,076
D19)	Write-downs	1,294,387	570,076
	<b>Total</b>	<b>(581,067)</b>	<b>407,727</b>
	<b>Profit before taxes</b>	<b>(1,606,354)</b>	<b>25,830,998</b>
20a)	Current taxes	80,612	5,427,707
20b)	Taxes relating to previous years	(7,662,823)	44,512
20c)	Deferred tax liabilities (assets)	(808,833)	1,080,796
<b>20)</b>	<b>Income taxes for the period</b>	<b>(8,391,044)</b>	<b>6,553,015</b>
	<b>Profit (loss) for the year</b>	<b>6,784,690</b>	<b>19,277,983</b>

Financial statements at 31/12/2020 of ANTARES VISION S.P.A.

Cash flow statement (indirect method)	31/12/2020	31/12/2019
<b>A. Cash flows generated by operating activities</b>		
<b>Profit (loss) for the year</b>	6,784,690	19,277,983
Income taxes	- 8,391,044	6,553,015
Interest expense/(income)	1,228,780	661,373
Capital (gains)/losses on disposal of tangible/intangible fixed assets	- -	6,557
<b>1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals</b>	<b>- 377,573</b>	<b>26,485,814</b>
<i>Adjustments for non-monetary items that did not affect net working capital</i>		
Provisions	1,199,853	1,050,891
Amortisation and depreciation	2,431,464	907,370
Adjustments of financial assets and liabilities of financial derivative instruments that did not entail monetary changes	1,294,387	570,076
Other adjustments for non-monetary items	- 1,576,389	2,451,493
<b>2. Financial flows before changes in working capital</b>	<b>2,971,741</b>	<b>26,562,657</b>
<i>Changes in net working capital</i>		
(Increases)/decreases in inventories	- 2,936,036	1,946,876
(Increases)/decreases in trade receivables	14,292,033 -	8,700,646
Increases/decreases in trade payables	- 2,727,449	4,379,159
Increases/decreases in accrued income and prepaid expenses	- 831,464 -	131,034
Increases/decreases in accrued expenses and deferred income	1,817,339	158,336
(Increases)/decreases in trade and other receivables	- 1,790,497	1,412,991
Increase/(decrease) in other liabilities	1,671,634 -	4,013,122
Increases/(decreases) in provisions for risks and charges	- 97,338 -	77,714
Increase/(decrease) in tax liabilities (assets)	- 530,989	401,472
Increase/(decrease) in tax payables (receivables)	3,452,099 -	1,406,379
Change in scope of consolidation/extraordinary transactions	-	-
<b>3. Cash flow after the changes in net working capital</b>	<b>15,291,074</b>	<b>20,532,596</b>
<i>Other adjustments</i>		
Interest received/(paid)	- 1,228,780 -	661,373
(Income taxes paid)	- -	9,012,395
(Use of funds)	- -	-
Other receipts/(payments)	- 54,839 -	56,054
<b>4. Cash flow after other adjustments</b>	<b>14,007,455</b>	<b>10,802,775</b>
<b>Cash flow from operations (A)</b>	<b>14,007,455</b>	<b>10,802,775</b>
<b>B. Cash flows from investing activities</b>		
Tangible fixed assets	- 9,000 -	127,408
<i>(Investments)</i>	- 9,000 -	133,965
<i>Disposals</i>	- -	6,557
Intangible fixed assets	- 5,772,026 -	7,333,352
<i>(Investments)</i>	- 5,772,026 -	7,333,352
Proceeds of disposals	- -	-
Financial fixed assets	- 60,302,105 -	75,831,070
<i>(Investments)</i>	- 60,302,105 -	75,831,070
Current financial assets	- 12,000 -	9,849,983
<i>(Investments)</i>	- 12,000 -	10,000,000
<i>Disposals</i>	- -	150,017
<b>Cash flow from investing activities (B) -</b>	<b>66,095,130 -</b>	<b>93,141,813</b>
<b>c. Cash flows from financing activities</b>		
<b>Financing activities</b>		
Increase/decrease in other financial payables	- 190,378 -	2,278,717
<i>of which:</i>		
- New disbursements		
- Repayments	190,378	2,278,717
Increases/decreases in bank payables	54,389,709	70,009,154
<i>of which:</i>		
- New disbursements	71,000,000	76,835,905
- Repayments	16,610,291	6,826,751
Increase/decrease in minority interests	-	-
Increase/decrease in shareholders' equity of the Group	19,501	50,017,683
<i>of which:</i>		
- Increases in capital	468	14,994
- Other changes in shareholders' equity	19,033	50,002,689
<b>Net cash used in investing activities</b>	<b>54,218,832</b>	<b>117,748,120</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>2,131,157</b>	<b>35,409,081</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>65,730,714</b>	<b>30,321,633</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>67,861,871</b>	<b>65,730,714</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>2,131,157</b>	<b>35,409,081</b>

Financial statements at 31/12/2020 of ANTARES VISION S.P.A.

## **INTRODUCTION**

Dear Shareholders,

The financial statements for the year ended 31 December 2020 of which these explanatory notes form an integral part in accordance with art. 2423, paragraph 1, of the Italian Civil Code (ICC), agree with the results of the accounting records which have been kept properly. In terms of form and content, they have been prepared in accordance with art. 2423 et seq. of the ICC, according to the rules laid down in art. 2423 bis and the accounting principles contained in art. 2426.

In accordance with art. 2423, paragraph 5 of the ICC:

- the balance sheet and income statement are prepared in euro units. The transition from account balances, expressed in euro cents, to budget balances, expressed in euro units, took place by rounding up or down in compliance with the provisions of the EC Regulation. The balancing of the financial statements was ensured by summarizing the differentials in the balance sheet in the item Reserve for rounding in euro, recorded in the balance sheet liabilities in A.VI Other reserves;
- the figures in the notes are expressed in euro units as they make the document easier to understand.

## **FORM AND CONTENT**

The financial statements for the year ended 31 December 2020 have been prepared in accordance with the ICC, as amended by Legislative Decree 139/2015, interpreted and supplemented by the Italian generally accepted accounting principles (ITA GAAP) and recommendations issued by the Italian Accounting Body (OIC).

The notes also contain the additional information considered necessary to provide a true and fair view of the economic and financial situation, even if it is not specifically required by law.

The general clause on the preparation of financial statements (art. 2423 ICC), the rules governing their form and content (art. 2423-bis ICC) and the accounting principles to be used in valuing the individual items (art. 2426 ICC) have been complied with.



In particular:

- assets and liabilities have been valued prudently, on a going concern basis, taking into account their economic function ;
- income and expenses have been accounted for on an accruals basis, regardless of the date of collection or payment;
- risks and losses for the year have been taken into consideration, even if they became known after the end of the year;
- gains and profits have only been included if they were realised at the balance sheet date on an accruals basis;
- for each item in the balance sheet and income statement, comparative figures from the previous year are provided, as required by art. 2423-ter ICC;
- heterogeneous elements included in the same item have been valued separately.

It should also be noted that:

- in accordance with art. 2423-ter ICC, in preparing the financial statements, the formats provided for in art. 2424 ICC for the balance sheet and art. 2425 for the income statement have been used. These formats provide sufficient information to give a true and fair view of the Company's results and financial position;
- the Company has maintained the same accounting principles as in previous years, so book values are comparable;
- there have been no exceptional situations requiring derogations from the legal provisions;
- the Company did not make use of the possibility to group items preceded by numbers;
- in the interests of clarity, items with zero balances in both years have been omitted;
- there are no asset or liability items that are split between more than one item in the balance sheet.

At the end of the year, Antares Vision has the following investments in subsidiaries:

- IMAGO TECHNOLOGIES GmbH, based in Friedberg (Germany), of which Antares Vision holds 100% of the share capital;
- ANTARES VISION INC., based in New York (USA), of which Antares Vision holds 100% of the share capital and which in turn holds 70% of the share capital in ANTARES VISION NORTH AMERICA LLC, based in New Jersey (USA) and 100% of APPLIED VISION HOLDINGS CORPORATION, based

in Ohio (USA) and the holding company of 100% of the investments in APPLIED VISION CORPORATION and APPLIED VISION SERVICES CORPORATION.

- ANTARES VISION DO BRASIL, based in Sao Paulo (Brazil), of which Antares Vision holds 99.99% of the share capital, which in turn holds investments in LEGG SYSTEM COMERCIO E SERVICOS DE PECAS INDUSTRIAIS E AUTOMACAO LTDA, based in Sao Paulo (Brazil), in T2 SOFTWARE, based in Sao Paulo (Brazil) and indirectly through the latter, in PHARMATRACK SISTEMAS LTDA;
- ANTARES VISION FRANCE SAS, based in Rillieux-la-Pape (France), of which Antares Vision holds 100%;
- ANTARES VISION IRELAND LIMITED, based in Galway (Ireland), of which Antares Vision holds 100%;
- ANTARES VISION INDIA PRIVATE LIMITED, based in Mumbai (India), of which Antares Vision holds 51%;
- ANTARES VISION RUS OOO, based in Moscow (Russia), of which Antares Vision holds 100%;
- ANTARES VISION ASIA PACIFIC LIMITED, based in Hong Kong, of which Antares Vision holds 100%, together with its branch ANTARES VISION (SHENZHEN) INTERNATIONAL TRADING CO., LTD, based in Shenzhen (China);
- FT SYSTEM SRL, based in Alseno (Italy), of which Antares Vision acquired 100% on 30 September 2019, which in turn wholly owns FT HEXAGONE SARL, based in Challes les Eaux (France) and FT NORTH AMERICA LLC, based in Massachusetts (USA);
- TRADETICITY DOO, based in Zagreb (Croatia), of which Antares Vision acquired 82.83% on 20 April 2020, which in turn holds 100% of TRADETICITY SERVICES DOO, based in Belgrade (Serbia);
- CONVEL SRL, based in Dueville (Italy), of which Antares Vision acquired 100% on 30 June 2020;
- ANTARES VISION GmbH, branch established on 17 February 2020 based in Friedberg (Germany), which became fully operational in July 2020, of which Antares Vision holds 100%;
- INNOVATIVE MARKING DIGITAL SOLUTIONS (IMDS) UK LTD, based in London (UK), set up on 6 December 2020 to act as a holding company.

By virtue of holding these investments, Antares Vision has prepared consolidated financial statements at 31 December 2020 in accordance with international accounting standards (IAS/IFRS), in the same way as for last year's financial statements.

The transition to IFRS (International Financial Reporting Standards) has for the moment been approved at consolidated level only by resolution of the Board of Directors on 17 February 2020. It represents a further step towards best practices in disclosure and transparency. It is also a fundamental step in view of the

translisting of the Company's ordinary shares and warrants (jointly, the "Financial Instruments") from the AIM Italia multilateral trading system to the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A., possibly in the STAR segment, if the conditions are met. The transition to the principal market of Borsa Italiana, already communicated to the market on 20 April 2020 and approved on 13 January 2021 by the Board of Directors of Antares Vision, is subject to obtaining approval from the competent Authorities and the completion of a series of obligations required by them.

## **ACCOUNTING POLICIES**

### **Receivables from shareholders for payments due**

Receivables from shareholders for payments due include receivables for capital contributions in cash authorised, subscribed, but not yet paid, either at the time of the Company's incorporation or at a later date.

### **Intangible fixed assets**

Intangible fixed assets are recorded at purchase or production cost, including ancillary charges, and are systematically amortised according to their residual useful life, taking into account the provisions contained in point 5 of art. 2426 ICC.

In detail:

- start-up and expansion costs are recorded on the basis of the acquisition cost actually incurred, including ancillary charges and amortised over five years, subject to the favourable opinion of the Board of Statutory Auditors;
- development costs are amortised over a period not exceeding five years. In particular, the rate applied during the year is 20% for expenses incurred for the in-house design and manufacture of new products and the implementation of existing ones. Advertising costs are fully expensed during the year as they are recurring costs, also to support the marketability of products, such as exhibitions and trade fairs, advertising material, etc.;
- industrial patents and intellectual property rights are booked to assets at purchase or production cost. Purchase cost also includes ancillary costs. These costs are amortised on a straight-line basis over their residual useful life, which is normally taken to be 5 years. They mainly refer to software and are amortised at a rate of 20%;
- costs for improvements and incremental expenses on third party assets leased by the company, also under finance leases, are capitalised and recorded in this item because improvements and incremental expenses cannot be separated from the assets themselves, i.e. they cannot have an

independent function. These costs are amortised from the time the assets become operational, over the estimated useful life of the asset or the residual period of the lease, whichever is the shorter.

Any asset that is worth less than its book value at the end of the year is written down accordingly. If in subsequent years the reasons for the write-down no longer apply, the original value is reinstated.

### **Tangible fixed assets**

Tangible fixed assets are recorded at purchase or production cost, including ancillary charges and costs directly attributable to the asset.

No portion of interest expense was charged to the cost of the assets.

No fixed assets have ever been subject to monetary revaluation.

Ordinary maintenance costs are charged in full to the income statement, whereas maintenance costs of an incremental nature are allocated to the assets to which they refer; they are then depreciated together over the residual useful life of the asset.

Tangible fixed assets are systematically depreciated each year on a straight-line basis at rates that reflect their residual useful life, taking into account the physical wear and tear of the asset; rates are reduced by 50% in the first year to approximate effective participation in the production process, which is assumed to have begun halfway through the year.

The depreciation rates used for the individual asset categories, which are consistent with those of the previous year, are as follows:

- Temporary buildings and constructions: from 3% to 10%
- Plant and machinery: from 10% to 20%
- Industrial and commercial equipment: from 10% to 33%
- Other assets:
  - × Vehicles and internal means of transport: from 15% to 30%
  - × Office furniture and machines and IT systems: 12% to 30%

If there is a permanent loss in value, regardless of the depreciation already charged, the asset is written down accordingly; if in subsequent years the reasons for the write-down no longer apply, the original value is reinstated.

Capital goods with a unit cost of less than Euro 516.46 and a limited useful life are fully depreciated in the year of purchase.

Tangible fixed assets held under finance leases are recorded in the financial statements according to the balance sheet method. The information required by art. 2427, item 22, ICC is provided elsewhere in these notes.

Fixed assets under construction and advances to suppliers are booked to assets at cost including directly attributable expenses.

### **Financial fixed assets**

#### ***Investments***

Investments are recorded as current or non-current according to their destination.

Financial fixed assets consisting of investments in subsidiaries have been valued at purchase cost or, alternatively, at the value of the corresponding fraction of shareholders' equity shown in the latest financial statements of the companies concerned. Amounts deriving from application of the equity method with respect to the value shown in the previous year's financial statements are recorded in a non-distributable equity reserve.

In the event of a long-term loss of value, defined and determined on the basis of OIC 21, the cost is written down in accordance with art. 2426.3 ICC.

#### ***Non-current receivables***

Receivables recorded under financial fixed assets are shown at cost, which coincides with their estimated realisable value.

#### **Inventories**

Closing inventories are valued at the lower of purchase or production cost and estimated realisable value based on market trends, in accordance with art. 2426, para. 1.9, ICC.

Cost is made up as follows:

- raw materials and goods: weighted average cost;

- work in progress: industrial production cost determined on the basis of production costs actually incurred;
- finished products: industrial production cost determined on the basis of production costs actually incurred.

For each category of inventory, the market value is checked to ensure that it is higher than the purchase or manufacturing cost.

Any obsolete and slow-moving stocks are written down, taking into account the possibility of future use and realisation.

### **Receivables**

Receivables classified as current assets are recorded at their estimated realisable value.

Receivables are split between amounts due before or after the end of the year on the basis of the contractual or legal due date, taking into account any facts or events that could lead to a change in the original due date, the debtor's realistic ability to meet their obligation within the contractual terms and the time horizon over which the Company reasonably expects to collect the receivable.

Receivables are recognised at amortised cost in accordance with art. 2426, para. 1.8, ICC, with the exception of those for which the effects of applying amortised cost would be immaterial (due date in less than 12 months), pursuant to art. 2423 para. 4, ICC.

Again based on the principle of materiality, receivables are not discounted if the interest rate that can be inferred from the contractual conditions is substantially the same as the market rate.

The time factor of money is also taken into account, discounting receivables falling due beyond 12 months in the event of a significant difference between the actual interest rate and the market rate.

Receivables for which amortised cost is not applied are recorded at their estimated realisable value.

Regardless of whether or not amortised cost is applied, receivables are shown in the financial statements net of an allowance for doubtful accounts to cover receivables that are unlikely to be collected. It also covers the general risk inherent in the other receivables, estimated on the basis of past experience, ageing analyses of past due receivables, the general economic situation, sector and country risk, as well as events occurring after the end of the year that have an impact on the figures at the balance sheet date.

### **Current financial assets**

Current financial assets are valued at the lower of cost and market.

The market to which reference is made to compare the cost is the Milan Stock Exchange. For unlisted financial assets, reference is made to the price of similar securities.

### **Liquid assets**

Liquid assets are recorded at their nominal value. "Bank receipts" (*ricevute bancarie*), presented subject to collection, are credited to bank accounts with reference to the value date shown in the bank statement.

### **Accrued income and prepaid expenses**

Accrued income and prepaid expenses are recorded on an accruals basis and include revenues and costs pertaining to the year and payable in subsequent years and revenues and costs incurred by the end of the year, but pertaining to subsequent years.

This means that only portions of costs and revenues common to two or more financial years, the amount of which varies over time, are recorded here.

At the end of the year, it was verified that the conditions that led to the initial recognition were met, making the necessary adjustments, if applicable, taking into account not only the time element but also any questions of recoverability.

Accrued income, like current receivables, is valued at estimated realisable value and written down if this is lower than the book value.

Accrued expenses, like payables, are valued at nominal value.

For prepaid expenses, the future economic benefit of the costs that have been deferred is evaluated and, if the benefit is lower than the amount prepaid, an adjustment is made.

### **Provisions for risks and charges**

These are set up to cover charges or payables of a specific nature and whose existence is probable or certain at the balance sheet date, but whose amount or date of occurrence is still uncertain; the provision reflects the best possible estimate based on the information available.

### **Employee severance indemnities**

Employee severance indemnities are recorded in compliance with current legislation and correspond to the Company's commitment to individual employees at the balance sheet date, less any advances paid.

### **Payables**

In accordance with art. 2426, para. 1.8, ICC, payables are recorded at amortised cost, with the exception of those for which the effects of applying amortised cost would be immaterial (due date in less than 12 months), in accordance with art. 2423, para. 4, ICC. Again based on the principle of materiality, payables are not discounted if the interest rate that can be inferred from the contractual conditions is substantially the same as the market rate.

the time factor of money is also taken into account, discounting payables falling due beyond 12 months in the event of a significant difference between the actual interest rate and the market rate.

Payables for which amortised cost is not applied are recorded at their nominal value.

Payables are split between amounts due before or after the end of the year on the basis of the contractual or legal due date, taking into account any facts or events that could lead to a change in the original due date.

Payables arising from the purchase of goods are recorded when the risks, charges and benefits are transferred; those relating to services are recorded when the service has been provided; financial and other payables are recorded when the obligation to the counterparty arises.

Tax payables include liabilities that are certain and of a specific amount, as well as withholdings made as withholding agent, and not yet paid at the balance sheet date; where offsetting is allowed, they are recorded net of advances, withholding taxes and tax credits.

### **Amounts expressed in foreign currency**

Monetary assets and liabilities denominated in foreign currency are recorded at the spot exchange rate on the closing date of the financial year, with the related exchange gains and losses recognised in the income statement.



With regard to the provisions of Article 2427, para. 1.6-bis, ICC, note that no significant changes in exchange rates took place after the end of the year.

### **Value of production**

Revenues are presented according to the prudence principle on an accruals basis and are recognised when there has been a substantial transfer of title in the case of goods or when a service has been rendered.

They are shown net of returns, commercial discounts, allowances and bonuses, as well as taxes directly connected with the sale of products and the provision of services.

Non-financial revenues, relating to ancillary activities, have been entered under item A.5) Other revenues.

### **Production costs**

Production costs are classified by nature and shown according to the prudence principle on an accruals basis, net of returns, commercial discounts, allowances and bonuses.

Costs of raw materials, ancillary materials, consumables and goods also include ancillary purchase costs (transport, insurance, loading and unloading, etc.) if the supplier has included them in the purchase price of the materials and goods. Otherwise, they have been booked to services.

### **Financial income and expenses**

Financial income and expenses include all of the positive and negative components of the result for the year connected with the Company's financial activity, which includes transactions that generate income, expenses, capital gains and losses on disposal, relating to securities, investments, bank accounts, receivables entered as fixed assets and loans of any kind, both receivable and payable, and foreign exchange gains and losses.

Financial income and expenses have been recorded on a matching accruals basis.

### **Adjustments of financial assets and liabilities**

Revaluations include positive and negative differences in the value of investments measured using the equity method, whereas write-downs include fair value gains and losses on receivable and payable derivative financial instruments as regulated by OIC 32.

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### **Income taxes for the year, current and deferred**

This item includes direct taxes for the year or previous years.

Taxes are recognized according to the accruals principle; they therefore include:

- current taxes to be paid for the year calculated in accordance with the rates and regulations currently in force, including penalties and accrued interest for the year under review;
- the amount of deferred taxes in relation to temporary differences that arose or reversed during the year or in previous years;

In preparing these financial statements, only temporary differences have been taken into consideration, being the differences between the valuations for statutory and fiscal purposes that arose during the year and which will reverse in subsequent years.

Deferred taxes have been recorded in compliance with Italian accounting standards and, consequently, according to the prudence principle.

Deferred tax assets have been recognized as there is reasonable certainty that there will be sufficient taxable income to reabsorb them in the years when the deductible temporary differences reverse.

Deferred tax liabilities have been recognized as there are taxable temporary differences for which there is good reason to believe that a liability will arise.

Deferred taxes have been calculated on the basis of the tax rates that are expected to apply in the year when the temporary differences will reverse. These rates are the ones envisaged by the tax legislation in force at the date of these financial statements.

## BALANCE SHEET - ASSETS

The following table shows the changes in the balance of assets.

### RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS DUE

The Shareholders' Meeting held on 5 February 2019 approved an increase in capital, with the exclusion of pre-emption rights pursuant to art. 2441, para. 5, ICC, to service the exercise of the Warrants, in a divisible manner, for a maximum nominal amount of Euro 3,255.60 through the issue of a maximum number of 1,356,500 conversion shares.

No warrants were exercised in November or December 2020, so at 31 December 2020 there were no receivables from shareholders for payments due.

The previous year's balance was Euro 186 following the exercise of 5,000 warrants in November 2019, corresponding to 226 ordinary conversion shares, and 31,839 warrants in December 2019, corresponding to 1,630 ordinary conversion shares, with the capital contribution in cash taking place on 3 January 2020.

### FIXED ASSETS

The following table shows the changes in the amount of fixed assets.

#### Intangible fixed assets

Intangible fixed assets amount to Euro 11,960,775. The composition and changes in this item are shown in the following table.

INTANGIBLE FIXED ASSETS							
Balance Sheet Code	BI 01	BI 02	BI 03	BI 04	BI 06	BI 07	BI
Description	Start-up and expansion costs	Development costs	Industrial patent rights and use of intellectual property	Concessions, licences, trademarks and similar rights	Fixed assets under construction and advances	Other intangible fixed assets	TOTAL
Historical cost 31/12/2019	1,588,225	1,696,502	145,988	210,778	4,696,935	1,585,266	9,923,693
Accumulated amortisation 31/12/2019	384,032	706,067	116,790	117,569	-	-	1,324,458
<b>Book value 31/12/2019</b>	<b>1,204,193</b>	<b>990,435</b>	<b>29,198</b>	<b>93,209</b>	<b>4,696,935</b>	<b>1,585,266</b>	<b>8,599,235</b>
Increases for acquisitions	9,092	3,938,770		1,440,000		384,164	5,772,026
Other changes (transfers)		3,495,704			-	3,668,920	173,216
Reversal of fully amortised costs (historical cost)		458,458					458,458
Reversal of fully amortised costs (accumulated amortisation)		-	458,458				-
Amortisation for the period	380,556	1,734,503	29,198	47,638		218,591	2,410,486
<b>Total changes</b>	<b>-</b>	<b>371,464</b>	<b>5,699,971</b>	<b>-</b>	<b>29,198</b>	<b>1,392,362</b>	<b>-</b>
Historical cost 31/12/2020	1,597,317	8,672,517	145,988	1,650,778	1,028,015	2,142,646	15,237,261
Accumulated amortisation 31/12/2020	764,588	1,982,112	145,988	165,207	-	218,591	3,276,486
<b>Book value 31/12/2020</b>	<b>832,729</b>	<b>6,690,405</b>	<b>-</b>	<b>1,485,571</b>	<b>1,028,015</b>	<b>1,924,055</b>	<b>11,960,775</b>

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Start-up and expansion costs, with a net book value of Euro 832,729 at 31 December 2020, have changed mainly because of the routine process of amortisation.

The directors decided to capitalise Development costs for a total of Euro 3,938,770, once they were reasonably certain that the costs would generate revenues in future years, subject to the consent of the Board of Statutory Auditors; in addition, Euro 3,495,704 of development costs have been transferred from Fixed assets under construction and advances where they were recorded at 31 December 2019. Please refer to the Report on Operations for a more detailed comment on the projects currently in progress.

Industrial patents and intellectual property rights, all attributable to the acquisition by Antares Vision of a business unit of Pharmamech S.r.l., based in Collecchio (Italy), in 2016. The last amount of amortisation was charged during the year, which is why the net book value shown in the balance sheet is zero.

Concessions, licences, trademarks and similar rights consist of software owned or used under licence for a total of Euro 1,485,571. The increase of Euro 1,440,000 recorded during the year is attributable to the purchase of software on the liquidation of the French company Adents High Tech International in November 2020.

Assets under construction and advances include advances totalling Euro 1,028,015 paid for extraordinary maintenance work on the Company's headquarters and on the industrial building located in Sorbolo (Italy), both under finance leases. During the year, Euro 173,216 was also reversed from this item for advances that were closed and transferred to Other intangible fixed assets, as well as Euro 3,495,704 for development costs concluded during the year and transferred to Development costs.

Lastly, Other intangible assets include improvements and incremental expenses on leased assets that do not have an independent function with respect to the assets. They include above all the costs incurred for the modernisation and expansion of the properties located in Travagliato and Sorbolo which resulted in higher costs capitalised during the year for Euro 557,380 (of which Euro 173,216 recognised at 31 December 2019 in Fixed assets under construction and advances and transferred to this item in 2020).

### **Tangible fixed assets**

The following table shows the changes in tangible fixed assets and depreciation that took place during the year.

TANGIBLE FIXED ASSETS					
Balance Sheet Code	B II 01	B II 03	B II 04	B II 05	B II
Description	Land and buildings	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	TOTAL
Historical cost 31/12/2019	800,000	135,907	204,837	111,018	1,251,762
Accumulated depreciation 31/12/2019	8,242	120,160	178,835	-	307,238
<b>Book value 31/12/2019</b>	<b>791,758</b>	<b>15,747</b>	<b>26,002</b>	<b>111,018</b>	<b>944,524</b>
Increases for acquisitions	-	-	9,000	-	-
Depreciation for the period	-	8,589	12,388	-	20,977
<b>Total changes</b>	<b>-</b>	<b>8,589</b>	<b>3,388</b>	<b>-</b>	<b>20,977</b>
Historical cost 31/12/2020	800,000	135,907	213,837	111,018	1,260,762
Accumulated depreciation 31/12/2020	8,242	128,749	191,223	-	328,214
<b>Book value 31/12/2020</b>	<b>791,758</b>	<b>7,158</b>	<b>22,614</b>	<b>111,018</b>	<b>932,547</b>

During the year there was only an increase of Euro 9,000 in Other assets, apart from routine depreciation.

Land and buildings include the industrial building in Torbole Casaglia, which the Company bought on 10 October 2018; depreciation has not yet started on it the building has to be restored and is not therefore in use.

Fixed assets under construction include advances paid to suppliers for extraordinary maintenance works on this property, not yet completed at 31 December 2020, as well as Euro 81,200 relating to building permission acquired in the second half of 2019 from the Municipality of Travagliato.

### **Finance leases**

At 31 December 2020, the Company had the following finance leases in place:

- contract for the purchase of the industrial shed in Travagliato (BS) where the company has been located since 1 June 2015. This is a finance lease whose contract was originally signed on 30 January 2014 with ICCREA Banca Impresa S.p.A. at a variable interest rate hedged by an IRS (Interest Rate Swap) for a total cost of Euro 4,181,700. The contractual term of the finance lease is 120 months; at the same time as the deed of sale was finalised, the Company paid the lessor Euro 418,170 of which Euro 215,940 is shown under prepaid expenses, being due in subsequent years. The other instalments have been paid monthly from February 2016, the month after the signing of the supplementary agreement that recognised that the property was in a satisfactory

state. The residual commitment from signing the finance lease with ICCREA Banca Impresa S.p.A., equal to Euro 2,631,731, is shown among the commitments. The contract is shown in the financial statements according to the balance sheet method. The following is the information required by art. 2427, point 22, ICC;

- contract for the purchase of the shed located in the municipality of Sorbolo (Italy) where a local production unit has been established since 3 October 2017. This is a finance lease whose contract was originally signed on 21 July 2017 with Unicredit Leasing S.p.A. to cover a total cost of Euro 1,440,600. The interest rate, indexed to the EIB SMES LOAN VIII 2017 NO FLOOR and increased by a spread, was hedged by an IRS. The contractual term of the financial lease is 144 months; at the same time as the deed of sale was finalised, the Company paid the lessor Euro 216,090 of which Euro 154,989 is shown under prepaid expenses, being due in subsequent years. The other rents, amounting to Euro 8,091 each, are paid monthly starting from August 2017, the month following the signing of the property delivery report. The residual commitment from signing the lease contract with Unicredit Leasing S.p.A. amounting to Euro 918,966 is shown under commitments. The contract is shown in the financial statements according to the balance sheet method. The following is the information required by art. 2427, point 22) ICC;
- contract for the purchase of a second real estate complex located in the municipality of Sorbolo (Italy) to expand the local production unit in Parma. This is a finance lease for which the contract was signed on 26 March 2018 with Unicredit Leasing S.p.A. to cover a total cost of Euro 490,600. The variable interest rate was hedged by means of an IRS. The contractual term of the lease is 144 months; at the same time as the deed of sale was finalised, Antares Vision paid the lessor Euro 73,590, of which Euro 56,334 is shown under prepaid expenses, being due in subsequent years. The other rents, amounting to Euro 2,756 each, are paid monthly starting from May 2018, the month following the signing of the property delivery report. The residual commitment from signing the lease with Unicredit Leasing S.p.A. amounting to Euro 335,391 is shown under commitments. The contract is shown in the financial statements according to the balance sheet method. In relation to the significance of the effects that would be determined on both equity and the economic result if the financial recognition method had been adopted, the information required by the art. 2427, point 22) ICC is provided below.;
- contract for the purchase of an industrial shed adjacent to the current headquarters in Travagliato, to be used as a production site and offices. The subscription, on 2 July 2019, took place through the payment of Euro 673,293 and by taking over a lease (with consequent assumption of a debt of Euro 956,707) stipulated with ICCREA Banca Impresa S.p.A. The contract,

which was renegotiated at the time of taking it on, provides for a residual term of 10 years and a variable rate equal to the 3-month Euribor plus a spread. The contract also provides for the possibility of an additional payment of up to Euro 2,500,000 to be used for renovation work. The residual commitment from signing the lease with ICCREA Banca Impresa Leasing S.p.A., equal to Euro 863,841, is shown under commitments. The above contract is shown in the financial statements according to the balance sheet method. The following is the information required by art. 2427, point 22), ICC;

- contract for the purchase of a real estate complex adjacent to the current headquarters in Travagliato, already used under a previous rent contract. This is a finance lease for which the contract was signed on 30 December 2020 with Unicredit Leasing S.p.A. to cover a total cost of Euro 1,804,414 and at a variable interest rate linked to the EIB MIDCAP 2019 NO FLOOR plus a spread. The contractual term of the lease is 143 months; at the same time as the deed of sale was finalised, Antares Vision paid the lessor Euro 318,268 as a maxi-fee, all of which is shown under prepaid expenses, being due in subsequent years. The residual commitment from signing the contract with Unicredit Leasing S.p.A. amounting to Euro 1,745,049 is shown under commitments. The contract is shown in the financial statements according to the balance sheet method. In relation to the significance of the effects that would be determined on both equity and the economic result if the financial recognition method had been adopted, the information required by the art. 2427, point 22) ICC is provided below;

**Financial leasing operations: information pursuant to art. 2427, point 22) of the ICC**

<b>FINANCE LEASE OPERATIONS</b>	
<b>Description</b>	<b>Amount</b>
Total amount of leased assets at year-end	9,930,939
Depreciation that would have been attributable to the year	187,394
Adjustments and write-backs that would have been attributable to the year	-
Present value of lease instalments not yet due at the end of the year	6,494,979
Financial charges for the year based on the effective interest rate	-

**Financial fixed assets**

## **Investments**

Investments in subsidiaries at 31 December 2020 amount to Euro 128,010,826.

With regard to the 100% stake in Imago Technologies GmbH (a subsidiary as per art. 2359, ICC), purchased on 5 June 2009 and recorded under fixed assets as a long-term, strategic and historical investment, the Company continued to value it in 2020 according to the equity method. Section D of the income statement shows the revaluation pursuant to art. 2426.4, ICC, being the profit reported in the latest financial statements of the subsidiary for the period 1 January 2020 - 31 December 2020.

<b>Investment in Imago Technologies GmbH</b>	<b>31/12/2020</b>
Value at 31/12/2019	5,582,532
Revaluation carried out in the income statement	713,320
Value at 31/12/2020	<b>6,295,852</b>



The exact composition of the net equity of Imago Technologies GmbH at 31 December 2020 is as follows:

Net Equity of Imago Technologies GmbH	31/12/2020
Share capital	25,000
Legal reserve	565
Other reserves disclosed separately	35,075
Retained earnings	5,521,892
Profit (loss) for the year	713,320
<b>Total</b>	<b>6,295,852</b>

Other investments in subsidiaries, according to the definition of control set out in art. 2359 ICC, are recorded under fixed assets as they represent long-term, strategic investments.

These are investments in the following companies:

- ANTARES VISION INC., incorporated on 28 October 2013, with registered office in New York (USA), of which Antares Vision holds 100% of the share capital. In December 2020, the share capital was increased, bringing the book value of the investment to a total of Euro 37,176,716 in order to give it with the necessary resources for the acquisition of Applied Vision Holdings Corporation and its two subsidiaries.
- ANTARES VISION DO BRASIL, incorporated on 18 November 2013, with registered office in São Paulo (Brazil), of which Antares Vision holds 99.99% of the share capital and valued in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 116,707 not adjusted for impairment losses;
- ANTARES VISION FRANCE SAS, incorporated on 23 September 2016, with registered office in Rillieux-la-Pape (France), of which Antares Vision holds 100% of the share capital and valued in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 10,000;
- ANTARES VISION IRELAND LIMITED, incorporated on 20 October 2017, with registered office in Galway (Ireland), of which Antares Vision holds 100% of the share capital and shown here at purchase cost (art. 2426, no. 1, ICC) equal to Euro 10,000, not adjusted for impairment losses;
- ANTARES VISION RUS OOO, incorporated on 12 April 2019, with registered office in Moscow (Russia), of which Antares Vision holds 100% of the share capital and recorded here at purchase cost (art. 2426, no. 1, ICC) equal to Euro 137;
- ANTARES VISION ASIA PACIFIC LIMITED, incorporated on 22 August 2019, with registered office in Hong Kong, of which Antares Vision holds 100% of the share capital and recorded in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 1,170;

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- FT SYSTEM SRL, with registered office in Alseno (Italy), of which Antares Vision acquired 100% of the share capital on 30 September 2019 and which is shown in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 67,712,714;
- TRADETCITY DOO, based in Zagreb (Croatia), of which Antares Vision acquired 82.83% on 20 April 2020 and recorded in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 932,083;
- CONVEL SRL, based in Dueville (Italy), of which Antares Vision acquired 100% on 30 June 2020 and recorded in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 15,730,337;
- ANTARES VISION GMBH, branch set up on 17 February 2020, based in Friedberg (Germany), which became fully operational in July 2020, of which Antares Vision holds 100% and recorded in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 25,000;
- INNOVATIVE MARKING DIGITAL SOLUTIONS (IMDS) UK LTD, based in London (UK), set up on 6 December 2020 to act as a holding company, recorded in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 110;

The following table shows the information required by art. 2427, paragraph 1, number 5, of the ICC on investments in subsidiaries:

INVESTMENTS IN SUBSIDIARIES								
Balance Sheet Code	B III 1 a)							
Name	City (Country)	Share capital	Latest profit (loss) (in euro)	Net worth (in local currency)	Net worth (in euro)	% held	% held	Book value
IMAGO TECHNOLOGIES GmbH	FRIEDBERG (GERMANY)	EUR 25,000	713,320	EUR 5,582,532	6,295,852	EUR 25,000	100.00%	6,295,852
ANTARES VISION INC	NEW YORK (USA)	USD 100	-1,496,344	USD 2,900,860	37,643,008	USD 100	100.00%	37,176,716
ANTARES VISION DO BRASIL	SAN PAOLO (BRAZIL)	BRL -361,071	-1,173,126	BRL -2,626,408	-1,497,006	BRL -361,071	99.99%	116,707
ANTARES VISION FRANCE	RILLIEUX-LA-PAPE (FRANCE)	EUR 10,000	36,119	EUR 505,703	EUR 542,839	EUR 10,000	100.00%	10,000
ANTARES VISION IRELAND LIMITED	GALWAY (IRELAND)	EUR 10,000	EUR -1,342	EUR -2,588	EUR -3,928	EUR 10,000	100.00%	10,000
ANTARES VISION RUS OOO	MOSCOW (RUSSIA)	RUB 10,000	-49,457	RUB -603,470	EUR -49,951	RUB 10,000	100.00%	137
ANTARES VISION ASIA PACIFIC LIMITED	HONG KONG	HKD 10,000	-1,014,257	HKD -316,663	-EUR 971,875	HKD 10,000	100.00%	1,170
FT SYSTEM SRL	ALSENO (ITALY)	EUR 110,000	2,641,538	EUR 12,610,935	EUR 15,141,679	EUR 110,000	100.00%	67,712,714
ANTARES VISION GmbH	FRIEDBERG (GERMANY)	EUR 25,000	8,739		EUR 33,739	EUR 25,000	100.00%	25,000
TRADETCITY DOO	ZAGREB (CROATIA)	HRK 4,960,200	-121,331		EUR 165,393	HRK 4,108,534	82.83%	932,083
CONVEL SRL	DUEVILLE (ITALY)	EUR 24,000	323,591		3,338,923	EUR 24,000	100.00%	15,730,337
INNOVATIVE MARKING DIGITAL SOLUTIONS (IMDS) UK LTD	LONDON (UK)	GBP 100	-	GBP 100	110	GBP 100	100.00%	110
<b>Total</b>								<b>128,010,826</b>

The losses recorded by Antares Vision Rus OOO and Antares Vision Asia Pacific Limited are not considered as a permanent impairment of the value of the related shareholding as these are subsidiaries established during 2019 and therefore still in the start-up phase.

The investment in Antares Vision Ireland Limited is maintained at purchase cost because, even though the subsidiary is showing a negative equity, the result for the year was affected by the spread of the Covid-19 pandemic, which slowed down the branch's activity. However, it is hoped that the branch will generate positive results with the resumption of normal activity following gradual containment of the pandemic and in line with the trend seen in 2019.

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The investment in Tradeticity is maintained at purchase cost in consideration of its high strategic value. Tradeticity has consolidated expertise and market shares in the pharmaceutical sector by operating both on the domestic market and internationally and the synergies that it is expected to establish with it will allow Antares Vision to extend its geographical presence in Eastern Europe, increase market penetration and accelerate the creation and implementation of tracking and serialisation solutions.

The loss made by Antares Vision Inc. is covered by the amply positive value of its shareholders' equity, which benefits from the increase in capital granted by the Parent Company in December with a view to acquiring 100% of Applied Vision. Once again, this is a highly strategic operation, which it is hoped will generate very satisfactory results, above all thanks to the integration of Applied Vision's business with that of Antares Vision.

As regards Antares Vision do Brasil, as already happened last year, the board of directors did not recognise in the result for the year a sign of permanent impairment of the equity investment in light of a Business Plan aimed at recovering the economic-financial equilibrium conditions of the subsidiary over the next 2 years. Despite the health situation, which sadly sees Brazil as one of the worst hit countries, already in the last months of 2020 the branch registered a positive trend thanks to the revenues earned following the completion of the first part of an important project.

Investments in associated companies, totalling Euro 3,813,462, include the investments in:

- OROBIX SRL, a company based in Bergamo (Italy) that operates in artificial intelligence systems of which Antares Vision acquired 37.5% of the share capital in December 2019 through an increase in capital. The investment is recorded at purchase cost (art. 2426, no. 1, ICC). At the same time a shareholders' agreement was signed with Orobix majority shareholder, Girolamo Initiatives S.r.l., which envisages, in favour of Antares Vision, incremental acquisition options to be exercised within pre-set time frames (from 30 June 2023 and from 30 June 2025) for 30% of Orobix's share capital overall.
- ANTARES VISION INDIA PRIVATE LIMITED, incorporated on 20 April 2019, with registered office in Mumbai (India), of which Antares Vision holds 51% of the share capital and shown in these financial statements at purchase cost (art. 2426, no. 1, ICC) equal to Euro 163,462 and classified to this item as it is under joint control;
- SIEMPHARMA SRL, a company that operates in the design and marketing of packaging machinery, of which Antares Vision acquired 10% of the share capital on 28 January 2019 and recorded here at purchase cost (art. 2426, no. 1, ICC) equal to Euro 400,000 and classified in this item as under joint control.

The following table shows the information required by art. 2427, paragraph 1, number 5, ICC on investments in associated companies:

INVESTMENTS IN ASSOCIATED COMPANIES						
Balance Sheet Code	B III 1 b)					
Name	City (Country)	Share capital	Profit (Loss) last year in euro	Shareholding	% held	Book value or corresponding amount
OROBIX SRL	BERGAMO (ITALY)	EUR 16,000	-352,672	EUR 6,000	37.5%	3,250,000
ANTARES VISION INDIA PRIVATE LIMITED	MUMBAI (INDIA)	INR 25,000,000	-174,992	INR 25,000,000	51.0%	163,462
SIEMPHARMA SRL	APRILIA (ITALY)	EUR 25,000	1,351,327	EUR 2,500	10.0%	400,000
<b>Total</b>						<b>3,813,462</b>

Investments in other companies include the investment in:

- NEURALA, an innovative start-up based in Boston (USA), operating in artificial intelligence applied to vision technology for inspection. The investment was made on 30 July 2020 and was recorded at its purchase cost of Euro 244,255.

### Receivables

Receivables included in financial fixed assets amount to Euro 9,172,442 and relate to loans granted to subsidiaries and guarantee deposits paid as surety for outstanding contracts.

The following table shows the details and due date.

NON-CURRENT RECEIVABLES			
Balance Sheet Code	B III 2a	B III 2d-bis	B III 2
Description	Non-current receivables with subsidiaries	Non-current receivables with others	Total
Value at 31/12/2019	3,525,317	57,671	3,582,988
Changes during the year	5,623,668	-	5,589,454
<b>Value at 31/12/2020</b>	<b>9,148,985</b>	<b>23,457</b>	<b>9,172,442</b>
Portion due within one year	-	23,457	<b>23,457</b>
Portion due beyond one year	9,148,985	-	<b>9,148,985</b>

Long-term receivables from subsidiaries are shown in the following table:

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Beneficiary	Nominal amount paid out	Capitalised interest	Non-current receivables from subsidiaries	Maximum nominal value foreseen in the contract	Expiry date	Rate
Antares Vision Ireland	200,000	-	200,000	200,000	REVOCABLE	-
Antares Vision Russia	500,000	17,651	517,651	500,000	04/06/2021	2.50%
Antares Vision do Brasil	500,000	17,123	517,123	500,000	18/08/2021	2.50%
	2,205,355	132,321	2,337,676	2,205,355	31/12/2021	6.00%
	1,232,222	38,774	1,270,996	1,500,000	18/02/2022	6.00%
Antares Vision Inc.	1,727,101	106	1,727,208	1,727,101	16/12/2021	0.15%
Tradeticity	491,131	11,735	502,865	491,131	30/04/2022	3.42%
Antares Vision Asia Pacific	500,000	10,356	510,356	500,000	10/12/2024	2.50%
	200,000	558	200,558	1,500,000	17/11/2025	2.50%
Antares Vision GmbH	500,000	3,401	503,401	500,000	24/07/2025	2.50%
Tradeticity Services	160,000	692	160,692	160,000	19/10/2025	2.87%
Antares Vision France	700,000	459	700,459	1,500,000	07/12/2025	2.50%
			<b>9,148,985</b>			

## Securities

There are no securities among financial fixed assets.

## CURRENT ASSETS

The items of the respective components which are considered relevant are commented individually below.

## Inventories

Inventories included in current assets amount to Euro 21,425,286. The composition and changes of the individual items are represented as follows:

INVENTORIES						
Balance Sheet Code	CI 01	CI 02	CI 03	CI 04	CI 05	CI
Description	Raw materials, ancillaries and consumables	Work in progress and semi-finished goods	Contract work in progress	Finished products and goods	Advances	Total inventories
Value at 31/12/2019	14,248,117	419,358	-	3,494,951	326,825	18,489,250
Change during the period	2,929,616	-212,041	344,329	14,021	-139,890	2,936,036
Value at 31/12/2020	17,177,733	207,317	344,329	3,508,972	186,935	21,425,286

Inventories are shown net of the provision for obsolete and slow-moving goods, which increased by Euro 322,043 during the year.

Closing inventory has gone from Euro 18,489,250 to Euro 21,425,286 and is made up of:

- Raw materials, ancillary and consumables mainly consist of components that can be used to build and complete control systems;

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- Work in progress and semi-finished products and Contract work in progress include the machinery still being built;
- Finished products and goods include the value of machinery completed, but not yet delivered to the end-customer;
- Advances paid, which at 31 December 2020 amounted to Euro 186,935, is represented by receivables for advances paid to suppliers.

### **Current receivables**

Legislative Decree no. 139/2015 established that receivables are recognised in the financial statements using the amortised cost method, taking into account the time factor of money and the estimated realisable value.

The trade receivables shown in the financial statements at 31 December 2020 fall due in less than 12 months, so they have been recorded at their estimated realisable value, without having to measure them using the amortised cost method or discount them.

The estimated realisable value corresponds to the difference between the nominal value and the provision for doubtful accounts accrued in previous years.

CURRENT ASSETS						
Balance Sheet Code	CI11a)	CI12)	CI15-bis)	CI15-ter)	CI15-quater)	C II
Description	Trade receivables	Receivables from subsidiaries	Tax receivables	Deferred tax assets	Other receivables	Total current assets
Value at 31/12/2019	41,193,870	11,801,565	3,820,045	19,500	595,420	57,430,400
Change during the period	- 15,254,840	760,084	6,683,169	808,833	1,790,497	- 5,212,257
<b>Value at 31/12/2020</b>	<b>25,939,030</b>	<b>12,561,650</b>	<b>10,503,214</b>	<b>828,333</b>	<b>2,385,917</b>	<b>52,218,143</b>
Portion due within one year	25,939,030	12,561,650	10,487,334	828,333	2,385,917	<b>52,202,263</b>
Portion due beyond one year	-	-	15,880		-	<b>15,880</b>

The following table shows the changes in the amount of Receivables, separating the portion due within one year from that due beyond it. There are no receivables with a residual maturity of more than five years.

Trade receivables have undergone the following changes:

TRADE RECEIVABLES			
Balance Sheet Code	C II 01 a		C II 01
Description	Trade receivables	Provision for doubtful accounts	Total trade receivables
Value at 31/12/2019	41,835,756	641,886	41,193,870
Change during the period	-	15,060,103	-
<b>Value at 31/12/2020</b>	<b>26,775,653</b>	<b>836,623</b>	<b>25,939,030</b>

These are trade receivables with a maturity of less than 12 months, recorded net of provisions set up for prudence sake in previous years.

The bad debt provision recognized for tax purposes pursuant to art. 106 of the Consolidated Law on Income Taxes has a balance of Euro 836,623 at 31 December 2020. During the year it was used for Euro 7,987 and increased by Euro 202,724. Its value at 31 December 2020 is sufficient to cover hypothetical insolvencies, also on the basis of the historical trend of losses on receivables realised by the Company.

The Company makes a careful assessment of customers' solvency, constantly monitors credit exposure and initiates immediate debt collection procedures with counterparties for past due accounts.

Average collection times have improved compared with the previous year. In the case of machinery and add-ons, payment terms are being standardised, providing for down payments of up to 80% of the amount due before shipment.

The composition of customers is such that there is no situation of commercial dependence: receivables are well distributed by geographical area and customer group.

Receivables from subsidiaries included in current assets are of a commercial nature and are made up as follows:

<b>RECEIVABLES FROM SUBSIDIARIES</b>	
<b>Balance Sheet Code</b>	<b>C II 02</b>
<b>Description</b>	<b>Receivables from subsidiaries</b>
ANTARES VISION IRELAND LIMITED	7,656
ANTARES VISION DO BRASIL	2,464,954
ANTARES VISION NORTH AMERICA	7,453,206
ANTARES VISION INC	53,652
ANTARES VISION RUS OOO	358,561
ANTARES VISION ASIA PACIFIC LIMITED	946,221
ANTARES VISION FRANCE	1,177,198
IMAGO TECHNOLOGIES	33,932
ANTARES VISION GmbH	106
FT SYSTEM	66,165
<b>Value at 31/12/2020</b>	<b>12,561,650</b>

Tax receivables amount to Euro 10,503,214. The details and composition are provided below:

<b>TAX RECEIVABLES</b>	
<b>Balance Sheet Code</b>	<b>C II 05BIS</b>
<b>Description</b>	<b>Tax receivables</b>
IRES/IRAP RECEIVABLE	9.984.634
FOREIGN VAT REFUND	74.687
TREASURY FOR VAT CREDIT	290.700
WITHHOLDINGS TO BE DEDUCTED	26.372
FOREIGN WITHHOLDINGS TO BE DEDUCT	104.440
OTHER TAX CREDITS	22.380
<b>TOTAL</b>	<b>10.503.213</b>

Portion due within one year	10.487.333
Portion due beyond one year	15.880

The credit balance of IRES and IRAP is strongly influenced by the benefit deriving from the optional "Patent Box" tax regime for the years 2016-2019, all of which is reflected in the result for the year 2020 for an amount of Euro 7,783,448, of which Euro 6,709,273 relating to IRES and Euro 1,074,175 relating to IRAP.



This item also includes Euro 365,387 in VAT credit (including foreign VAT), Euro 130,812 in withholding taxes, including from foreign countries, and Euro 22,380 for other tax credits (of which Euro 15,880 due after 12 months).

Deferred tax assets amount to Euro 828,333 and refer for Euro 808,833 to DTA on the tax loss for 2020 and Euro 19,500 to IRES (corporate income tax) relating to the tax relief for energy requalification expenses pursuant to art. 1, paragraphs 344 to 349, Law 296/2006 incurred by the Company in 2015 (of which Euro 15,600 can be used from the next fiscal year). Management felt that the conditions existed to recognize deferred tax assets; this assessment was carried out in accordance with the prudence principle and is the result of a Business Plan that aims to restore the subsidiary's economic and financial equilibrium over the next two years.

Description	Italy	Europe	Outside Europe	Total
Trade receivables	6,183,411	9,252,238	10,503,381	25,939,030
Receivables from subsidiaries	66,165	1,218,892	11,276,594	12,561,650
Tax receivables	10,324,086	74,688	104,440	10,503,214
Deferred tax assets	828,333	-	-	828,333
Receivables from others	1,567,547	688,818	129,551	2,385,917
Value at 31/12/2020	18,969,542	11,234,636	22,013,965	52,218,143

The details and composition of Other receivables, shown under current assets for Euro 2,385,917 and due within 12 months, are set out below:

<b>RECEIVABLES FROM OTHERS</b>	
<b>Balance Sheet Code</b>	<b>C II 05QUATER</b>
<b>Description</b>	<b>Receivables from others</b>
Advances to suppliers	2,025,720
Operating grants to be received	347,985
Employees for advances	12,212
Value at 31/12/2020	<b>2,385,917</b>

#### ***Breakdown of current receivables by geographical area***

Given the Company's operations on international markets, the breakdown of current receivables by geographical area is considered significant:

At 31 December 2020 there were no receivables due beyond 5 years nor receivables in foreign currency.

## **CURRENT FINANCIAL ASSETS**

The following is a breakdown of current financial assets for a total of Euro 33,144,228; to date, no significant unrealised losses have been suffered that would have to be reflected in the financial statements at 31 December 2020.

### EQUITIES IN PORTFOLIO HELD AT BCC DEL GARDA:

2,200 SHARES BCC DEL GARDA  
PURCHASE COST EURO 10,820  
VALUE AT 31/12/2020 EURO 10,820

### EQUITIES IN PORTFOLIO HELD AT BCC DI BRESCIA:

SHARES OF BCC DI BRESCIA  
PURCHASE COST EURO 1,434  
VALUE AT 31/12/2020 EURO 1,434

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

PURCHASE COST EURO 15,000

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

AT CREDITRAS VITA SPA, PREMIUMS PAID EURO 116,974

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

HELD AT BCC DEL GARDA  
VALUE AT 31/12/2020 EURO 3,000,000

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

HELD AT BCC DEL GARDA  
VALUE AT 31/12/2020 EURO 10,000,000

### EUROVITA SPA POLICY ZA000000226, EFFECTIVE 12/12/2018

SINGLE PREMIUM  
PURCHASE COST EURO 5,000,000

### EUROVITA SPA POLICY 56210000026, EFFECTIVE 18/07/2019

SINGLE PREMIUM  
PURCHASE COST EURO 4,000,000

### CALI EUROPE S.A. POLICY EFFECTIVE 14/12/2018

SINGLE PREMIUM  
PURCHASE COST EURO 11,000,000

The increase is due to the periodic payments made during 2020 relating to the Unibonus Impresa Plus 3162527 policy for Euro 12,000.

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## LIQUID ASSETS

Liquid assets amount to Euro 67,861,871 and show the following changes:

LIQUID ASSETS			
Balance Sheet Code	C IV 01	C IV 03	C IV
Description	Bank and postal deposits	Cash and cash equivalents	Total liquid assets
Value at 31/12/2019	65,600,793	129,921	65,730,714
Changes for the period	2,135,030	- 3,874	2,131,157
<b>Value at 31/12/2020</b>	<b>67,735,824</b>	<b>126,047</b>	<b>67,861,871</b>

### Bank and postal deposits

Bank and postal deposits represent the positive balance at 31 December 2020 of the current accounts held by Antares Vision for a total of Euro 67,735,824.

### Cash and cash equivalents

Cash and cash equivalents represents the positive balance on prepaid credit cards for Euro 122,349 and cash on hand for Euro 3,698.

## ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses are recorded on an accruals basis, with reference to the time criterion and determined with the consent of the Board of Statutory Auditors.

They measure income and charges whose accrual is anticipated or postponed with respect to the numerical and/or documentary manifestation; they disregard the date of payment or collection of the relative income and charges, common to two or more financial years and spread over time.

The composition and changes of the individual items are represented as follows:

ACCRUED INCOME AND PREPAID EXPENSES			
Balance Sheet Code	D 01	D 02	D
Description	Accrued income	Prepaid expenses	Total accrued income and prepaid expenses

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Value at 31/12/2019	29,252	1,038,966	1,068,218
Changes for the period	-	831,464	831,464
<b>Value at 31/12/2020</b>	<b>29,252</b>	<b>1,870,430</b>	<b>1,899,682</b>

### **Accrued income**

Accrued income mainly refers to financial income on Certificates of Deposit (coupons) pertaining to the year.

Description	Beginning of period	End of period	Coupon value	Accrued revenue
Certificates of deposit	16/08/2020	16/02/2021	30,247	22,521
Certificates of deposit	05/09/2020	05/03/2021	10,471	6,731
<b>Value at 31/12/2020</b>				<b>29,252</b>

At 31 December 2020 there were no items of accrued income with a duration of more than five years.

### **Prepaid expenses**

Prepaid expenses are calculated on an accruals basis and essentially refer to charges for which cash or documentary evidence has already been provided, but for which all or part of the accrual is due in future years. The composition of this item is shown below.

Description	Prepaid expenses
Prepaid lease instalments and maxi-fee	745,531
Software fees	782,743
Advertising and trade fair expenses	56,990
Rental fees	77,028
Installation costs	77,765
Professional fees	78,790
Other	51,584
<b>Value at 31/12/2020</b>	<b>1,870,430</b>

At 31 December 2020, prepaid expenses with a duration of more than five years, being a portion of the initial payments relating to finance leases, amount to Euro 282,569.

### **Capitalised financial charges**

During the year, no financial charges were charged to any asset item in the balance sheet.

## **BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY**

The changes that have taken place in the liability and shareholders' equity items are shown below.

### **SHAREHOLDERS' EQUITY**

The table below summarises the changes that have taken place in the items making up shareholders' equity during the year, as required by art. 2427, paragraph 1, point 4, ICC.

<b>SHAREHOLDERS' EQUITY</b>						
Shareholders' equity	31/12/2019	Allocation of previous year's result	Other changes		Result for the year	31/12/2020
			Changes (+)	Changes (-)		
Share capital	142,606		468			143,074
Share premium reserve	89,983,361		19,033			90,002,394
Revaluation reserve	4,504,729	977,803				5,482,532
Legal reserve	98,798					98,798
<i>Extraordinary reserve</i>	25,590,436	18,300,180				43,890,616
<i>Rounding reserve</i>	-					-
Other reserves disclosed separately	25,590,436	18,300,180				43,890,616
Profit (loss) for the year	19,277,983	- 19,277,983			6,784,690	6,784,690
<b>Shareholders' equity</b>	<b>139,597,913</b>	<b>-</b>	<b>19,501</b>	<b>-</b>	<b>6,784,690</b>	<b>146,402,104</b>

The share capital at 31 December 2020 amounts to Euro 143,074, fully paid up. The share premium reserve, on the other hand, has a balance of Euro 90,002,394 at the end of the year.

The increase in share capital and share premium reserve compared with the previous year is linked to the exercise of warrants issued to the shareholders of Alp.I S.p.A. on the occasion of the latter's Business Combination with Antares Vision in 2019.

The revaluation reserve has increased by Euro 977,803 on allocation of a portion of the profit for 2019 of the subsidiary Imago Technologies GmbH pursuant to art. 2426, no. 4, ICC.

The legal reserve remained at Euro 98,798 after reaching the maximum amount provided for in art. 2430, ICC.

The extraordinary reserve has increased by Euro 18,300,180 for the allocation of the remainder of the profit at 31 December 2019, as approved by the Shareholders' Meeting on 20 May 2020.

### **Availability and use of shareholders' equity**

In the following table, in accordance with point 7-bis of art. 2427, ICC, the items of shareholders' equity are shown with an explanation of the nature and possibility of use or distribution of each one, as well as the use made of them in previous years:

Shareholders' equity	Amount at 31/12/2020	Origin/Nature	Possibility of use	Available portion
Share capital	143,074	Share capital		-
Share premium reserve	90,002,394	Capital reserve	A, B, C	90,002,394
Revaluation reserve	5,482,532	Capital reserve	A, B	5,482,532
Legal reserve	98,798	Profit reserve	b	70,183
<i>Extraordinary reserve</i>	43,890,616	Profit reserve	A, B, C	43,890,616
Other reserves disclosed separately	43,890,616			43,890,616
<b>Total net of profit for the year</b>	<b>139,617,414</b>			<b>139,445,726</b>
Non-distributable portion				5,511,147
Residual distributable portion				133,934,579

*Key: A: for increase in capital - B: to cover losses - C: for distribution to shareholders - D: subject to restrictions laid down in the articles of association - E: other.*

The available reserves are sufficient to cover the amount of start-up and expansion costs and development costs not yet amortised (art. 2426, no. 5, ICC).

### **PROVISIONS FOR RISKS AND CHARGES**

The changes in provisions for risks and charges are shown below:

<b>PROVISIONS FOR RISKS AND CHARGES</b>				
Balance Sheet Code	B 01	B 03	B 04	B
Description	Provision for pensions and similar obligations	Financial derivative instruments	Other risk provisions	Provisions for risks and charges
Value at 31/12/2019	-	568,648	-	568,648
Change during the period	25,319	921,838	195,052	1,142,209
<i>of which provision for the period</i>	25,319	1,294,387	195,052	1,514,758
<i>of which use during the period</i>	-	372,549	-	372,549
<b>Value at 31/12/2020</b>	<b>25,319</b>	<b>1,490,486</b>	<b>195,052</b>	<b>1,710,857</b>

Provisions for risks and charges amount to Euro 1,710,857, made up for Euro 25,319 by the agents' severance indemnities, for Euro 1,490,486 by the fair value adjustment of the financial instruments held by the Company and for Euro 195,052 by the provision for product warranties.

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Despite their hedging purpose, the derivatives were treated as speculative for accounting purposes, as it was not possible to demonstrate in detail the hedging relationship between the derivative and the item being hedged. Further details are provided in the Other Information section of these notes, in the section Information on derivative financial instruments pursuant to art. 2427-bis, ICC.

## EMPLOYEE SEVERANCE INDEMNITIES

The liability for severance indemnities has been calculated in accordance with the provisions in force governing the employment relationship for employees and corresponds to the Company's commitment to individual employees at the balance sheet date.

<b>EMPLOYEE SEVERANCE INDEMNITIES</b>	
<b>Balance Sheet Code</b>	<b>C</b>
<b>Description</b>	<b>Employee severance indemnities</b>
Value at 31/12/2019	2,842,501
Increases of the period	799,793
<i>of which company provisions</i>	799,793
Decreases in the period	-54,839
<b>Value at 31/12/2020</b>	<b>3,587,455</b>

The provision set aside represents the Company's actual debt at 31 December 2020 to employees in service on that date, net of any advances paid. The provision does not include the indemnities accrued from 1 January 2013, allocated to supplementary pension schemes pursuant to Legislative Decree no. 252 of 5 December 2005, or transferred to the INPS treasury fund. The cost of severance indemnities shown in the income statement is greater than the company's share of the provision, equal to Euro 799,793, as it includes the portion paid to pension funds and therefore not retained in the company.

## PAYABLES

It should be noted that the Company has valued financial payables due beyond 12 months at amortised cost. They are then broken down by the different geographical areas through which the company operates.

Payables at 31 December 2020 amount to Euro 176,996,723.

The individual items are analysed in advance, highlighting the main changes and showing the portion due within one year and the portion due beyond it.

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PAVABLES									
Balance Sheet Code	D 4	D 5	D 6	D 7	D 9	D 12	D 13	D 14	D
Description	Bank payables	Payables to other financial institutions	Advances	Trade payables	Payables to subsidiaries	Tax payables	Payables to social security agencies	Payables to others	Total payables
Value at 31/12/2019	95,232,621	190,378	7,446,443	14,026,816	1,499,723	579,934	1,362,540	2,817,082	123,155,537
Change	54,389,709	-	1,241,373	4,653,875	1,926,426	196,257	251,155	680,519	53,841,186
Value at 31/12/2020	149,622,330	-	8,687,817	9,372,941	3,426,149	776,191	1,613,695	3,497,601	176,996,723
Portion due within one year	33,824,186	-	8,687,817	9,372,941	3,426,149	776,191	1,613,695	3,497,601	61,198,578
Portion due beyond one year	115,798,145	-	-	-	-	-	-	-	115,798,145

Payables due beyond 5 years are all due to banks for medium/long-term loans.

Changes in Bank payables were as follows:

Description	Residual debt at 31/12/2019	Change	Residual debt at 31/12/2020	Within 12 months	Beyond 12 months	Beyond 5 years
UNICREDIT LOAN	52,960	-	48,792	4,168	-	-
CREBERG LOAN	64,286	-	42,857	21,429	-	-
BNL LOAN	250,000	-	250,000	-	-	-
BCC GARDA-ICCREA (EX HIT) LOAN	15,406,996	-	4,364,968	4,383,338	6,658,690	-
MEDIO CREDITO LOAN	1,166,667	-	333,334	333,333	500,000	-
BCC GARDA LOAN	1,363,391	-	338,296	339,992	685,103	-
MEDIO CREDITO LOAN 10/07/19	49,874,304	-	4,880,116	9,812,831	35,181,357	-
BPM LOAN 04527041	9,970,264	-	1,620,823	1,636,979	6,712,462	-
BNL LOAN 23/12/2019	14,977,637	-	1,380,992	2,713,604	10,883,041	-
BCC DEL GARDA LOAN 23/34314	2,000,000	-	2,000,000	-	-	-
BCC DEL GARDA LOAN	-	-	1,000,000	1,000,000	-	-
MPS MORTGAGE LOAN 31110	-	-	9,992,489	2,190,387	7,802,101	-
MEDIOBANCA MORTGAGE LOAN 20 MN	-	-	19,925,764	-	19,925,764	-
BNL POSITIVE MORTGAGE LOAN 2MN	-	-	2,001,966	362,823	1,639,143	181,818
MPS MORTGAGE LOAN 37112	-	-	9,992,311	2,192,245	7,800,066	-
UBI MORTGAGE LOAN 84259 (10 MN)	-	-	9,982,890	1,405,999	8,576,891	-
BNL MORTGAGE LOAN 23483235 (13 MN)	-	-	11,786,152	2,352,627	9,433,525	-
CREBERG SHORT-TERM LOAN	-	-	5,034,217	5,034,217	-	-
CREDIT CARDS	106,116	-	65,901	40,215	-	-
<b>TOTAL</b>	<b>95,232,621</b>	<b>54,389,709</b>	<b>149,622,330</b>	<b>33,824,186</b>	<b>115,798,145</b>	<b>181,818</b>

The covenants envisaged by some of these loans are all respected, both at the year end and at the time these notes were being prepared.

During 2020, new liquidity was raised for a total nominal amount of Euro 71,000,000, valued in these financial statements according to the amortised cost method. Of these:

- Euro 1,000,000 will be repaid early on 28 February 2021 in accordance with the request sent to the bank as per the procedures set out in the contract;
- Euro 5,000,000 consist of a short-term loan due to expire in March.

Payables to other financial institutions, Euro 190,378 at 31 December 2019, were fully paid off during the year.

Advances relate to amounts collected from customers as an advance on sales still to be completed.

Trade payables amount to Euro 9,372,941, compared with Euro 14,026,816 at 31 December 2019. The decrease compared with the previous year, -34.0%, is in line with the reduction in production costs (for

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materials, services, leases and rentals) and is therefore attributable to the contingency linked to the health crisis that characterised the year under review. These are payables due in full within the next financial year.

Payables to subsidiaries, amounting to Euro 3,426,149, are of a commercial nature and are due within one year.

<b>PAYABLES DUE TO SUBSIDIARIES</b>	
<b>Balance Sheet Code</b>	<b>D 9</b>
<b>Description</b>	<b>Payables to subsidiaries</b>
ANTARES VISION DO BRASIL	114,674
ANTARES VISION NORTH AMERICA	253,861
ANTARES VISION FRANCE	1,499,568
ANTARES VISION IRELAND	103,108
ANTARES VISION RUSSIA	126,673
ANTARES VISION ASIA PACIFIC	752,002
ANTARES VISION GmbH	501,524
FT SYSTEM	11,136
TRADETCITY	63,603
<b>Value at 31/12/2020</b>	<b>3,426,149</b>

Tax payables include the IRPEF withholding tax withheld by the Company from employees, collaborators and self-employed workers as withholding agent. The balance of direct taxes for the year is classified under tax receivables following the benefit gained from the optional "Patent Box" tax regime for the years 2016-2019, all of which is reflected in the 2020 result. At the time this document was being prepared, the benefit for 2020 was still being quantified and will be included in accounted for by Antares Vision as soon as it is available.

<b>TAX PAYABLES</b>	
<b>Balance Sheet Code</b>	<b>D 12</b>
<b>Description</b>	<b>Tax payables</b>
EMPLOYEES' WITHHOLDING TAX	621,599
SELF-EMPLOYED WITHHOLDING TAX	135,379
OTHER TAX PAYABLES	19,213
<b>Value at 31/12/2020</b>	<b>776,191</b>

Payables to social security institutions amount to Euro 1,613,695 and include Euro 1,528,792 of payables to INPS, Euro 3,532 of payables to INAIL and Euro 81,370 of payables to other social security institutions.

Other payables, amounting to Euro 3,497,601, include Euro 3,467,028 for amounts due to employees and Euro 30,573 for fees due to directors.

### **Breakdown of payables by geographical area**

Given the company's operations on international markets, the breakdown by geographical area for each payable item is considered significant, as shown in the following table:

Description	Italy	Europe	Outside Europe	Total
Bank payables	149,622,330	-	-	149,622,330
Advances	820,462	2,045,173	5,822,182	8,687,817
Trade payables	6,895,503	1,548,018	929,420	9,372,941
Payables to subsidiaries	11,136	2,104,200	1,310,813	3,426,149
Tax payables	776,191	-	-	776,191
Payables to social security agencies	1,613,695	-	-	1,613,695
Payables to others	3,497,601	-	-	3,497,601
Value at 31/12/2020	163,236,918	5,697,390	8,062,415	176,996,723

At 31 December 2020 there were no payables in foreign currency.

### **ACCRUED EXPENSES AND DEFERRED INCOME**

They have been determined on an accruals basis, taking care at the year end to allocate the portion of costs and revenues pertaining to the year.

<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>			
Balance Sheet Code	E 01	E 02	E
Description	Accrued expenses	Deferred income	Total accrued expenses and deferred income
Value at 31/12/2019	811	168,228	169,039
Changes for the period	- 586	1,817,925	1,817,339
<b>Value at 31/12/2020</b>	<b>225</b>	<b>1,986,153</b>	<b>1,986,378</b>

In addition to the portion of revenues on service contracts that were already invoiced at 31 December 2020 but attributable to future years, deferred income includes an amount of Euro 1,141,856 for the R&D contribution which, for the part corresponding to capitalised costs, was deferred over 5 years in accordance with the matching principle.

## **NOTES TO THE INCOME STATEMENT**

The economic performance for the year is shown below.

### **VALUE OF PRODUCTION**

A brief comment on the economic performance for the year is illustrated in detail in the individual items relating to the value of production.

<b>VALUE OF PRODUCTION</b>					
<b>Balance Sheet Code</b>	<b>A 1</b>	<b>A 2</b>	<b>A 4</b>	<b>A 5</b>	<b>A</b>
<b>Description</b>	<b>Revenues from sales and services</b>	<b>Changes in inventories of work in progress, semi-finished and finished products</b>	<b>Increase in fixed assets for internal work</b>	<b>Other revenues and income</b>	<b>Total value of production</b>
Value at 31/12/2019	106,753,942	1,250,323	3,495,704	3,098,676	114,598,645
Value at 31/12/2020	63,676,415	146,308	3,938,770	1,971,600	<b>69,733,094</b>
Change	-43,077,527	-1,104,014	443,066	-1,127,076	-44,865,551

### **Revenues from sales and services**

Revenues from sales and services amount to Euro 63,676,415 and are compared with the value of Euro 106,753,942 of 31 December 2019.

2020 was heavily influenced by the health emergency linked to the spread of Coronavirus (COVID-19) which had an impact on the whole macroeconomic context at both global and national level. This circumstance has inevitably had a negative effect on sales revenues which decreased by 40.4% and more generally on the value of production, down by 39.2% compared with 31 December 2019. Indeed, although the Company did not stop its operations due to the restrictive measures to contain the pandemic, being one of the activities classified as essential, the epidemiological crisis led to a deferral of delivery times and technical assistance activities, as well as to a postponement of orders with a consequent impact on the trend of revenue and profitability, already partially reabsorbed in the last few months of 2020. Please refer to the report on operations for a more detailed analysis of the current trend and outlook for the future.

### ***Breakdown of revenues from sales and services by category of activity***

The breakdown of turnover by type of revenue is as follows:

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Revenues from sales and services	
MACHINERY SALES/ADD-ONS	21,093,322
SALES ASSISTANCE	22,396,477
SALES OF COMPONENTS	6,726,450
SOFTWARE SALES	4,591,732
AFTER SALES REPAIRS	24,839
OTHER SALES	3,292,889
INTRAGROUP SALE OF GOODS	4,105,945
INTRAGROUP SALE OF SERVICES	1,444,761
<b>Total</b>	<b>63,676,415</b>

### ***Breakdown of revenues from sales and services by geographical area***

The following is a breakdown of revenues from sales and services by geographical area:

Revenues from sales and services	
Italy	13,475,788
Europe	24,489,544
Outside Europe	25,711,083
<b>Total</b>	<b>63,676,415</b>

### **Change in inventories of work in progress, semi-finished and finished products**

The change in inventories of work in progress, semi-finished and finished products at 31 December 2020 is positive for Euro 146,308.

### **Increase in fixed assets for internal work**

The increase in fixed assets for internal work amounts to Euro 3,938,770; these are internal costs that were capitalised during the year to development costs.

Please refer to the report on operations for more detailed comments on the projects that led to their formation.

### **Other revenues and income**

Other revenues and income amount to Euro 1,971,600. They are represented by Euro 1,576,389 of operating grants, of which Euro 1,164,003 is the year's portion of the R&D grant and Euro 347,985 relating to the first tranche of non-refundable loan for the Smart Ward Platform project.

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## PRODUCTION COSTS

As a brief commentary on the economic performance for the year, the individual items relating to production costs are illustrated in detail.

PRODUCTION COSTS									
Balance Sheet Code	B 6	B 7	B 8	B 9	B 10	B 11	B 11	B 14	B
Description	Raw materials, ancillaries, consumables and goods	Services	Leases and rentals	Personnel	Amortisation, depreciation and write-downs	Change in raw materials, ancillaries, consumables and goods	Provisions for risks	Other operating expenses	Total production costs
Value at 31/12/2019	27,388,039	35,123,312	1,411,756	19,684,816	1,161,863	2,657,686	-	1,086,664	88,514,136
Value at 31/12/2020	18,386,516	27,157,175	1,202,604	21,099,985	2,634,187	-2,929,617	220,371	1,718,158	69,489,379
Change	-9,001,523	-7,966,137	-209,152	1,415,169	1,472,324	-5,587,303	220,371	631,494	-19,024,757

### **Raw materials, ancillary, consumables and goods**

The costs for raw materials, ancillary, consumables and goods, net of returns, allowances and discounts, amount to Euro 18,386,516, compared with Euro 27,388,039 at 31 December 2019.

### **Services**

The costs for services amount to Euro 27,157,175, with a decrease of 22.7% compared with the previous year's balance of Euro 35,123,312. This reduction is essentially attributable to lower recourse to external partners for installation activities as a combined effect of the process of internalising this type of work from 2019 through the hiring policy and the suspension of activities at customers' premises due to the health emergency.

### **Leases and rentals**

Costs for leases and rentals total Euro 1,202,604 and are made up of Euro 493,514 in lease payments relating to properties in Travagliato and Sorbolo, Euro 185,131 of rent for properties held under lease and Euro 523,958 of hire charges for equipment, IT devices and cars.

### **Payroll**

This item includes all expenses for employees, including merit bonuses, promotions, inflation supplements, holidays not taken and provisions required by law and collective agreements.

The balance has increased from Euro 19,684,816 in the previous year to Euro 21,099,985 at 31 December 2020 (+7.2%), in line with the hiring policy applied from the second half of 2019 to provide the Company with the human capital it needed to cope with the expected growth in the coming years, only partially visible starting from the second half the previous year.

### **Amortisation**

Amortisation of intangible fixed assets amounts to Euro 2,410,486, of which Euro 380,556 for start-up costs, Euro 1,734,503 for development costs and Euro 218,591 for deferred charges.

### **Depreciation**

Depreciation of tangible fixed assets is based on the useful life of the asset and its wear and tear as part of the production phase, for a total of Euro 20,977.

### **Other write-downs of fixed assets**

As mentioned when commenting on the balance sheet, no write-downs of the fixed assets recorded in the balance sheet were made during the year.

### **Write-downs of current receivables**

As mentioned previously, a total amount of Euro 202,724 has been set aside as a prudent provision to cover the risk of insolvency of commercial counterparties. This is the provision for expected losses, estimated on the basis of historical experience and ageing analyses of past due receivables.

### **Change in inventories of raw materials, ancillary materials, consumables and goods**

This item shows a positive balance of Euro 2,929,617, which is the difference between the opening balance (Euro 14,248,117) and the closing balance (Euro 17,177,733) of inventories of raw materials, ancillary materials, consumables and goods.

### **Provision for risks**

The provision for risks amounts to Euro 220,371, made up of Euro 25,319 of agents' severance indemnities and Euro 195,052 of the provision for product warranties.

### **Other operating expenses**

Other operating expenses amount to Euro 1,718,158 and, in accordance with the definition provided by accounting standard OIC 12, they include costs that, because of their nature, cannot be recorded in other items in Section B of the income statement. It therefore includes indirect taxes, local taxes and contributions, out-of-period liabilities, membership fees, subscriptions and donations.

## **FINANCIAL INCOME AND EXPENSES**

Financial income and expenses show a negative balance of Euro 1,269,002, broken down as follows:

### **Financial income**

Financial income amounts to Euro 324,740, of which Euro 20,336 consists of bank interest income and Euro 81,189 of interest income on Certificates of Deposit.

### **Interest and other financial charges**

Interest and other financial charges amounts to Euro 1,553,520, largely consisting of loan interest for Euro 1,307,615 and interest on outstanding property leases for Euro 99,008.

Details of the bank loans and finance leases to which this interest relates are provided in these notes in the sections on bank payables and finance leases.

### **Foreign exchange gains and losses**

Foreign exchange gains and losses show a negative net balance of Euro 40,222 and only include the exchange differences realized on the settlement of assets and liabilities in foreign currency or by translation at rates different from those at which they were translated on initial recognition.

## **ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES**

Adjustments of financial assets and liabilities show a negative net balance of Euro 581,067 broken down as follows:

<b>ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES</b>			
<b>Balance Sheet Code</b>	<b>D 18</b>	<b>D 19</b>	<b>D</b>
<b>Description</b>	<b>Revaluations</b>	<b>Write-downs</b>	<b>Adjustments of financial assets and liabilities</b>
Value at 31/12/2019	977,803	570,076	407,727
Value at 31/12/2020	713,320	1,294,387	- <b>581,067</b>
Change	- 264,483	724,311	- 988,794

### **Revaluations**

Revaluations amount to Euro 713,320 and refer entirely to the revaluation pursuant to art. 2426, no. 4, ICC, of the investment in Imago Technologies GmbH.

### **Write-downs**

Write-downs amount to Euro 1,294,387 and include the write-down of derivatives which, despite their hedging purpose, have been treated as speculative, given the difficulty of demonstrating the hedging relationship between the derivative and the item being hedged.

## **INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED**

The income tax charge for the year is determined in accordance with current legislation.

Deferred tax assets and liabilities are determined on the basis of temporary differences between the values of assets and liabilities and the corresponding values for tax purposes.

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In particular, deferred tax assets are only recognised if there is reasonable certainty that they will be recovered in the future. Deferred tax liabilities, on the other hand, are not recorded if there is little likelihood that the liabilities will actually arise.

Income taxes for the year have a positive value of Euro 8,391,044 and are represented for Euro 808,833 by deferred tax assets generated by the tax loss in 2020, for Euro 7,783,448 by the benefit deriving from the optional "Patent Box" tax regime for the years 2016-2019 all of which is reflected in the 2020 result, offset by current taxes for Euro 80,612 and higher taxes on previous years for Euro 120,625.

**Reconciliation between the tax charge shown in the financial statements and the theoretical tax charge**

The charge for the current year relates to IRES calculated on the taxable income for the year and IRAP calculated on net production value, based on the rules for determining taxable income. The IRES and IRAP rates applied are 24% and 3.9% respectively.

**Reconciliation between the tax charge shown in the financial statements and the theoretical tax charge**

**Calculation of taxable income for IRES (corporate income tax)**

Description	Amount	Taxes
<b>Profit before taxes</b>	<b>-1,606,354</b>	
<b>Theoretical tax burden (24%)</b>		<b>-385,525</b>
<b>Temporary differences deductible in subsequent years:</b>		
Directors' fees not paid	0	
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Temporary differences taxable in subsequent years:</b>		
Portion of grants	0	
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Reversal of temporary differences from previous years:</b>		
Use of tax losses from previous years	0	
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Differences that will not affect subsequent years:</b>		
Non-deductible share of IMU on industrial buildings	33,578	
Share of vehicle operating costs and expenses considered fringe benefits	151,857	
Share of landline operating costs and expenses	501	
Share of allocation to provisions for risks	517,095	
Settlements	367,838	
Recovery of residual taxed doubtful debt provision	0	
Share of mobile phone operating costs and expenses	36,684	
Fines and penalties	5,484	
IRAP deduction	0	
Non-deductible portion of hotel expenses	211,239	
Deduction of 2019 directors' fees paid in 2020	-125,000	
2020 directors' fees not yet paid	405,600	
30% OF VALUE OF LEASED BUILDING	148,054	
10% OF IRAP PAID	0	
Revaluation of investment in Imago GmbH	-713,320	
ACE reinvestment deduction	-1,604,784	
Accelerated depreciation deduction	-3,166	
R&D TAX CREDIT	-1,195,445	
<b>Total</b>	<b>-1,763,783</b>	<b>-423,308</b>
<b>Taxable income at 31/12/2020</b>	<b>-3,370,137</b>	
<b>Current income taxes for the year</b>		<b>-808,833</b>
<b>Current income taxes for the year</b>		<b>-808,833</b>
Deduction intervention 65% 2015 share of the year		-3,900
Reversal of deferred tax liabilities provided for in previous years		0
<b>Current IRES as per financial statements</b>		<b>-812,733</b>

<b>Calculation of taxable income for IRAP (regional business tax)</b>		
<b>Description</b>	<b>Amount</b>	<b>Taxes</b>
<b>Difference between value and costs of production</b>	<b>243,715</b>	
Payroll	21,307,097	
Directors' fees	976,113	
Costs not relevant for IRAP purposes	6,672	
Provisions	719,819	
Municipal tax	67,157	
TAX CREDIT Law no. 134, 7 August 2012 for R&D	-1,195,445	
Deductions as per art. 11.1.a) of Legislative Decree no. 446	-8,336,963	
Deduction of residual cost of employees	-10,379,641	
<b>Taxable income for IRAP</b>	<b>3,408,523</b>	
Tax burden (%)		
<b>IRAP calculated on income for the year</b>		<b>132,932</b>
<b>IRAP due on income for the year: art. 24 D.L. 34/2020</b>		<b>79,759</b>

### **NOTES - OTHER INFORMATION**

The Company has complied with the obligations imposed by national legislation on privacy (Legislative Decree no. 196/2003), drawing up the required self-certification and adopting the necessary data protection measures.

With regard to the tax credit for research and development carried out in 2019, as classified under the terms of art. 1, paragraph 35, of Law no. 190 of 23 December 2014, the Company benefited during 2020 from a grant of Euro 2,305,858 recorded for Euro 1,164,002 in section A5 of the income statement and for Euro 1,141,856 in accrued expenses and deferred income for the portion of the grant equal to the capitalised costs in accordance with the matching principle.

#### **Details of other financial instruments issued by the company**

The Company has not issued any other financial instruments.

#### **Information on assets or loans allocated to a specific business**

##### ***Assets allocated to a specific business - art. 2427.20 ICC***

The Company has not set aside any assets exclusively for a specific business, pursuant to letter a) of the first paragraph of art. 2447-bis, ICC.

### ***Loans allocated to a specific business - art. 2427.21, ICC***

The Company has not entered into a loan agreement for a specific transaction pursuant to letter b) of the first paragraph of art. 2447-bis, ICC.

### **Information on transactions with related parties**

#### ***Transactions with Related Parties - art. 2427 no. 22-bis, ICC***

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

In accordance with the provisions of art. 13 of the AIM Italia Issuers' Regulations and in compliance with the provisions of Consob resolution no. 17221 of 12 March 2010 and the provisions on related parties issued by Borsa Italiana S.p.A. in May 2012, the Board of Directors of Antares Vision S.p.A. adopted the Regulations for Transactions with Related Parties, the current version of which was approved on 8 April 2019 and can be consulted on the Company's website at:

<https://www.antaresvision.com/investors/governance/1928/procedure-e-regolamenti>

### **Information on agreements not reflected in the balance sheet**

#### ***Agreements not reflected in the balance sheet - art. 2427.22-ter, ICC***

The Company has not entered into any agreements not reflected in the balance sheet.

### **Employment data**

In accordance with the provisions of art. 2427, no. 15 of the ICC, we would like to inform you that the changes in employees broken down by category and the resulting figures compared with those for 2019 are as follows:

	Apprentices	Production workers	Office workers	Middle managers	Managers	Total
Employees at 31/12/2020	22	-	329	19	3	373
Employees at 31/12/2019	16	1	335	16	3	371

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**Remuneration, advances and credits granted to directors and statutory auditors and commitments undertaken on their behalf**

The remuneration due to directors and statutory auditors is shown in the following table:

Directors' fees	Statutory Auditors' fees
1,156,939	32,093

**Independent auditors' fees**

The total amount of the fees due to the independent auditors EY S.p.A. registered in the Register of Auditors under no. 70945 published in the Italian Official Gazette Suppl. 13 - IV Special Series of 17/2/1998, registered in Consob's Special Register of Auditing Firms at no. 2 resolution no. 10831 of 16/7/1997, appointed through the registered office in Brescia, Corso Magenta 29, for the independent audit of the annual accounts pursuant to art. 13 of Legislative Decree no. 39/2010, amounts to Euro 98,000, including the fees relating to the audit of the consolidated financial statements and the interim consolidated financial statements.

Independent auditors' fees
98,000

**Commitments, guarantees and contingent liabilities not reflected in the balance sheet**

Commitments and guarantees consist of the present value of the instalments of lease instalments not yet due at the end of the financial year amounting to Euro 6,494,979 and of sureties given to customers, listed below per beneficiary at their contractual value, which amount to Euro 1,338,909:

<b>COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT SHOWN ON THE BALANCE SHEET</b>	
<b>BENEFICIARY</b>	<b>AMOUNT</b>
Performance Bond	465,173
Advance Bond	873,736
ICCREA lease - Travagliato	2,631,731
Unicredit lease - Sorbolo	918,967
Unicredit lease - Sorbolo extension	335,391
ICCREA lease - Travagliato extension	863,841
Unicredit lease - Travagliato	1,745,049
<b>Total</b>	<b>7,833,887</b>

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### **Information on significant events after the end of the financial year**

On 13 January 2021, the Board of Directors of Antares Vision approved the translisting of the Company's ordinary shares and warrants (jointly, the "Financial Instruments") from the AIM Italia multilateral trading system to the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A., possibly in the STAR segment, if the conditions are met.

The transition to the main market of Borsa Italiana represents an opportunity for Antares Vision to pursue its strategic objectives and is in continuity with the path undertaken with the listing on the AIM Italia market. Over the last few years Antares Vision has continued to grow and diversify its business through strategic acquisitions, to strengthen the industrial plan and expand its solutions in other sectors, such as food & beverage, as well as to consolidate its international presence with opening of new branches. The road travelled so far has allowed the Company to reach a level of maturity that allows it to take this next step, in order to create even greater value for all of its stakeholders. In fact, the transfer of its Financial Instruments from the AIM Italia multilateral trading system to the MTA will benefit the Company in terms of the stock's greater liquidity and, consequently, greater interest on the part of the market and institutional investors. It will also give the Company greater visibility on the national and international markets, with further advantages in terms of competitive positioning and image, also because of the stringent requirements in terms of transparency, disclosure and corporate governance, especially in the STAR segment.

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

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

- as an efficient way to invest any excess liquidity generated by the Company's operations;
- to implement incentive plans in whatever form they are structured, or to make bonus issues to shareholders or fulfil obligations deriving from warrants, convertible financial instruments that involve mandatory conversion or which are exchangeable for shares (based on existing transactions or transactions still to be resolved or implemented);
- in operations connected with the core business or of projects consistent with the strategic lines that the Company intends to pursue, which could be suitable for share exchanges in order to integrate operations with potential strategic partners;
- to intervene, in compliance with current regulations, also through intermediaries, to limit anomalous movements in prices and to regularise the trend in trading and prices at times of momentary distortions caused by excessive volatility or insufficient liquidity.

In accordance with the resolution of the Shareholders' Meeting:

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

After a series of purchases, at the time these notes were being prepared, Antares Vision held 33,916 treasury shares equal to 0.057% of the share capital for a total of Euro 342,272.

Lastly, on 16 February 2021 Antares Vision announced that it had reached an agreement for the acquisition of rfXcel Corporation ("rfXcel"), a leading Software-as-a-Service ("SaaS") company based in the United States which serves the Life Science and Food & Beverage sectors, for an initial amount of US\$ 120 million payable in cash (the company does not have any cash or debt). The acquisition of rfXcel will further strengthen Antares Vision's software capabilities, allowing it to consolidate its position among the world leaders in Track & Trace. Antares Vision will leverage rfXcel's capabilities and software suite to help its customers accelerate the digitisation of the supply chain end-to-end, leading to greater transparency and sustainability. The acquisition will also enable significant cross-selling opportunities of (i) rfXcel solutions to Antares Vision's growing installed base of Track & Trace and Inspection solutions and the broad base of more than 2,500 blue-chip customers, as well as of (ii) Antares Vision's products to existing rfXcel customers. Together with rfXcel, Antares Vision will take an important step forward in providing increasingly complete solutions in digitisation for tracing, serialisation, compliance with applicable

regulations, collection and monitoring of data in real time in order to optimise its customers' supply chain and make it as effective as possible thanks to its complete visibility from start to finish: from ingredients and raw materials, to the end-customer's experience.

### **Information on government grants pursuant to Law 124/2017**

As required by Law 124/2017, we can confirm that Antares Vision did not receive any subsidies or grants from public administrations and/or from companies directly or indirectly controlled by them during the year.

However, the amount of Euro 347,985 relating to the first tranche of a non-refundable loan for the Smart Ward Platform project, authorisation of which has been given by the competent authorities but whose actual disbursement is expected at the end of February 2021, is recorded under other receivables.

### **Information relating to derivative financial instruments pursuant to art. 2427-bis of the ICC**

Derivative financial instruments with a negative fair value were recognised in the financial statements under provisions for risks and charges.

Pursuant to art. 2427 bis, paragraph 1, point 1, ICC, information is provided regarding derivative instruments, their fair value, size and nature.

Type of derivative contract	Loan agreement	Start date of the contract	Expiry date of the contract	Interest rate acquired	Currency	Notional upon stipulation	Mark to market **** at 31 December 2020
Interest Rate Swap (Intesa Sanpaolo)	MEDIOCREREDITO LOAN	31/10/2019	30/06/2025	0.00%	EUR	50,000,000	572,105
Interest Rate Swap (Iccrea Bancaimpresa)	Consortium loan	31/03/2019	31/03/2023	0.02%	EUR	13,511,111	70,504
Interest Rate Swap (Iccrea Bancaimpresa)	Lease	01/08/2016	01/02/2026	0.45%	EUR	3,660,067	104,853
Interest Rate Swap (Unicredit) *	Lease	01/12/2019	01/12/2026	0.80%	EUR	926,343	35,924
Interest Rate Swap (Iccrea Bancaimpresa)	Consortium loan	31/03/2019	31/03/2023	0.02%	EUR	4,266,667	22,264
Interest Rate Swap (Unicredit) **	Lease	01/12/2019	01/12/2026	0.80%	EUR	335,458	13,727
Interest Rate Swap (Intesa Sanpaolo)	Mediocredito loan	22/11/2018	15/06/2023	0.25%	EUR	1,500,000	9,757
Interest Rate Swap (BNL) ***	BNL loan	31/12/2019	31/12/2025	0.10%	EUR	15,000,000	142,506
Interest Rate Swap (BNL)	BNL loan	28/02/2020	28/02/2026	0.15%	EUR	2,000,000	18,700
Interest Rate Swap (BNL)	BNL loan	30/06/2020	31/12/2025	0.15%	EUR	13,000,000	108,954
Interest Rate Swap (MPS)	MPS loan	13/02/2020	30/06/2025	0.20%	EUR	10,000,000	68,153
Interest Rate Swap (MPS)	MPS loan	23/03/2020	30/06/2025	0.28%	EUR	10,000,000	46,092
Interest Rate Swap (Mediobanca)	Mediobanca loan	18/02/2020	18/02/2025	0.22%	EUR	20,000,000	169,795
Interest Rate Swap (UBI)	UBI financing	31/03/2020	31/03/2025	0.08%	EUR	10,000,000	107,152
<b>Total</b>							<b>- 1,490,486</b>

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

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

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

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

### **Proposal for allocation of profits or coverage of losses**

The Board of Directors submits to you the financial statements for the year ended 31 December 2020, which show a profit for the year of Euro 6,784,690. The Board proposes to allocate Euro 713,320 - its share of the revaluation of the investment in Imago Technologies GmbH - to the revaluation reserve pursuant to art. 2426, no. 4, with the remaining Euro 6,071,370 all going to the extraordinary reserve.

Financial statements at 31/12/2020 of ANTARES VISION S.P.A.



The administrative body believes that the activity carried out and the results achieved in economic and financial terms are such as to demonstrate that the mandate entrusted to you has been fulfilled with seriousness, precision and punctuality and, therefore, after setting out the most important administrative and management facts of the financial year just ended, the premises and the positive prospects for the incoming one, it invites you to approve the Financial Statements for the year ended 31 December 2020 and all the annexes accompanying them.

## **NOTES, FINAL PART**

We would repeat that the accounting principles explained in this document are in accordance with statutory requirements.

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

The figures required by art. 2435 bis of the ICC have been prepared in accordance with the principle of clarity.

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

Travagliato, 22 February 2021

The Board of Directors

EMIDIO ZORZELLA

MASSIMO BONARDI

ALIOSCIA BERTO

MARCO CLAUDIO VITALE

MARCO COSTAGUTA

DANTE ROSCINI

MASSIMO PERONA

FABIO FORESTELLI

MARTINA MONICO