

# ANTARES VISION S.P.A.

REGISTERED OFFICE: VIA DEL FERRO N. 16 - 25039 TRAVAGLIATO (BS)

Tax code 02890871201 – VAT number 02890871201

BS Chamber of Commerce Code:

E.A.I. number 000000523277

Resolved share capital EUR 145,723

Subscribed and paid up share capital EUR 143,037

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT

30/06/2020

## REPORT ON MANAGEMENT

Dear Sirs,

in this document, we present you with the Interim consolidated financial statements as at 30 June 2020 of the companies controlled by Antares Vision S.p.A. (hereinafter also referred to as “Antares Vision”); the document is made up of the Statement of financial position, the Comprehensive Income Statement, the statement of changes in Shareholders’ Equity, the Cash Flow Statement, and the Explanatory notes.

We illustrate for you the activities, show you the consolidated cash flow, equity and financial situation, point out to you the most significant facts that characterised the management of Antares Vision in the first half of 2020 and, in addition, inform you on the events occurred since the end of the semester in question.

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

## Activities carried out

Antares Vision guarantees the protection of products throughout their life cycle by deploying inspection systems for quality control (“Inspection”), tracking solutions to fight counterfeiting and control of the supply chain (“Track & Trace”), and Smart Data Management for efficient production and the involvement of consumers, in all the most demanding industrial sectors, from pharmaceuticals to biomedical devices, from food to beverage, from cosmetics to luxury.

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

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

## Consolidation area

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

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

- ANTARES VISION FRANCE SAS, based in Rillieux-la-Pape, France, of which Antares Vision holds 100% of the share capital;
- ANTARES VISION IRELAND LIMITED, based in Galway, Ireland, of which Antares Vision holds 100% of the share capital;
- ANTARES VISION RUS OOO, based in Moscow, Russia, of which Antares Vision holds 100% of the share capital;
- ANTARES VISION ASIA PACIFIC LIMITED, based in Hong Kong, of which Antares Vision holds 100% of the share capital;
- FT SYSTEM SRL, based in Alseno (PC), of which Antares Vision acquired 100% of the share capital on 30 September 2019 and which in its turn wholly owns FT HEXAGONE SARL, based in Challes les Eaux, France, and FT NORTH AMERICA LLC, based in Massachusetts, USA.
- TRADETCITY DOO, based in Zagreb, Croatia, of which Antares Vision acquired 82.83% on 20 April 2020 and which in its turn owns 100% of the share capital of TRADETCITY SERVICES DOO, based in Belgrade, Serbia;
- CONVEL SRL, based in Dueville (VI), of which Antares Vision acquired 100% of the share capital on 30 June 2020;
- ANTARES VISION GMBH, based in Friedberg, Germany, of which Antares Vision owns 100% of the share capital, which became fully operational in July 2020 and is, therefore, excluded from the scope of consolidation.



Please refer to the Notes for a more detailed description of the changes to the scope of consolidation occurred in the first half of 2020 compared to 31st December 2019.

The first half of 2020 was, without any doubt, characterised and influenced by the health emergency linked to the spread of the Coronavirus (“Covid19”). Management monitored the evolving situation closely and implemented all the guidelines issued by the Competent authorities with the utmost promptness and accuracy. The health and well-being of employees, associates and partners were prioritised by adopting protection and prevention measures, such as switching to remote working, organising video conferences in place of meetings, carefully managing production and installation activities.

As for the Italian companies, the Decree of the (It.) Prime Minister (“Decree of the PM”) of 22 March 2020 classified Antares Vision and FT System as essential businesses, thereby not requiring their operations to be suspended. Antares Vision was very much in favour of this choice: the pharmaceutical industry, the main target sector for Antares Vision, together with the beverage sector, has been (and continues to be) under pressure during this emergency and in many cases it has called for the activation of task forces and continuous cycle productions. In such a situation, it was essential for Antares Vision to guarantee the continuity of supplies and services provided to customers, although with testing and technical assistance operations carried out remotely.

Although the current situation has, inevitably, had a negative impact on the times for delivery and installation of the solutions offered and, consequently, caused revenues to slide, there is a clear and urgent need for the introduction of rigorous rules and regulations that strengthen and guarantee the public’s health, also in relation to the quality, originality, and sustainability not just of essential products, such as medicine, foodstuffs, beverages, cosmetics, but of all convenience goods, in general.

In the midst of the emergency engendered by the pandemic, Antares Vision had the opportunity to fully pursue its vision - Living Technology, for a healthier and safer world - by launching, in late April, Track My Health so as to be able to safely face Phase 2. The Track My Health platform is the result of the journey of Antares Vision in digital health, the first goal of which is to automate, with full respect for privacy, operations relating to temperature measurement, the presence of face masks, compliance with the distances, and the use of all safety equipment. Furthermore, the management software “certifies” these data and makes them available in case of alarm or in the management of non-compliant situations.

At this time of uncertainty, Antares Vision’s commitment to safety and health has been 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 context forms the frame for the path that leads to strategic diversification and the strengthening of business which was concretely launched in 2019 and on which the company continued to tread in the first half of 2020 with the establishment of the new branch in Germany and acquisitions of strategic shareholdings, such as those in Tradeticity and Convel.

Last but not least, we should not forget the partnership (signed on 9 June 2020) with IMA, a company listed in the STAR segment and a global leader in the design and production of machines for process automation and packaging of pharmaceutical and cosmetic products, foodstuffs, tea and coffee. The 5-year agreement involves synergistic cooperation for the development and implementation of innovative solutions in specific projects, new business, new products, aimed at consolidating and strengthening the leadership of both Companies on existing and emerging markets. The current twenty-year cooperation in the supply of inspection systems to check the quality and integrity of pharmaceutical packaging now extends to the most innovative solutions offered by Antares Vision in the various market segments (pharmaceutical, foodstuffs, cosmetics, medical devices, etc.) for product traceability as well as smart data management. For Antares Vision this resulted in a significantly higher turnover and rendered it into one of the go-to technological partners that support the digital innovation of the entire IMA Group internationally.

A detailed analysis of the main economic, asset and financial data will follow. The following is a breakdown of revenues from sales and services by geographical area:

H1 Data in €/000	2020	2019	Delta
AFRICA	841	993	-15,3%
NORTH AMERICA	8.263	3.785	118,3%
SOUTH AMERICA	1.542	206	646,9%
ASIA	2.915	3.828	-23,9%
EUROPE	35.751	33.483	6,8%
ITALY	8.096	13.568	-42,3%
MIDDLE EAST	1.281	5.088	-74,8%
<b>Grand total</b>	<b>58.689</b>	<b>60.951</b>	<b>-4,5%</b>
<i>of which Revenues classified under Contributions in tl</i>	368	1.717	

(\*) compared to the Income Statement schedule provided in the explanatory Notes to the interim consolidated Financial Statement, this amount includes EUR 683 thousand classified under Other Revenues

(\*\*) compared to the Income Statement schedule provided in the explanatory Notes to the interim consolidated Financial Statement, this amount includes EUR 1,776 thousand classified under Other Revenues

A breakdown of revenues by type of market and Business Unit is provided below:

H1 Data in €/000	2020	2019	Delta
<b>INDUSTRIAL</b>	<b>14.373</b>	<b>2.739</b>	<b>424,8%</b>
SERVICES	2.775	153	1717,7%
T AND T	205	796	-74,3%
INSPECTION	11.385	1.790	536,1%
SMART DATA	8	-	N/A
<b>PHARMA</b>	<b>44.316</b>	<b>57.940</b>	<b>-24,1%</b>
SERVICES	7.264	4.749	53,0%
T AND T	28.642	42.984	-34,1%
INSPECTION	7.541	9.530	-31,8%
SMART DATA	869	677	28,3%
<b>SUPPLIER</b>	<b>-</b>	<b>272</b>	<b>-100,0%</b>
<b>Grand total</b>	<b>58.689</b>	<b>60.951</b>	<b>-4,5%</b>
<i>of which Revenues classified under Contributions</i>	368	1.717	

(\*) compared to the Income Statement schedule provided in the explanatory Notes to the interim consolidated Financial Statement, this amount includes EUR 683 thousand classified under Other Revenues

(\*\*) compared to the Income Statement schedule provided in the explanatory Notes to the interim consolidated Financial Statement, this amount includes EUR 1,776 thousand classified under Other Revenues

## Alternative performance measures

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

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

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

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

- the Gross Contribution Margin, Value Added, EBITDA and EBIT, jointly with other relative profitability indicators, make it possible to show the changes in operative performance and provide useful information on the ability of Antares Vision to sustain indebtedness; these indicators are also commonly used by analysts and investors, for the purpose of assessing company performance;
- the net financial indebtedness, together with other asset and liability composition indicators and the financial elasticity indicators, are conducive to a better assessment of the overall equity soundness of Antares Vision and its ability to maintain a structural balance over time;
- the net trade working capital, net working capital and net invested capital make it possible to better assess the ability to meet short-term commercial commitments through current trade assets, as well as the consistency between the structure of loans and that of sources of financing in temporal terms.

### Main economic data

The Consolidated Income Statement as at 30 June 2020 is set out below, reclassified according to the management criteria adopted for management control and compared to the figures as at 30 June 2019 (in thousands of Euros). Please note that, compared with the same period of the previous financial year, the first half of 2020 benefits from the presence in the consolidation area of FT System, acquired on 30 September 2019 and, therefore, not included in the comparative figures.

<b>Antares Vision</b> <b>Consolidated Income Statement ('000,€)</b>	<b>0620 YTD</b>	<b>0619 YTD</b>	<b>06 Vs. 0619 Delta %</b>
Revenues from sales	58.321	59.235	-1,5%
Capitalisation of development costs	2.145	1.057	103,0%
Operating grants	420	2.714	-84,5%
Tax credit	2.448		0,0%
<b>Value of production</b>	<b>63.335</b>	<b>63.006</b>	<b>0,5%</b>
Changes in inventories of raw materials and finished goods	545	906	-39,8%
Purchases	13.545	13.917	-2,7%
Changes in inventories of work in progress	360	-325	-210,8%
<b>Cost of sales</b>	<b>14.450</b>	<b>14.498</b>	<b>-0,3%</b>
<i>% margin on revenues from sales</i>	<i>24,8%</i>	<i>24,5%</i>	
Commissions	1.007	1.676	-39,9%
Installation costs	1.019	2.316	-56,0%
<b>First Margin</b>	<b>46.860</b>	<b>44.516</b>	<b>5,3%</b>
<i>% margin on revenues from sales</i>	<i>80,3%</i>	<i>75,2%</i>	
Use of third-party assets	581	822	-29,3%
Operational costs	54	53	1,5%
Costs for services	9.503	8.548	11,2%
<b>Added value</b>	<b>36.722</b>	<b>35.094</b>	<b>4,6%</b>
<i>% margin on revenues from sales</i>	<i>63,0%</i>	<i>59,2%</i>	
Cost of labour	21.383	16.141	32,5%
Employees	19.793	13.440	47,3%
Associates	1.590	2.701	-41,1%
<b>Earnings before interest, taxes, depreciation, and amortisation</b>	<b>15.339</b>	<b>18.953</b>	<b>-19,1%</b>
<i>% margin on revenues from sales</i>	<i>26,3%</i>	<i>32,0%</i>	
Write-down of receivables	137	231	-40,5%
Depreciation and amortisation	1.417	468	202,5%
Intangible fixed assets	578	198	192,1%
Tangible fixed assets	839	271	210,0%
<b>Earnings before interest and taxes (EBIT)</b>	<b>13.785</b>	<b>18.254</b>	<b>-24,5%</b>
<i>% margin on revenues from sales</i>	<i>23,6%</i>	<i>30,8%</i>	
Financial income and expenses	4.146	1.750	136,9%
Extraordinary income and expenses	2.741	1.327	106,5%
PPA - GW amortisation	728		0,0%
<b>Result before taxes</b>	<b>6.171</b>	<b>15.176</b>	<b>-59,3%</b>
<i>% margin on revenues from sales</i>	<i>10,6%</i>	<i>25,6%</i>	
Income taxes	1.821	4.447	-59,1%
Profit (loss) of minority interests	-294	86	-442,9%
<b>Net result</b>	<b>4.644</b>	<b>10.643</b>	<b>-56,4%</b>
<i>% margin on revenues from sales</i>	<i>8,0%</i>	<i>18,0%</i>	
<b>Gross Contribution Margin net of capitalisations of loans, ta</b>	<b>41.846</b>	<b>40.745</b>	<b>2,7%</b>
<i>% margin on revenues from sales</i>	<i>71,8%</i>	<i>68,8%</i>	

<b>Result before taxes</b>	<b>6.171</b>	<b>15.176</b>	<b>-59,3%</b>
PPA - GW amortisation	728	0	N/A
Extraordinary income and expenses	2.741	1.327	106,5%
Foreign exchange (gains) / losses	1.370	219	524,3%
FV valuation Warrants and Alp.I	1.970	544	262,2%
<b>Adjusted result before taxes</b>	<b>12.979</b>	<b>17.267</b>	<b>-24,8%</b>
Income taxes	2.968	4.878	-39,2%
Profit (loss) of minority interests	-294	86	-442,9%
<b>Adjusted net result</b>	<b>10.305</b>	<b>12.303</b>	<b>-16,2%</b>

The data presented below do not include certain extraordinary items, reclassified below the EBIT and consisting of the costs incurred by Antares Vision for acquisition transactions (EUR 316 thousand), the costs relating to the resolution of a dispute with an employee (EUR 310 thousand), the balance of the extraordinary income and expenses (EUR 900 thousand) and to the adjustment to the Equity Method of the shareholdings in associated undertakings (EUR 250 thousand), to which is added the “mark-to-market” of derivative instruments and losses (EUR 965 thousand) for a total of EUR 2,741 thousand. In the first half of 2019, the extraordinary items amounted to EUR 1,327 thousand, essentially made up of the costs incurred for the AIM listing. The following were also classified below the EBIT: amortisations amounting to EUR 728 thousand deriving from the Purchase Price Allocation (“PPA”) in relation to the acquisition of FT System on 30 September 2019, which led to the retroactive allocation to the date of acquisition of EUR 16,334 thousand of Goodwill to Relations with customers for EUR 10,694 thousand and to Technologies for EUR 5,641 thousand.

The first half of 2020 closes with a Value of Production (EUR 63,335 thousand) that is essentially in line with the same period of the previous financial year (EUR 63,006 thousand), a result which, although it benefits for an amount of EUR 11,700 thousand from the presence of FT System in the scope of consolidation which was not the case in the comparison period, must be deemed highly satisfactory if we take into account the extremely exceptional nature of the semester in question, and proof of the high levels of resilience shown by Antares Vision.

The Gross Contribution Margin and the Value Added, amounting to EUR 46,860 thousand and EUR 36,722 thousand, respectively, increased by 5.3% and 4.6% compared to the first half of 2019.

This improvement is more moderate than expected, although Antares Vision endeavoured and continues to endeavour towards a continuing increase of the turnover rate generated by software and by after-sales assistance activities, that benefit from higher margins than the hardware solutions. The health emergency that characterised the first half of 2020 inevitably slowed down the installation activities and the technical interventions. The combined effect of the slow down in such activities and of the far-seeing resource internalisation process that was launched last year as a conscious investment to handle the expected growth in the future resulted in a significant decreased in third-party installation costs.

Moreover, this dynamic translated into EBITDA amounting to EUR 15,339 thousand, corresponding to a percentage of turnover of 26.3%, compared to the 2019 figures which amounted to 18,953 (32.0% of turnover), with a decrease of 19.1%. Furthermore, we should point out that 2019 had benefited from high numbers of installations of tracking solutions

following the entry into force in Q1 of the tracking regulation in Europe. Indeed, if we compare the EBITDA figures for the first half of 2020 with the EBITDA figures for the second half of 2019 (EUR 12,575 thousand), we can see a growth of over 50%.

The Earnings before interest and taxes (EBIT) shows, in turn, a decrease of 24.5%, from EUR 18,254 thousand in the first half of 2019 to EUR 13,785 thousand in the first half of 2020, mainly as a result of the higher depreciations linked to the capitalisation of development costs and to leased goods which were accounted for in accordance with the financial method. Similarly to what has been pointed out with regard to the EBITDA, compared to the second half of 2019 the EBIT of the first half of 2020 shows growth of over 20%.

Financial charges were significantly influenced by non-monetary items, i.e. by the effect of the valuation at fair value of the warrants issued in 2019 on the occasion of the business combination with Alp.I (IAS 32) for a negative value of EUR 1,970 thousand and net unrealised foreign exchange losses of EUR 1,370 thousand. All this combined with the extraordinary items and the effect of the PPA of FT System described in detail at the start of the paragraph resulted in net positive income of EUR 4,644 thousand, lower by 56.4% compared to the same period of 2019.

To provide, therefore, a clearer representation of the net profit, it was normalised:

- net of extraordinary items (net of the related theoretical tax effect),
- net of the effect of the warrants,
- net of the fair value of the assets of Alp.I,
- net of the effect of the PPA of FT System,
- net of foreign exchange differences (net of the related theoretical tax effect)

resulting in a value of EUR 10,305 thousand, compared to EUR 12,303 thousand of the first half of 2019.

## Main balance sheet figures

The Statement of financial position is set out below, reclassified according to the expenditures/revenues criterion at 30 June 2020 and 31st December 2019 (in thousands of Euros).

<b>Antares Vision Consolidated BS ('000,€)</b>	<b>0620 YTD</b>	<b>1219</b>	<b>1219 Vs. 0620 Delta %</b>
Real Estate & Right of use	13.828	13.221	4,6%
Financial Assets	3.592	3.813	-5,8%
Net Tangible Assets	666	738	-9,8%
Net Intangible Assets	81.668	66.778	22,3%
<b>Total Fixed Assets</b>	<b>99.754</b>	<b>84.551</b>	<b>18,0%</b>
<i>% Incid. On NIC</i>	<i>83,4%</i>	<i>79,2%</i>	
Inventory Raw Material	20.991	17.678	18,7%
Inventory Finished Goods	5.151	5.841	-11,8%
Inventory WIP	2.148	2.056	4,5%
<b>Total Inventory</b>	<b>28.290</b>	<b>25.574</b>	<b>10,6%</b>
Trade Receivables	39.327	56.505	-30,4%
Trade Payables	-12.747	-19.244	-33,8%
Advances from Clients	-13.929	-10.487	32,8%
<b>Trade Net Working Capital</b>	<b>40.942</b>	<b>52.349</b>	<b>-21,8%</b>
<i>% Incid. On NIC</i>	<i>34,2%</i>	<i>49,0%</i>	
Other Current Assets	16.194	17.167	-5,7%
Other Current Liabilities	-28.250	-39.764	-29,0%
<b>Net Working Capital</b>	<b>28.886</b>	<b>29.752</b>	<b>-2,9%</b>
<i>% Incid. On NIC</i>	<i>24,2%</i>	<i>27,9%</i>	
Severance Indemnity Fund (TFR)	-6.368	-5.687	12,0%
Other Funds	-453	-453	0,1%
Bad Debt	-2.276	-1.364	66,9%
<b>Net Invested Capital</b>	<b>119.544</b>	<b>106.799</b>	<b>11,9%</b>
<i>% Incid. On NIC</i>	<i>100,0%</i>	<i>100,0%</i>	
Net Equity	122.032	117.575	3,8%
<b>Shareholders' Equity</b>	<b>122.032</b>	<b>117.575</b>	<b>3,8%</b>
<i>% Incid. On TSoF</i>	<i>102,1%</i>	<i>110,0%</i>	
Long Term loans + Leasing	169.725	107.604	57,7%
Net Cash	-172.214	-118.380	45,5%
<b>Net Financial Debt</b>	<b>-2.489</b>	<b>-10.776</b>	<b>-76,9%</b>
<i>% Incid. On TSoF</i>	<i>-2,1%</i>	<i>-10,1%</i>	
<b>Total Source of Financing</b>	<b>119.544</b>	<b>106.799</b>	<b>11,9%</b>
<i>% Incid. On TSoF</i>	<i>100,0%</i>	<i>100,0%</i>	
<b>Net Financial Debt Adjusted for Warrants</b>	<b>-8.973</b>	<b>-15.291</b>	<b>-41,3%</b>

The total fixed assets show a significant increase (18.0%) following:

- the acquisitions completed in the semester:
  - of 82.83% of Tradeticity which generated goodwill of EUR 1,073 thousand;
  - of 100% of Convel which generated goodwill of EUR 12,730 thousand;
- the investments made in the Travagliato and Parma sites for extending the offices and production area for EUR 349 thousand;

- of the development costs capitalised as described in detail further in this document for EUR 2,145 thousand.

which are partially counterbalanced by the significant increases of the amortisation provisions generated by the write-downs of the period.

Please note that the first half of 2020 saw the completion of the Purchase Price Allocation (PPA) process of the difference between the acquisition price of the shares of FT System and the book shareholders' equity of the Group acquired. This resulted in the retroactive rectification of the amounts that were provisionally recognised in goodwill with consequent reclassification of the comparative amounts as at 31st December 2019.

The amount resulting from the difference between the consideration paid for the acquisition of FT System and the net balance between the fair market value of the assets acquired and liabilities assumed with the transactions, as identified and recognised in accordance with the IFRS 3 accounting standard, is recorded in Goodwill and amounts to EUR 45,298 thousand.

The management does not believe that there are indications or signs of possible impairments to apply to such value taking into account the excellent future ability of Antares Vision to generate cash flows, also by virtue of its positioning and of the expectations with regard to its sector, as shown by the results of the first half of 2020 and the expectations for the entire FY2020.

On the same subject, even in the hypothetical situation of a possible future lockdown, we do not believe that the effects on the business could be significant, as already shown during the first half of the year, as Antares Vision operates in a sector the activities of which can be considered essential for the total economic system as they aim to protect consumer products (be they medicine, foodstuffs, or beverages, cosmetics, or luxury products). Consequently, even delays or slow downs in turnover in the next months and reduced margins will not impact the recognised value of goodwill.

With regard to the reference area for goodwill value controls, the group of relevant assets is represented by the entirety of the net operation of the Antares Vision consolidated financial statements, assets which form, in the resolution adopted by the Directors, a sole Cash Generating Unit (GCU).

In fact, from a strategic and management point of view, the Directors found that the integration of FT System into Antares Vision is moving quickly and that the subsidiaries of Antares Vision are gradually becoming distributors of FT System solutions, also hiring dedicated personnel. At the same time, FT System has added its offer to the tracking and smart data management solutions of Antares Vision.

In addition and always with regard to the recoverability of the financial statements goodwill, the Directors have found that the following indications apply to the fair value of the Group's activities:

- i) the market capitalisation of Antares Vision is currently much higher than the value of the group's book shareholders' equity;
- ii) a summary assessment of the Net Invested Capital based on the application to the expected results of the group of the market multiples of comparable companies (as quantified by recent research by financial analysts) would result in operation values significantly higher than the book value.

The Directors deemed that these elements constitute, therefore, a significant indication-corroborated by an external source - regarding the total recoverability of the value of goodwill recognised in the financial statements.

The net working capital has decreased by 2.9%. This variation is mainly due to a contraction of trade receivables following a more targeted policy for their recovery, only partially compensated by the decrease in contractual liabilities generated by the application of IFRS15.

Capital funds for the normal provisions of the period have increased. Among them the provision for risks for financial derivative instruments increased by EUR 782 thousand due to the mark to market valuation.

The Shareholders' Equity amounts to EUR 122,032 thousand, an increase of 4% compared to 31st December 2019; it benefits from profit for the period of EUR 4,644 thousand.

## Main financial data

It is deemed appropriate to set out below the Net Consolidated Financial Position at 30 June 2020 compared with 31st December 2019 (in thousands of Euros).

<b>Antares Vision</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
<b>Net financial position</b>		
Bank deposits	138.994	85.047
Cash and cash assets	82	201
<b>Liquid assets</b>	<b>139.076</b>	<b>85.248</b>
Current securities available for sale	33.138	33.132
<b>Current financial receivables</b>	<b>172.214</b>	<b>118.380</b>
Bank payables (within 12 months)	-25.003	-15.434
Payables to other lenders (within 12 months)	-1.628	-881
<b>Short-term financial payables</b>	<b>-26.630</b>	<b>-16.315</b>
<b>Net short-term financial position</b>	<b>145.583</b>	<b>102.065</b>
Bank payables (beyond 12 months)	-136.990	-84.410
Payables to other lenders (beyond 12 months)	-6.105	-6.879
<b>Net medium and long-term financial position</b>	<b>2.489</b>	<b>10.776</b>
Warrant mark-to-market effect	6.485	4.515
<b>Normalised net financial position</b>	<b>8.974</b>	<b>15.291</b>
Derivative mark-to-market effect	-1.351	-569
<b>Net financial position</b>	<b>7.623</b>	<b>14.722</b>

The Net financial position (normalised net of the effect of the mark to market valuation of the warrants, as there will be no corresponding cash outflow) is positive for EUR 8,974 thousand (7,623 if we take into account the valuation at fair value of the derivatives), compared to the positive value of EUR 15,291 thousand (EUR 14,722 thousand) of 31st December 2019.

The change in the Net Financial Position adjusted by EUR 6,317 thousand is mainly the result of the combination of a positive operational free cash flow of approximately EUR 13,000 thousand which financed a good part of the disbursement (net of the liquid assets acquired) of EUR 14,200 thousand, linked to the acquisitions of Tradeticity and Convel, as well as investments in fixed assets, financial charges, and extraordinary monetary expenses.

The consistent operational free cash flow is due to the positive EBITDA and to the dynamic of the working capital described above.

Approximately EUR 65,000 thousand of new cash resources were collected by obtaining

medium/long-term loans, negotiated with primary credit institutions at particularly favourable conditions, thanks to the excellent credit rating of Antares Vision, without guarantees and with minimal covenants with which the company complied fully. These cash resources were partially collected to fund the acquisition of Tradeticity and Convel, partially for the formation of a reserve towards possible future acquisition transactions

## Significant events

During the first half of 2020, Antares Vision further consolidated its presence abroad, not just with the consolidation of existing branches but also with the establishment, on 17 February 2020, of a new branch in Germany, wholly controlled by the Parent Company Antares Vision S.p.A., which became fully operational in July 2020. The new branch currently has six employees (two key account managers, two installation technicians, a project manager, and a marketing and communication employee) and its establishment is meant to strengthen the monitoring of the existing local market and to promote further growth and diversification of the Antares Vision business.

As has already been highlighted, the company continued its journey towards strategically diversifying and strengthening business. The agreement for the acquisition of 82.83% of Tradeticity d.o.o. and of its 100% subsidiary Tradeticity Service d.o.o. was concluded on 20 April 2020. The companies were incorporated in Zagreb and Belgrade, respectively, and specialise in software for the management of advanced tracking and serialisation processes. Tradeticity has consolidated expertise and market shares in the pharmaceutical sector, operating on both the domestic market and internationally. The acquisition, which entailed a cash disbursement of approximately EUR 1,421 thousand and which envisages a call right for the acquisition of the remaining 17.17% following the approval of the financial statements as at 31st December 2021, will allow Antares Vision to extend its geographical presence to Eastern Europe, increasing market penetration and boosting the creation and implementation of tracking and serialisation solutions along the entire pharmaceutical supply chain.

The agreement for the acquisition of 100% of Convel S.r.l., an Italian company based in Dueville (Vicenza) specialising in automated inspection systems for the pharmaceutical industry, and a leader in Leak Testing, a technology aimed at guaranteeing top quality inspection by detecting any leaks that may adversely affect the sterility of the containers was concluded on 30 June 2020. Convel will make it possible for Antares Vision to boost its presence in the inspection machinery market, to expand its range of products and widen its customer base, generating cross selling opportunities, and to strengthen the management team with people of proven value. Moreover, Convel's commitment to

research and development will make it possible to anticipate all new challenges thrown up by the very demanding and constantly evolving pharmaceutical market, generating authentic value for its customers with the use of cutting-edge technologies.

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

## Information concerning the environment and personnel

Since the foundation of Antares Vision, innovation has been its corporate value and the decision to let sustainability, in the environmental, economic and social fields, be the beacon of the company's activities is part of a medium-long term strategy. Consistently with the corporate mission, Antares Vision contributes through technology to guaranteeing the transparency of information through the whole supply chain, to guarantee the safety of people and every product.

### Environment

Antares Vision has always actively defended the environment through green campaigns for the reduced use of plastic, it has joined the global #PlasticFree campaign, the #IoSonoAmbiente project promoted by the Ministry of the Environment and with the "Join the Antares Vision Green Side" campaign launched in November 2019 at the Headquarters it predated by a long time the ban on all disposable plastic products, such as cutlery, plates, straws and stirrers. 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.

This phase of the "Join the Green Side" initiative is currently promoted by the Antares Vision headquarters in Travagliato, but will be extended to the other branches in Italy and abroad, thus involving the nearly 700 employees of the multinational.

The effort continued in 2020 and will focus on the introduction of energy efficiency and

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

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## Personnel

Antares Vision focuses on the protection of safety in the workplace and on the preventative assessment of all possible sources of risk for workers' health. Following the entry into force of (It.) Legislative Decree 81/2008 that superseded (It.) 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 Covid19, Antares Vision immediately took steps to strictly comply with and enforce all updated directives by the competent Authorities in real time.

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

Post-lockdown, safety continues to be guaranteed including the management of accesses with Track My Health, the innovative, integrated and scalable solution developed by Antares Vision, which, with total respect for privacy, controls body temperature on entry and the presence of a face mask on the face, and counts the people present with the possibility of managing a numerus clausus automatically.

We believe it is useful to provide the number of employees for each individual company below, with a comparison with the figures at 31st December 2019. It should be noted that the table below does not consider the Antares Vision India Private Limited branch, a 51% stake of which is held, as it is not included in the scope of consolidation.

Position	Apprentices	Production workers	Office workers	Middle managers	Managers	Total as at 30/06/2020	Total as at 31/12/2019
Antares Vision	14	0	332	19	3	368	371
Imago Technologies			21		1	22	28
Antares Vision do Brasil			35		1	36	31
I2 Software			7			7	
Antares Vision Poland			39			39	38
Antares Vision France			12			12	13
Antares Vision Ireland			2			2	2
Antares Vision Russia			13		1	14	11
FT System	11	28	77	3	1	120	121
FT Hexagone			7			7	7
FT North America			13		1	14	12
Antares Vision GmbH			5			5	-
Antares Vision Asia Pacific			3		1	4	-
Tradeticity d.o.o.			4			4	N/A
Tradeticity Services d.o.o.			16			16	N/A
Convel	2	1	11			14	N/A
<b>TOTAL</b>	<b>27</b>	<b>29</b>	<b>597</b>	<b>22</b>	<b>9</b>	<b>684</b>	<b>634</b>

Human resources have always been one of the critical factors for success of Antares Vision. Conscious of the fact that human capital is increasingly a competitive advantage, the Shareholders' Meeting of 20 May 2020 approved the guidelines of a Stock Option Plan for 2020-2022 reserved for executive directors, top management and key employees whose performance, taking into account the posts held and the tasks performed, may, to a high degree, influence the company's results.

By allocating, for the period 2020-2022 and free of charge, a maximum of 1,000,000 options for the subscription and/or allocation on payment of ordinary shares of the Parent Company, the Piano aims to establish a compensation relation consistent with the best domestic and international practices, increasing the already significant level of corporate retention for key resources of Antares Vision, by planning medium-/long-term objectives aiming to improve performance for the progressive creation of ever-higher value, that may be translated into a direct benefit for shareholders.

In line with its social sustainability policies, Antares Vision also constantly focuses on young people, promoting a culture that encourages their inclusion in the workplace and makes the best use of their talents.

During the first half of 2020, Antares Vision, in collaboration with Manpower Italy, launched

the Academy Project, a 230-hour free training path which trained 5 young talents in IT matters, alternating theory and practice. At the end of the course, 3 participants were hired by Antares Vision as Remote Service Engineers.

Lastly, taking into account the experience during the Covid19 emergency, remote working will continue to apply, involving approximately one hundred people at the Travagliato offices, while the company will continue implementing the corporate Welfare project, with a dedicated platform, which includes initiatives to promote the well-being and quality of life of associates and their families.

### Research and development activity

During the first half of 2020, Antares Vision continued pursuing its research and development activities.

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

- Adapting serialisation solutions for the markets with a low added value

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

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

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

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

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

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

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

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

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

- VRI-EVO inspection machine for liquid and freeze-dried products, combined with trackability setup

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

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

The purpose of this transaction was dictated by the will to broaden the range of products

offered to its clientele, by integrating inspection and vision systems with the machinery and systems designed and produced by Pharmamech S.r.l.

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

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

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

- Smart Ward Platform (SWP)

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

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

- virtual eradication of errors in the administration of pharmaceutical products;
- eradication of pharmaceutical products waste caused by failure to check the expiration date;
- digital acquisition of all the patient’s physiological parameters;
- generation of a further series of data required for assessing the patient’s behaviour

during therapy;

- aggregation of the data associated to a patient by the massive use of IOT technology;
- all ward activities are performed under the control of the SWP platform independently of the hospital's ERP system but in accordance with the general safety standards;
- perfect traceability of every activity performed in the ward.

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

- development of a SMART BEDSIDE;
  - development of a SMART BEDSIDE TABLE;
  - development of a SMART CABINET for the ward's pharmaceutical products;
  - development of a SMART TROLLEY;
  - development of the ward management software and interface with the hospital's management system.
- 
- Design and development of a platform to collect and share data related to individual product units from manufacturer to consumer (TFP Project)

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

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

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

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



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

1. gathering information
2. connect them in an organic and integrated way
3. process and summarise it in real time
4. store it in a reliable and lasting manner
5. selectively provide it to the various stakeholders

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

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

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

The projects of the Parent Company are complemented by the 4 projects of the Italian subsidiary FT System.

- Application angle

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

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

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

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

- RoboQCS

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

of.

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

- FBI (Full Bottle Inspection)

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

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

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

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

- FOOD

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

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

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

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

To pursue the projects above Antares Vision has incurred costs, mostly expensed in the Income Statement. The capitalisation recorded under Increase of fixed assets for development costs at 30 June 2020 amounts to EUR 2,145,374 in total, of which EUR 1,798,404 for the Parent Company and EUR 346,970 for FT System. It is believed the positive outcome of these projects might reflect on the turnover with positive effects on the performance of Antares Vision.

## Equity shares and shares or stakes of parent companies

No Company included in the consolidation area holds or has held stakes of the Parent Company during the semester in question. Please note, however, that the Parent Company's Shareholders' Meeting, held on 20 May 2020, authorised the Board of Directors to carry out transactions to purchase and sell treasury shares pursuant to articles 2357 and 2357-ter of the (It.) Civil Code for a period of 18 months from the resolution date. The permission for the acquisition and disposal of treasury shares was granted in order to make it possible for the Company to:

- be able to use its own shares as object of investment for an efficient use of the cash generated from the Company's core activities;
- purchase treasury shares to implement incentivisation plans, however they may be structured, or to allocate shares to shareholders free of charge or to fulfil obligations deriving from warrants, convertible financial instruments, mandatorily convertible financial instruments or instruments that may be exchanged with shares (based on existing transactions or transactions to be decided/implemented);
- allow the use of treasury shares in the context of transactions connected to normal operations or projects consistent with the strategic lines that Antares Vision intends to pursue, in relation to which there is an opportunity for equity trading, with the main objective, therefore, of concluding corporate integration transactions with potential strategic partners;
- intervene, where possible and where envisaged by the applicable legal and regulatory provisions, also through intermediaries, to contain unusual variations in share prices and to regularise the progress of negotiations and exchange rates, in the presence of distortive phenomena that could lead to excess volatility or to limited liquidity of trading.

The Board of Directors may carry out purchase operations, in one or more occasions, to a freely determinable extent, within the limits established by the Shareholders' Meeting authorisation, up to a maximum number that does not exceed 2% of the share capital, at a unit price no less than the minimum of 10% and no more than the maximum of 10% with respect to the reference price recorded by the security in the market session of the day preceding each individual transaction. The Board of Directors may dispose of the treasury shares purchased, at any time, in whole or in

part, in one or more occasions, even before having completed the purchases, by selling them on the market, in blocks or otherwise off the market, accelerated book-building, or transfer of any real and/or personal rights relating thereto, in compliance with the provisions of law and regulations, with the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of the Company. The disposal of treasury shares may take place at the price or value or, in any case, according to criteria and conditions, which will be appropriate and consistent with the transaction, also taking into account market and share price trends and/or the development outlook of the issuer. The treasury shares may be allocated to directors and/or employees of the Company or of Group companies in accordance with incentive plans based on Antares Vision shares, including the aforementioned 2020-2022 Stock Option Plan.

#### Information related to risks and uncertainties pursuant to art. 2428, paragraph 3, point 6-bis of the (It.) Civil Code

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

#### Business outlook

As has been shown, in the past few months we were faced with an unprecedented health emergency due to the fast and global diffusion of the Covid19 pandemic and the consequent disruption of the life of people and undertakings. This has, inevitably, had a negative impact on the delivery and installation times of the solutions offered, resulting in postponements and a slow down in orders, without cancellations.

Although the uncertainty linked to the evolution of the worldwide healthcare situation persists, Antares Vision is optimistic and ready to face, with its usual passion and enthusiasm, the restart of business and the expected acceleration which the gradual return to normality is expected to bring about.

The fact that investments did not stop after the end of the semester is proof thereof.

On 30 July 2020, Antares Vision announced the participation in Neurala (US\$ 290 thousand), a Boston-based innovative startup in Artificial Intelligence applied to visual inspection technologies. Continuing on the company's mission to protect products, brands, and people, this investment is born of the firm conviction that the application of

artificial intelligence is of great potential for the market, especially for inspection systems, tracking solution, and the optimisation of process prediction. The journey of Antares Vision in Artificial Intelligence had already started with the investment, in December 2019, in Orobix, a company founded in Bergamo in 2009, of which the Parent Company own 37.5%.

A new branch in Shenzhen (China), entirely controlled by Antares Vision Asia Pacific Limited, which established on 17 August 2020. The Shenzhen branch complements the Hong Kong branch, which has been operational since 2019, further strengthening the direct monitoring of the Chinese market, which is very sensitive to matters that pertain to inspection and tracking, especially in the pharmaceuticals and beverage sectors.

## Conclusions

Dear Sirs,

We would like to thank you for your trust, and hereby certify that the interim Consolidated Financial Statements are consistent with the accounting entries of Antares Vision and provide a true and fair view of its asset, economic and financial situation.

Travagliato, 21 September 2020

The Board of Directors

EMIDIO ZORZELLA  
MASSIMO BONARDI  
ALIOSCIA BERTO  
MARCO CLAUDIO VITALE  
MARCO COSTAGUTA  
DANTE ROSCINI  
MASSIMO PERONA  
MARTINA MONICO  
FABIO FORESTELLI

# ANTARES VISION S.P.A.

REGISTERED OFFICE: VIA DEL FERRO N. 16 - 25039 TRAVAGLIATO (BS)

Tax code 02890871201 – VAT number 02890871201

BS Chamber of Commerce Code:

E.A.I. number 000000523277

Resolved share capital EUR 145,723

Subscribed and paid up share capital EUR 143,037

Legal form COMPANY LIMITED BY SHARES

Prevailing sector of activity (ATECO) 332003

Belonging to a group Yes

Country of the parent company ITALY

Name of the parent company Antares Vision S.p.A.

Single-member company No.

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT 30/06/2020**

Statement of financial position	Notes	30/06/2020	31/12/2019 (*)
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets, plants and machinery	1	14.494.621	13.959.490
Property investments			
Right of use			
Goodwill	2	59.282.820	45.441.456
Other fixed assets	3	22.384.400	21.336.606
Investments in subsidiaries	4	28.500	-
Investments in associates, joint ventures and jointly controlled entities	5	3.163.785	3.413.462
Investments in other companies	6	400.017	400.017
Non-current financial assets	7	190.082	174.498
Prepaid tax assets	8	7.750.687	9.841.738
Other non-current assets			
<b>Total non-current assets</b>		<b>107.694.911</b>	<b>94.567.266</b>
<b>Current assets</b>			
Inventories	9	28.289.963	25.573.982
Rights to recover returned products from customers			
Contractual assets			
Trade receivables	10	38.402.651	55.709.757
Receivables from Group Companies		0	0
Other receivables	11	8.287.881	7.199.182
Other current financial assets	12	33.138.228	33.132.228
Cash equivalent and short term deposits	13	139.040.077	85.199.801
<b>Total current assets</b>		<b>247.158.801</b>	<b>206.814.951</b>
<b>Total Assets</b>		<b>354.853.712</b>	<b>301.382.217</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share Capital	14	142.885	142.606
Other reserves	14	129.378.824	109.888.374
FTA Reserve	14	-15.250.613	-15.250.613
Profits/ (losses) brought forward	14	2.923.508	287.421
Profit/(loss) for the year	14	4.644.106	21.917.723
<b>Total shareholders' equity</b>		<b>121.838.710</b>	<b>116.985.510</b>
Minority Interest capital and reserve	14	487.985	179.903
Profit / (loss) pertaining to minority interests	14	-294.196	409.619
<b>Total minority interest in shareholders' equity</b>		<b>193.788</b>	<b>589.522</b>
<b>Total shareholders' equity</b>		<b>122.032.498</b>	<b>117.575.033</b>
<b>Non-current liabilities</b>			
Non-current loans and financing	15	136.979.529	84.409.815
Non-current financial liabilities for leasing	16	6.104.698	6.878.811
Other non-current financial liabilities	17	10.244	12.946
Funds for risks and non-current charges			
Net liabilities for pension funds	18	6.367.654	5.686.808
Contractual liabilities			
Deferred taxes	19	4.676.679	4.812.555
Other non-current liabilities	20	483.926	620.500
<i>Payables to personnel and social security bodies</i>			
<i>Payables to the tax administration</i>			
<i>Other non-current liabilities</i>		483.926	620.500
<b>Total non-current Liabilities</b>		<b>154.622.729</b>	<b>102.421.435</b>
<b>Current liabilities</b>			
Current loans and financing	21	25.086.712	15.600.163
Current financial liabilities for leasing	22	1.627.638	880.920
Other current financial liabilities	23	1.350.698	568.648
Current provisions for risks and charges	24	452.889	452.601
Contractual liabilities	25	14.179.949	25.309.281
Liabilities for returns			
Trade payables	26	12.746.546	19.243.832
Payables to Group Companies			
Other payables	27	22.754.053	19.330.305
<b>Total current liabilities</b>		<b>78.198.484</b>	<b>81.385.749</b>
<b>Total Shareholders' equity and liabilities</b>		<b>354.853.712</b>	<b>301.382.217</b>

(\*): restated comparative figures following the PPA of FT System as specified in the section Business Combinations

Income statement	Notes	June 2020	June 2019 (* )
Revenues	28	58.006.304	59.174.591
<i>of which from related parties</i>		12.546	-
Other income	29	3.183.819	3.249.415
Changes in finished and semi-finished products	30	-5.186.798	-163.332
Raw materials and consumables	31	-9.263.599	-14.334.716
Personnel costs	32	-21.248.482	-14.852.469
Amortisation and depreciation	33	-2.144.379	-468.373
Net write-down in financial assets	34	-134.026	-230.603
Increase of fixed assets for development costs	35	2.145.374	1.057.085
Commissions for agents	36	-1.006.571	-1.675.660
<i>of which from related parties</i>		-50.838	-
Installation costs	37	-1.018.701	-2.315.857
<i>of which from related parties</i>		-9.870	-
Other operational expenses	38	-11.802.131	-12.408.090
<b>Operating result</b>		<b>11.530.810</b>	<b>17.031.990</b>
Financial charges	39	-3.759.913	-2.086.273
Financial Income	40	42.730	74.190
Foreign exchange gains and losses	41	-1.393.193	156.478
Share of the profits and losses of associates and joint ventures	42	-249.677	-
<b>Profit/(loss) before taxes on continuing operations</b>		<b>6.170.757</b>	<b>15.176.385</b>
<b>Income taxes</b>		<b>-1.820.846</b>	<b>-4.446.852</b>
Current taxes	43	-197.753	-1.920.186
Prepaid taxes	43	-1.776.485	-2.488.979
Deferred taxes	43	153.391	-37.687
<b>Profit/(loss) of the period</b>		<b>4.349.910</b>	<b>10.729.533</b>
Profit (loss) of minority interests		-294.196	85.807
<b>Total comprehensive profits/loss net of tax</b>		<b>4.644.106</b>	<b>10.643.726</b>
<b>Earnings per share</b>			
- Basic, profit for the year attributable to the ordinary shareholders of the Parent Company	44	Err:520	Err:520
- Diluted, profit for the year attributable to the ordinary shareholders of the Parent Company	44	Err:520	Err:520

ccordance with the international accounting standards. Please refer to the section dedicated to the First Time Adoption (FTA)

Comprehensive Income Statement	June 2020	June 2019
<b>Profit for the year</b>	<b>4.349.910</b>	<b>10.729.533</b>
<b>Other components of the comprehensive income statement</b>		
<i>Other components of the comprehensive income statement to be subsequently reclassified under profit/loss for the year:</i>		
Differences on translation of foreign financial statements	209.869	35.761
<b>Total other components of the comprehensive income statement to be subsequently reclassified under profit/(loss) for the year, net of tax</b>	<b>209.869</b>	<b>35.761</b>
<i>Other components of the comprehensive income statement not to be subsequently reclassified under profit/(loss) for the year</i>		
(Loss)/profit from write-up on defined benefit plans	-11.507	-404.271
Tax effect	2.762	97.025
<b>Total other components of the comprehensive income statement not to be subsequently reclassified under profit/(loss) for the year, net of tax</b>	<b>-8.745</b>	<b>-307.246</b>
<b>Total other components of the income statement net of tax</b>	<b>201.123</b>	<b>-271.485</b>
<b>Total comprehensive profits/(loss) net of tax</b>	<b>4.551.034</b>	<b>10.458.048</b>
Attributable to:		
Parent company shareholders	4.840.365	10.371.243
Minority shareholders	-289.332	86.804

Cash flow statement (indirect method)	30/06/2020	30/06/2019
	30/06/2020	(*)30/06/2019
	30/06/2020	(*)30/06/2019
<b>RESULT FROM OPERATING ACTIVITIES NET OF TAXES</b>	<b>4.349.910</b>	<b>10.729.533</b>
Tax	197.753	1.920.186
Financial Income	-42.730	-74.190
Financial charges	3.759.913	2.086.273
Depreciation and lasting loss of value of fixed assets, plant and machinery	838.640	270.506
Depreciation and lasting loss of value of intangible fixed assets	1.305.739	197.867
Employee Severance Fund (TFR) payments	-167.640	-8.268
Net change of risk provisions and charges	-	-30.876
Net change of deferred tax assets and liabilities	1.955.475	1.745.401
Other non-monetary movements	-1.316.782	-1.847.537
Paid Financial charges	-828.795	-437.518
<b>Changes in working capital:</b>		
(Increase)/decrease of inventories	-2.099.014	-2.330.900
(Increase)/decrease of trade receivables	17.622.382	669.387
(Increase)/decrease of other non financial assets	1.619.555	714.716
Increase/decrease of trade payables	-6.822.968	-591.349
Increase/decrease of other non financial liabilities	-9.076.497	-9.034.388
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>6.945.031</b>	<b>-6.750.690</b>
<b>Investment activities:</b>		
Acquisitions of tangible fixed assets net of divestments	-1.133.355	-243.015
Net investments in intangible assets	-2.184.766	-854.916
Purchase of investments in associates and joint ventures	-	-563.598
Purchase of investments in other companies	-15.584	-
Net investments in current financial activities	-6.000	-361.046
Acquisition of subsidiaries net of liquid assets acquired	-13.835.511	-
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>-17.175.216</b>	<b>-2.022.575</b>
<b>CHANGE IN THE LIQUID ASSETS FOLLOWING OPERATIVE AND INVESTMENT ACTIVITIES</b>	<b>-5.880.275</b>	<b>1.956.268</b>
<b>Financing activities:</b>		
New disbursements of financial payables	65.592.190	-
Reimbursements of financial payables	-5.836.432	-3.703.334
Reimbursement of other financial liabilities	-181.723	-2.285.958
Business combination with Alp.I	-	49.339.775
Other share capital increases	11.623	15.187
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>59.585.658</b>	<b>43.365.670</b>
<b>NET CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>53.705.383</b>	<b>45.321.938</b>
<b>EFFECT OF EXCHANGE RATE ON LIQUID ASSETS</b>	<b>134.893</b>	<b>35.761</b>
Net cash and cash equivalents at the start of the year	85.199.801	39.336.931

### Statement of changes to the Consolidated Shareholders' Equity

Shareholders' equity	31/12/2019 (*)	Allocation of previous year's result	Issuance and exercise of warrants	Business combinations	Other changes	Comprehensive the Comprehensive	Result for the year	30/06/2020
Share Capital	142.606	-	279	-	-	-	-	142.885
Other reserves	109.888.374	19.277.982	11.344	-	-	201.124	-	129.378.824
Share premium reserve	90.983.361	-	11.344	-	-	-	-	90.994.705
Legal reserve	98.798	-	-	-	-	-	-	98.798
Extraordinary reserve	30.095.166	19.277.982	-	-	-	-	-	49.373.149
Reserve for translation differences	-1.198.937	-	-	-	-	209.869	-	-989.068
OCI Reserve	-1.040.014	-	-	-	-	-8.745	-	-1.048.759
Warrant reserve	-9.050.000	-	-	-	-	-	-	-9.050.000
FTA Reserve	-15.250.613	-	-	-	-	-	-	-15.250.613
Profit / (loss) carried forward	287.421	2.639.741	-	-	-3.654	-	-	2.923.508
Profit / (loss) for the year	21.917.723	-21.917.723	-	-	-	-	4.644.106	4.644.106
Shareholders' equity	116.985.510	-	11.623	-	-3.654	201.124	4.644.106	121.838.710

Shareholders' equity	31/12/2018	Allocation of previous year's result	Issuance and exercise of warrants	Business combinations	Other changes	Comprehensive the Comprehensive	Result for the year (*)	31/12/2019 (*)
Share Capital	127.612	-	2.994	12.000	-	-	-	142.606
Other reserves	46.704.383	21.861.129	-9.035.311	50.988.000	-	-629.827	-	109.888.374
Share premium reserve	39.980.672	-	14.689	50.988.000	-	-	-	90.983.361
Legal reserve	98.798	-	-	-	-	-	-	98.798
Extraordinary reserve	8.234.037	21.861.129	-	-	-	-	-	30.095.166
Reserve for translation differences	-1.238.878	-	-	-	-	39.941	-	-1.198.937
OCI Reserve	-370.246	-	-	-	-	-669.768	-	-1.040.014
Warrant reserve	-	-	-9.050.000	-	-	-	-	-9.050.000
FTA Reserve	-15.250.613	-	-	-	-	-	-	-15.250.613
Profit / (loss) carried forward	1.111.450	-2.124.401	-	-	1.300.371	-	-	287.421
Profit / (loss) for the year	19.736.728	-19.736.728	-	-	-	-	21.917.723	21.917.723
Shareholders' equity	52.429.561	-	-9.032.317	51.000.000	1.300.371	-629.827	21.917.723	116.985.510

(\*): restated following the PPA of FT System as specified in the section Business Combinations

## NOTES TO THE FINANCIAL STATEMENTS

### Corporate information

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

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

On 2 July 2018, the Shareholders' Meeting conferred the auditing assignment for the three-year period 2018, 2019, 2020, to EY S.p.A., registered Auditors under no. 70945 published on the Official Journal Suppl. 13 - IV Special Series 17/2/1998, registered with the Consob Special Register of Auditing Firms under no. 2 resolution no. 10831 of 16/7/1997,

appointed through the Brescia office, Corso Magenta 29 for statutory auditing of the annual accounts pursuant to art. 13 of (It.) legislative Decree no.39/2010.

## ***Declaration of conformity to the international accounting standards and transition to IFRS***

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

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

The figures as at 30 June 2019 and 31st December 2019, set out for comparison purposes, have been reclassified according to the new accounting standards. Please refer to the section dedicated to the First Time Adoption (FTA) presented in the Notes to the Financial Statements below with regard to the reconciliation of the Income Statement as at 30 June 2019 and to what is described in the Consolidated Financial Statements as at 31st December 2019 with regard to the reconciliation of the Balance Sheet on the transition date and at 31st December 2019.

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

They include the accounting data of Antares Vision S.p.A. and its Subsidiaries.

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

### **Financial statements**

Antares Vision has adopted the following financial statements:

- a Statement of financial position that separately sets out current and non-current

assets and current and non-current liabilities;

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

An asset is current when:

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

All other assets are classified as non current.

A liability is current when:

- it is estimated to be settled within its normal operating cycle;
- it is mainly held for the purpose of being traded;
- it must be settled within twelve months from the year end date; or
- the entity does not have the unconditional right to defer settlement of the liability for at least twelve months from the year end date.

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

Antares Vision classifies all other liabilities as non current.

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

The adoption of these statements assures the best representation of the income, capital and borrowing situation of Antares Vision.

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

### **First time adoption (FTA)**

## **6. Reconciliation statements between Italian and international accounting standards**

### ***1.1. Introduction***

Antares Vision prepared the first IFRS Consolidated Financial Statements as at 31st December 2019 to which please refer for information on the effects of the conversion to the International Accounting Standards. The date of transition to the international accounting standards, as indicated by IFRS 1, was set for 1st January 2018.

The transition, which, as indicated by IFRS 1, was set for 1st January 2018, necessitated the restatement of the comparative Income Statement as at 30 June 2019.

That said and taking into account the Recommendation of the CESR (Committee of European Securities Regulators) published on 30 December 2003, in order to guarantee sufficient comprehensibility of the effects of the transition to the new rules that apply to the accounts of the financial statements, we suggest to follow the reconciliation statement of the Income Statement as at 30 June 2019.

Income statement	June 2019 OIC	Reclassification s	Adjustments	June 2019 IAS/IFRS
Revenues	49.760.787	-	9.413.804	59.174.591
Other income	3.249.415	-	-	3.249.415
Changes in finished and semi-finished products	2.712.791	-	-2.876.123	-163.332
Raw materials and consumables	-14.334.716	-	-	-14.334.716
Personnel costs	-14.852.469	-	-	-14.852.469
Amortisation and depreciation	-500.081	-	31.709	-468.373
Net write-down in financial assets	-230.603	-	-	-230.603
Increase of fixed assets for development costs	1.057.085	-	-	1.057.085
Commissions for agents	-1.675.660	-	-	-1.675.660
Installation costs	-2.315.857	-	-	-2.315.857
Other operational expenses	-11.111.329	-	-1.296.761	-12.408.090
<b>Operating result</b>	<b>11.759.362</b>	-	<b>5.272.628</b>	<b>17.031.990</b>
Financial charges	-1.511.209	-	-575.064	-2.086.273
Financial Income	74.190	-	-	74.190
Foreign exchange gains and losses	156.478	-	-	156.478
<b>Profit / (loss) before tax</b>	<b>10.478.821</b>	-	<b>4.697.564</b>	<b>15.176.385</b>
<b>Income taxes</b>	<b>-2.983.501</b>	-	<b>-1.463.351</b>	<b>-4.446.852</b>
Current taxes	-1.920.186	-	-	-1.920.186
Prepaid taxes	-1.025.628	-	-1.463.351	-2.488.979
Deferred taxes	-37.687	-	-	-37.687
<b>Profit / (loss)</b>	<b>7.495.320</b>	-	<b>3.234.213</b>	<b>10.729.533</b>
Profit (loss) of minority interests	89.669	-	-3.862	85.807
<b>Total comprehensive profits/loss net of tax</b>	<b>7.405.651</b>	-	<b>3.238.075</b>	<b>10.643.726</b>

### **Consolidation principles**

The interim Consolidated Financial Statements include the interim financial statements of Antares Vision S.p.A. and its subsidiaries at 30 June 2020.

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

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

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

In general, the assumption is that the majority of voting rights entails control. To support said assumption and when Antares Vision holds less than the majority of voting rights (or

similar rights), Antares Vision considers all significant events and circumstances to establish whether it controls the entity it has invested in, including:

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

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

The assets, liabilities, revenues and costs of the subsidiary acquired or disposed during the year are included in the interim Consolidated Financial Statements from the date on which Antares Vision obtains control until the date on which Antares Vision no longer exercises control over the company.

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

### **Consolidation area**

CONSOLIDATION AREA 2020							
Name	Country	Currency	Direct parent company	Investment	Shareholders' equity (in euros)	Result for the year (in euros)	Consolidation method
Antares Vision Inc. America	USA	USD	Antares Vision S.p.A.	100,00%	2.242.458	-353.841	Comprehensive
Antares Vision North America LLC	USA	USD	Antares Vision Inc. America	70,00%	989.744	-847.491	Comprehensive
Imago Technologies GmbH	Germany	EUR	Antares Vision S.p.A.	100,00%	5.981.453	398.921	Comprehensive
Antares Vision do Brasil Ltda	Brazil	BRL	Antares Vision S.p.A.	99,99%	-2.400.184	-2.223.235	Comprehensive
LEGG System Ltda	Brazil	BRL	Antares Vision do Brasil Ltda	99,99%	-4.150	-4.223	Comprehensive
T2 SOFTWARE	Brazil	BRL	Antares Vision do Brasil Ltda	50,99%	389.883	-44.125	Comprehensive
Pharmatrack Sistemas LTDA	Brazil	BRL	T2 SOFTWARE	37,23%	70.836	-1.026	Comprehensive
Antares Vision France Sas	France	EUR	Antares Vision S.p.A.	100,00%	-59.751	-566.471	Comprehensive
Antares Vision Ireland Ltd	Ireland	EUR	Antares Vision S.p.A.	100,00%	-124.611	-122.025	Comprehensive
Antares Vision Rus OOO	Russia	RUB	Antares Vision S.p.A.	100,00%	-153.120	-152.778	Comprehensive
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100,00%	-426.692	-402.597	Comprehensive
FT System	Italy	EUR	Antares Vision S.p.A.	100,00%	13.722.359	1.222.219	Comprehensive
FT System North America LLC	USA	USD	FT System	100,00%	266.967	216.550	Comprehensive
FT Hexagon	France	EUR	FT System	100,00%	272.133	-23.246	Comprehensive
Tradeticty d.o.o	Croatia	HRK	Antares Vision S.p.A.	82,80%	207.146	-29.864	Comprehensive
Tradeticty Service d.o.o	Serbia	RSD	Tradeticty d.o.o	82,80%	-185.504	4.062	Comprehensive
Convel S.r.l.	Italy	EUR	Antares Vision S.p.A.	100,00%	3.015.332	-	Comprehensive
Antares Vision Germany	Germany	EUR	Antares Vision S.p.A.	100,00%	28.500	-	Comprehensive

The Companies included in the consolidation area as at 30 June 2020 in addition to the Parent Company Antares Vision S.p.A. are listed below:

Investments in associated companies and joint ventures are as follows:

ASSOCIATED COMPANIES AND JOINTLY CONTROLLED COMPANIES						
Name	Country	Currency	Direct investment	Shareholders' equity (in euros)	Result for the year (in euros)	Consolidation method
Antares Vision India Private Limited	India	INR	51,00%	177.087	-122.609	Equity
Grobix S.r.l.	Italy	EUR	37,50%	2.908.287	-499.058	Equity

The scope of consolidation as at 31st December 2019 was as follows:

CONSOLIDATION AREA 2019							
Name	Country	Currency	Direct parent company	Investment	Shareholders' equity (in euros)	Result for the year (in euros)	Consolidation method
Antares Vision Inc. America	USA	USD	Antares Vision S.p.A.	100,00%	2.582.214	761.418	Comprehensive
Antares Vision North America LLC	USA	USD	Antares Vision Inc. America	70,00%	1.879.329	1.473.968	Comprehensive
Imago Technologies GmbH	Germany	EUR	Antares Vision S.p.A.	100,00%	5.582.532	977.803	Comprehensive
Antares Vision do Brasil Ltda	Brazil	BRL	Antares Vision S.p.A.	99,99%	-581.617	-2.012.995	Comprehensive
LEGG System Ltda	Brazil	BRL	Antares Vision do Brasil Ltda	99,99%	-551	-29.180	Comprehensive
T2 SOFTWARE	Brazil	BRL	Antares Vision do Brasil Ltda	50,99%	580.621	-62.206	Comprehensive
Pharmatrack Sistemas LTDA	Brazil	BRL	T2 SOFTWARE	37,23%	97.105	-1.353	Comprehensive
Antares Vision France Sas	France	EUR	Antares Vision S.p.A.	100,00%	505.703	178.639	Comprehensive
Antares Vision Ireland Ltd	Ireland	EUR	Antares Vision S.p.A.	100,00%	-2.588	17.263	Comprehensive
Antares Vision Rus OOO	Russia	RUB	Antares Vision S.p.A.	100,00%	-8.626	-8.616	Comprehensive
Antares Vision Asia Pacific Ltd	Hong Kong	HKD	Antares Vision S.p.A.	100,00%	-36.874	-38.336	Comprehensive
FT System	Italy	EUR	Antares Vision S.p.A.	100,00%	12.610.935	596.983	Comprehensive
FT System North America LLC	USA	USD	FT System	100,00%	53.783	-35.310	Comprehensive
FT Hexagon	France	EUR	FT System	100,00%	295.380	-18.589	Comprehensive

The scope of consolidation as at 30 June 2020 is different from that of the previous year due to the transactions described below.

A new branch was established in Germany on 17 February 2020, wholly controlled by the Parent Company Antares Vision S.p.A. and which became fully operational on 1 July 2020. The new branch currently has six employees (two key account managers, two installation technicians, a project manager, and a marketing and communication employee) and its

establishment is meant to strengthen the monitoring of the existing local market and to promote further growth and diversification of the Antares Vision business.

The agreement for the acquisition of 82.83% of Tradeticity d.o.o. and of its 100% subsidiary Tradeticity Service d.o.o. (collectively referred to as "Tradeticity") was concluded on 20 April 2020. The companies were incorporated in Zagreb and Belgrade, respectively, and specialise in software for the management of advanced tracking and serialisation processes. Tradeticity has consolidated expertise and market shares in the pharmaceutical sector, operating on both the domestic market and internationally. The acquisition, which entailed a cash disbursement of approximately EUR 1,421 thousand (of which EUR 932 thousand as carrying amount of the investment, EUR 108 thousand for the acquisition of full control over Tradeticity Services d.o.o., and EUR 381 thousand for the extinguishment of the financial debt) and which envisages a call right for the acquisition of the remaining 17.17% following the approval of the financial statements as at 31st December 2021, will allow Antares Vision to extend its geographical presence to Eastern Europe, increasing market penetration and boosting the creation and implementation of tracking and serialisation solutions along the entire pharmaceutical supply chain.

The agreement for the acquisition of 100% of Convel S.r.l. ("Convel"), an Italian company based in Dueville (Vicenza) specialising in automated inspection systems for the pharmaceutical industry, and a leader in Leak Testing, a technology aimed at guaranteeing top quality inspection by detecting any leaks that may adversely affect the sterility of the containers was concluded on 30 June 2020. Convel will make it possible for Antares Vision to boost its presence in the inspection machinery market, to expand its range of products and widen its customer base, generating cross selling opportunities, and to strengthen the management team with people of proven value. Moreover, Convel's commitment to research and development will make it possible to anticipate all new challenges thrown up by the very demanding and constantly evolving pharmaceutical market, generating authentic value for its customers with the use of cutting-edge technologies.

Please refer to the paragraph dedicated to the Business combinations for a detailed description of the equity, economic and financial effects of the acquisitions of the semester.

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

As requested by IFRS 12 for subsidiaries with significant minority interests, below please find the Statement of financial position and the Income Statement of Antares Vision North

America as at 30 June 2020.

<b>Statement of financial position</b>	<b>Antares Vision North America 30/06/2020</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Fixed assets, plants and machinery	8.071
Right of use	170.654
Other fixed assets	4.984
Non-current financial assets	7.954
Prepaid tax assets	20.967
<b>Total non-current assets</b>	<b>41.976</b>
<b>Current assets</b>	
Inventories	2.658.422
Trade receivables	1.772.342
Receivables from Group Companies	593.095
Other receivables	388.294
Cash equivalent and short term deposits	5.144.953
<b>Total current assets</b>	<b>10.557.107</b>
<b>Total Assets</b>	<b>10.769.736</b>
<b>Shareholders' equity and liabilities</b>	
<b>Shareholders' equity</b>	
Share Capital	1.133.629
Other reserves	13.850
FTA Reserve	-319,72
Profits/ (losses) brought forward	689.755
Profit/(loss) for the year	-895.467
<b>Total shareholders' equity</b>	<b>941.448</b>
<b>Non-current liabilities</b>	
Non-current financial liabilities for leasing	54.705
Other non-current financial liabilities	10.244
Deferred taxes	2.102
Other non-current liabilities	11.539
<b>Total non-current Liabilities</b>	<b>78.590</b>
<b>Current liabilities</b>	
Current loans and financing	634.833
Current financial liabilities for leasing	107.697
Contractual liabilities	2.102
Trade payables	7.105.132
Other payables	1.826.568
<b>Total current liabilities</b>	<b>9.676.331</b>
<b>Total Shareholders' equity and liabilities</b>	<b>10.696.368</b>

<b>Income statement</b>	<b>Antares Vision North America  June 2020</b>
Revenues	3.068.255
Other income	122.573
Changes in finished and semi-finished products	175.351
Raw materials and consumables	-1.728.448
Personnel costs	-1.733.011
Amortisation and depreciation	-50.955
Other operational expenses	-818.035
<b>Operating result</b>	<b>-964.271</b>
Financial charges	-3.917
Foreign exchange gains and losses	69.439
<b>Profit / (loss) before tax</b>	<b>-898.748</b>
<b>Income taxes</b>	<b>3.281</b>
Current taxes	-15.584
Prepaid taxes	20.967
Deferred taxes	-2.102
<b>Profit / (loss) of the period</b>	<b>-895.467</b>

### **Translation of financial statements drawn up in foreign currencies**

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

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

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

Currency	Actual exchange rate at 30/06/2020	Average exchange rate H1 2020	Actual exchange rate at 31/12/2019	Average exchange rate H1 2019
US Dollar	1,1198	1,1015	1,1234	1,12975
Brazilian Real	6,1118	5,4169	4,5157	4,3407
Hong Kong Dollar	8,6788	8,5484	8,7473	N/A
Russian Rouble	79,63	76,6825	69,956	N/A
Croatian Kuna	7,5708	7,5716	N/A	N/A
Serbian Dinar	117,2388	117,6199	N/A	N/A

### **Disclosure on Business combinations**

The Purchase Price Allocation (“PPA”) process of FT System, a group acquired on 30 December 2019, was finalised during the first half of 2020.

Moreover, as has already been mentioned in the paragraph dedicated to the Consolidation area, in the first half of 2020 the Parent Company acquired 82.83% of the share capital of Tradeticity d.o.o. and 100% of the share capital of Convel S.r.l.

### **Acquisition of the FT System Group**

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

The price paid for the acquisition, which is not subject to adjustment mechanisms, was equal to EUR 67,712,714 (excluding ancillary charges related to the transaction, fully expensed in the Income Statement as required by IFRS 3), supported by a Fairness Opinion prepared by an independent third party. The cash acquired with the transaction was equal to EUR 7,493,064, with a net cash flow equal to EUR 60,219,650.

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

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

On 3 December 2019, the difference between the purchase price of the shares of FT System and the book shareholders’ equity of the acquired Group was provisionally recorded under the item Goodwill, under assets in the Statement of financial position,

taking advantage of the option provided by IFRS 31 to finalise the PPA process within 12 months after the acquisition.

The current values of the assets and liabilities acquired were identified during the first half of 2020, including potential liabilities, and Antares Vision retroactively corrected the amounts that were provisionally recognised on the date of acquisition. The valuation resulted in the following adjustments at fair value:

- recognition of Other intangible fixed assets represented by technology for EUR 5,640,500, whose service life is estimated at 15 years, except for the Squeezer technology, whose useful life is 10 years;
- recognition of Other intangible fixed assets represented by relationships with customers for EUR 10,693,700, whose useful life was estimated at 10 years;
- recording of deferred tax liabilities related to technology for EUR 1,573,700;
- recording of deferred tax liabilities related to relationships with customers for EUR 2,983,542;
- reversal, net of the related deferred taxes (receivables), where applicable, of the book value of items for which the value of recording on the acquisition date differed from the *fair value*.

These effects are summarised in the Statement of financial position below:

Statement of financial position	FT SYSTEM 30/09/2019	PURCHASE PRICE ALLOCATION		FT SYSTEM 30/09/2019 POST PPA
		REVERSAL OF THE ITEMS OBJECT OF THE PPA	ADJUSTMENTS TO FAIR VALUE	
<b>Assets</b>				
<b>Non-current assets</b>				
Fixed assets, plants and machinery	623.341			623.341
Right of use	818.224			818.224
Goodwill	520.671	-16.231		504.440
Other fixed assets	826.971	-683.462	16.334.200	16.477.708
Investments in other companies	17			17
Non-current financial assets	60			60
Prepaid tax assets	330.433	190.700		521.133
Other non-current assets	184.195			184.195
<b>Total non-current assets</b>	<b>3.303.911</b>	<b>-508.993</b>	<b>16.334.200</b>	<b>19.129.118</b>
<b>Current assets</b>				
Inventories	3.830.190			3.830.190
Trade receivables	7.720.231			7.720.231
Other receivables	2.033.640			2.033.640
Cash equivalent and short term deposits	7.493.064			7.493.064
<b>Total current assets</b>	<b>21.077.126</b>	<b>-</b>	<b>-</b>	<b>21.077.126</b>
<b>Total Assets</b>	<b>24.381.037</b>	<b>-508.993</b>	<b>16.334.200</b>	<b>40.206.244</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
Share Capital	125.000			125.000
Other reserves	8.697.093			8.697.093
Profits/ (losses) brought forward	2.324.746	-508.993	11.777.000	13.592.753
<b>Total shareholders' equity</b>	<b>11.146.839</b>	<b>-508.993</b>	<b>11.777.000</b>	<b>22.414.846</b>
<b>Non-current liabilities</b>				
Non-current financial liabilities for leasing	822.670			822.670
Net liabilities for pension funds	2.108.908			2.108.908
Deferred taxes	21.019		4.557.200	4.578.219
Other non-current liabilities	626.838			626.838
<b>Total non-current Liabilities</b>	<b>3.579.435</b>	<b>-</b>	<b>4.557.200</b>	<b>8.136.635</b>
<b>Current liabilities</b>				
Current financial liabilities for leasing	14.688			14.688
Current provisions for risks and charges	346.321			346.321
Trade payables	4.589.682			4.589.682
Other payables	4.704.072			4.704.072
<b>Total current liabilities</b>	<b>9.654.763</b>	<b>-</b>	<b>-</b>	<b>9.654.763</b>
<b>Total Shareholders' equity and liabilities</b>	<b>24.381.037</b>	<b>-508.993</b>	<b>16.334.200</b>	<b>40.206.243</b>

Following these adjustments, the difference between the consideration paid and the net balance between the fair market value of the assets acquired and liabilities assumed with the transaction, as identified and recognised in accordance with the IFRS 3 accounting standard, is recorded in Goodwill and amounts to EUR 45,297,868.

	<b>30/09/2019</b>
Consideration paid	67.712.714
FT System shareholders' equity following the PF	22.414.846
<b>Goodwill</b>	<b>45.297.868</b>

The management does not believe that there are indications or signs of possible impairments to apply to such value taking into account the excellent future ability of Antares Vision to generate cash flows, also by virtue of its positioning and of the expectations with regard to its sector, as shown by the results of the first half of 2020 and the expectations for the entire FY2020.

On the same subject, even in the hypothetical situation of a possible future lockdown, we do not believe that the effects on the business could be significant, as already shown during the first half of the year, as Antares Vision operates in a sector the activities of which can be considered essential for the total economic system as they aim to protect consumer products (be they medicine, foodstuffs, or beverages, cosmetics, or luxury products). Consequently, even delays or slow downs in turnover in the next months and reduced margins will not impact the recognised value of goodwill.

With regard to the reference area for goodwill value controls, the group of relevant assets is represented by the entirety of the net operation of the Antares Vision Consolidated Financial Statements, assets which form, in the resolution adopted by the Directors, a sole Cash Generating Unit (GCU).

In fact, from a strategic and management point of view, the Directors found that the integration of FT System into Antares Vision is moving quickly and that the subsidiaries of Antares Vision are gradually becoming distributors of FT System solutions, also hiring dedicated personnel. At the same time, FT System has added its offer to the tracking and smart data management solutions of Antares Vision.

In addition and always with regard to the recoverability of the financial statements goodwill, the Directors have found that the following indications apply to the fair value of the Group's activities:

- i) the market capitalisation of Antares Vision is currently much higher than the value of the group's book shareholders' equity;
- ii) a summary assessment of the Net Invested Capital based on the application to the expected results of the group of the market multiples of comparable companies (as quantified by recent research by financial analysts) would result in operation values significantly higher than the book value.

The Directors deemed that these elements constitute, therefore, a significant indication-corroborated by an external source - regarding the total recoverability of the value of goodwill recognised in the financial statements.

The effects of the PPA on the interim Consolidated Financial Statements were reflected

retroactively to the acquisition date resulting in the need to restate the comparative information as at 31st December 2019 not just due to the aforementioned allocation, but also due to the deriving economic effects (higher net amortisations for EUR 229,613, compensated by the net effect of the deferred taxes for EUR 64,397, with consequent reduction of the results of the financial year by EUR 165,216). These effects are summarised in the tables below that show the Statement of financial position and the Income statement of FT System on the acquisition date in the pre-PPA version and in the version that reflects the PPA.

Statement of financial position	31/12/2019	EFFECTS OF THE PPA	31/12/2019 ADJUSTED
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets, plants and machinery	11.662.337		11.662.337
Right of use	2.297.153		2.297.153
Goodwill	56.736.514	-11.295.058	45.441.456
Other fixed assets	5.904.660	15.431.945	21.336.606
Investments in associates and joint ventures	3.413.462		3.413.462
Investments in other companies	400.017		400.017
Non-current financial assets	174.498		174.498
Prepaid tax assets	9.688.125	153.613	9.841.738
<b>Total non-current assets</b>	<b>90.276.765</b>	<b>4.290.500</b>	<b>94.567.266</b>
<b>Current assets</b>			
Inventories	25.573.982		25.573.982
Trade receivables	55.709.757		55.709.757
Other receivables	7.199.182		7.199.182
Other current financial assets	33.132.228		33.132.228
Cash equivalent and short term deposits	85.199.801		85.199.801
<b>Total current assets</b>	<b>206.814.951</b>		<b>206.814.951</b>
<b>Total Assets</b>	<b>297.091.716</b>	<b>4.290.500</b>	<b>301.382.217</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share Capital	142.606		142.606
Other reserves	109.888.374		109.888.374
FTA Reserve	-15.250.613		-15.250.613
Profits/ (losses) brought forward	287.421		287.421
Profit/(loss) for the year	22.082.939	-165.216	21.917.723
<b>Total shareholders' equity</b>	<b>117.150.726</b>	<b>-165.216</b>	<b>116.985.510</b>
Minority Interest capital and reserve	179.903		179.903
Profit / (loss) pertaining to minority interests	409.619		409.619
<b>Total minority interest in shareholders' equity</b>	<b>589.522</b>		<b>589.522</b>
<b>Total shareholders' equity</b>	<b>117.740.248</b>	<b>-165.216</b>	<b>117.575.033</b>
<b>Non-current liabilities</b>			
Non-current loans and financing	84.409.815		84.409.815
Non-current financial liabilities for leasing	6.878.811		6.878.811
Other non-current financial liabilities	12.946		12.946
Net liabilities for pension funds	5.686.808		5.686.808
Deferred taxes	356.839	4.455.716	4.812.555
Other non-current liabilities	620.500		620.500
<b>Total non-current Liabilities</b>	<b>97.965.719</b>	<b>4.455.716</b>	<b>102.421.435</b>
<b>Current liabilities</b>			
Current loans and financing	15.600.163		15.600.163
Current financial liabilities for leasing	880.920		880.920
Other current financial liabilities	568.648		568.648
Current provisions for risks and charges	452.601		452.601
Contractual liabilities	25.309.281		25.309.281
Trade payables	19.243.832		19.243.832
Other payables	19.330.305		19.330.305
<b>Total current liabilities</b>	<b>81.385.749</b>		<b>81.385.749</b>
<b>Total Shareholders' equity and liabilities</b>	<b>297.091.716</b>	<b>4.290.500</b>	<b>301.382.217</b>

Acquisition of Tradeticity d.o.o. and its subsidiary, Tradeticity Services d.o.o.

The agreement for the acquisition of 82.83% of Tradeticity d.o.o. and of its 100% subsidiary Tradeticity Service d.o.o. (collectively referred to as “Tradeticity”) was concluded on 20 April 2020. The companies were incorporated in Zagreb and Belgrade, respectively, and specialise in software for the management of advanced tracking and serialisation processes.

The price paid for the acquisition, which is not subject to adjustment mechanisms, was equal to EUR 932,083 (excluding ancillary charges related to the transaction, fully expensed in the Income Statement as required by IFRS 3). At the same time as the acquisition, a loan amounting to EUR 491,131 was issued, intended in part for the acquisition of 100% of Tradeticity Services d.o.o.

We believe it is appropriate to present a summary of the Statement of financial position of Tradeticity Group as at 30 April 2020, the date that best represents the Statement on the date of acquisition and the consequent Goodwill generated by the acquisition:

<b>Statement of financial position</b>	<b>TRADETICITY 30/04/2020</b>
<b>Assets</b>	
Fixed assets	237.919
Goodwill	299.011
Current assets	525.534
<b>Total Assets</b>	<b>1.062.464</b>
<b>Shareholders' equity and liabilities</b>	
Non-current liabilities	594.131
Current liabilities	339.847
<b>Total Liabilities</b>	<b>933.978</b>
Shareholders' equity for the period	106.425
Minority interest in shareholders' equity	22.060
<b>Shareholders' equity</b>	<b>128.486</b>
<b>Total Shareholders' equity and liabilities</b>	<b>1.062.464</b>
Goodwill already recorded in Tradeticity relating to Antares Vision	247.671
Antares Vision shareholders' equity	-106.425
<b>Price paid</b>	<b>932.083</b>
<b>Goodwill</b>	<b>1.073.329</b>

These interim Consolidated Financial Statements the effects of the transactions in

question have been provisionally recorded entirely under the item Goodwill, taking advantage of the option of determining the final values of the Purchase Price Allocation within 12 months from the acquisition.

The management believes that the consideration for each acquisition are a significant indication of the value of the assets acquired, including Goodwill.

The values that converge from the Statement of financial position of Tradeticity, if they are significant, will be commented on separately in the Notes to the Statement of financial position.

#### Acquisition of Convel S.r.l.

The agreement for the acquisition of 100% of Convel S.r.l. ("Convel"), an Italian company based in Dueville (Vicenza) specialising in automated inspection systems for the pharmaceutical industry, and a leader in Leak Testing, a technology aimed at guaranteeing top quality inspection by detecting any leaks that may adversely affect the sterility of the containers was concluded on 30 June 2020.

The price paid for the acquisition was EUR 15,730,337, with liquidities acquired by the transaction that amounted to EUR 3,117,711.

These interim Consolidated Financial Statements only reflect the asset balances, as the transaction only became effective on the date of closure of the semester. To better appreciate the effects of the inclusion of Convel in the scope of consolidation, we believe it useful to summarise the Company's Statement of financial position on the date of acquisition below:

<b>Statement of financial position</b>		<b>CONVEL 30/06/2020</b>
<b>Assets</b>		
Non-current assets		234.617
Current assets		4.109.094
<i>of which Cash equivalent and short term deposits</i>		<i>3.117.711</i>
<b>Total Assets</b>		<b>4.343.711</b>
<b>Shareholders' equity and liabilities</b>		
Non-current liabilities		100.826
Current liabilities		1.242.904
Shareholders' equity		2.999.981
<b>Total Shareholders' equity and liabilities</b>		<b>4.343.711</b>
Shareholders' equity		2.999.981
<b>Price paid</b>		<b>15.730.337</b>
<b>Goodwill</b>		<b>12.730.356</b>

These interim Consolidated Financial Statements the effects of the transactions in question have been provisionally recorded entirely under the item Goodwill, taking advantage of the option of determining the final values of the Purchase Price Allocation within 12 months from the acquisition.

The management believes that the consideration for each acquisition are a significant indication of the value of the assets acquired, including Goodwill.

The values that converge from the Statement of financial position of Convel, if they are significant, will be commented on separately in the Notes to the Statement of financial position.

## **Summary of the main accounting principles**

### **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, Antares Vision defines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest in the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified under administrative expenses.

Goodwill is initially recognised at cost represented by the excess of the total amount paid and the amount recognised for minority interests over the net identifiable assets acquired and liabilities assumed by Antares Vision. If the fair value of the net assets acquired exceeds the total amount paid, Antares Vision checks again whether it has correctly identified all the assets acquired and all the liabilities assumed and it revises the procedures used to determine the amounts to be recognised at the acquisition date. If the new valuation still shows that the fair value of the net assets acquired exceeds the consideration, the difference (profit) is recognised in the Income Statement.

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

### **Fair value evaluation**

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

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

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

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - measurement techniques for which inputs are unobservable for the asset or liability.

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

Specifically, the derivative instruments held by the Parent Company to cover the interest rates fall under Level 2, as they are defined with valuation techniques that refer to variables that can be observed in active markets. The reference value is the mark-to-market based on which the value of the derivative instrument is systematically adjusted depending on the current market prices.

The warrants issued by the Parent Company concomitantly with the listing of the Parent Company on the AIM market and recorded in Non-current loans and financing fall under Level 1, as their fair value is directly observable from the official market prices.

All other financial assets and liabilities recorded in these interim Consolidated Financial Statements fall under Level 3, as their fair value is defined with reference to variables that are not observable on the market.

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

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

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

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

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

#### **Fixed assets, plants and machinery**

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

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

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

The land is not depreciated.

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

The carrying amount of an item of property, plants and machinery and any significant component initially recognised is derecognised on disposal (i.e. on the date the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. The gain or loss that emerges when the asset is derecognised (calculated as the difference between the net book value of the asset and the consideration received) is recognised in the Income Statement when the item is derecognised.

At least once per year and, in any case, at the end of each financial year, Antares Vision checks that there are no indicators of impairment of tangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of these assets to determine the amount of any write-down. The recoverable value is equal to the higher of the price that would be obtained from a sale and the value in use calculated by discounting prospective cash flows net of taxes. If the reasons for the write-down cease to apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the Income Statement for the year.

## **Right of use**

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

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

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

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

## **Goodwill**

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

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

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

With regard to the shareholding and goodwill deriving from the acquisition of Tradeticity

and Convel, the Board of Directors believes that the consideration for the acquisition is still a relevant indication of the value of the assets acquired, including goodwill. This is in light of the fact that the acquisition took place recently (on 20 April 2020 and 30 June 2020, respectively) and, secondly, that the management information relating to the performance of the acquired companies in the period from the related acquisition to the date of preparation of this document did not show any evidence of impairment of the assets acquired.

### **Other fixed assets**

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible fixed assets are recognised at cost net of accumulated amortisation and any accumulated impairments. Intangible assets produced internally, with the exception of Development costs, are not capitalised and are recognised in the Income Statement for the year in which they are incurred.

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

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

Research costs are charged to the Income Statement for the year in which they are incurred. Development costs incurred in relation to a given project are recognised as intangible assets when Antares Vision is able to demonstrate:

- the technical possibility to complete the intangible asset, so that it is available for use or sale;
- the intention to complete the asset and its ability and intention to use or sell it;
- the manner in which the asset will generate future economic benefits;

- the availability of resources to complete the asset;
- the ability to reliably assess the cost attributable to the asset during development.

After initial recognition, development activities are valued at cost less accumulated depreciation or impairments. Depreciation of the asset begins when development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits.

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

- Development costs: 20%
- Patents: 20%

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

At the end of each financial year, Antares Vision ascertains that there are no indicators of impairment of intangible fixed assets. If such indicators exist, Antares Vision estimates the recoverable value of these assets to determine the amount of any write-down. The recoverable value is equal to the higher of the price that would be obtained from a sale and the value in use calculated by discounting prospective cash flows net of taxes. If the reasons for the write-down cease to apply, the asset is written up to the value it would have had if the write-down had never taken place. Write-downs and write-ups are charged to the Income Statement for the year. Goodwill is never written up.

### **Investments in associated companies and joint ventures**

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

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

This is the case with the investment in Antares Vision India Private Limited, incorporated

on 20 April 2019, valued in these interim Consolidated Financial Statements according to the Equity Method and recorded at a value equal to EUR 163,462.

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

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

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

### **Deferred and prepaid taxes**

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

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

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

## **Inventories**

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

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

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

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

## **Trade receivables, other receivables and other financial assets**

### Initial recognition

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

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

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

### Follow-up assessment

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

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

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

### Derecognition

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

In cases where Antares Vision has transferred the rights to receive cash flows from an asset but has neither transferred nor retained substantially all the risks and benefits or has not lost control over it, the asset continues to be recognised in the Group's financial

statements to the extent of its residual involvement in the asset. In this case, Antares Vision also recognises an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain with the Group.

### Impairment

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

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

### **Cash equivalent and short term deposits**

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

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

### **Trade payables and other financial liabilities**

#### Initial recognition

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

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

### Follow-up assessment

For the purposes of follow-up assessment, financial liabilities are classified into two categories:

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

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

After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the Income Statement on an accrual basis over the period of their accrual.

The amortised cost is calculated by recording the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in the financial charges in the Income Statement.

### Derecognition

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

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

Provisions for risks and charges are made when Antares Vision must meet a current

obligation (legal or implicit) resulting from a past event, it is probable that resources will be disbursed to meet this obligation and it is possible to make a reliable estimate of its amount. If Antares Vision believes that a new provision for risks and charges will be partly or fully reimbursed, the indemnity is recognised separately under assets if, and only if, it is practically certain. In this case, the cost of any provision is presented in the Income Statement net of the amount recognised for compensation.

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

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

### **Severance indemnity**

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

The Italian legal entities of Antares Vision are not obliged to pay the TFR to the Italian National Social Security Institute ("INPS") Treasury fund established by the (It.) Law of 27 December 2006, no. 296, as none of them had more than 50 employees during the FY2006 or the first financial year.

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

### **Translation of foreign currency items**

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

### **Revenues from contracts with customers**

Antares Vision is committed to providing inspection systems for quality control, tracking

solutions for anti-counterfeiting, supply chain control and smart data management.

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

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

### **Public grants**

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

Where Antares Vision receives a non-monetary contribution, the asset and the related contribution are recorded at nominal value and released in the Income Statement, on a straight-line basis, over the expected useful life of the asset.

### **Income taxes**

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

Current taxes relating to items recognised directly under Shareholders' Equity are also recognised under Shareholders' Equity and not in the Income Statement. Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

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

Costs, revenues, assets and liabilities are normally recognised net of indirect taxes, such

as value added tax. If the tax applied to the purchase of goods or services is non-deductible, it is recognised as part of the purchase cost of the asset or part of the cost recognised in the Income Statement. Trade receivables and payables include the applicable indirect tax.

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

### **Earnings per share**

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

Diluted earnings per share is obtained as the ratio between the Group's earnings reported in the interim Consolidated Financial Statements and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. unsubscribed) with a dilutive effect.

### **Accounting principles enacted but not yet in force**

#### **Amendments to IAS 1 and IAS 8: Definition of Material**

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

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

#### **Amendments to IFRS 3: Definition of a Business**

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

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

### **Amendments to References to the Conceptual Framework in IFRS Standards**

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

### **Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform**

On 26 September 2019, the IASB issued these amendments, which provide for temporary facilities that allow for the continued use of hedge accounting during the period of uncertainty preceding the reform to replace the current interest rate benchmark with a risk-free alternative interest rate. These amendments shall enter into force on 1st January 2020 and may be applied earlier. They had no impact on the Group's consolidated financial statements.

### **Amendment to IFRS 16 Lease Covid19 – Related rent concessions**

On 28 May 2020, the IASB published an amendment that clarifies the circumstances under which lessees, as a practical expedient, may assess whether particular rent concessions occurring as a direct consequence of Covid19 may not be considered as lease modifications, and consequently accountable.

This amendment is valid from 1 June 2020 (to be approved by the European Union by the end of 2020); lessees may, however, apply it retroactively.

### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2**

On 27 August 2020, the IASB also published amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16 (Interest rate benchmark reform - Phase 2) which will apply from 1st January 2021.

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

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

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

### **Amendments to IFRS 3 - "Business combinations", IAS 16 – "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", Annual Improvements 2018-2020.**

On 14 May 2020, the IASB published a set of amendments that clarify and effect minor changes to the following IFRS standards:

- IFRS 3: update of references to the IAS Conceptual Framework (no change in the accounting treatment of business combinations);
- IAS 16: the amendment clarifies a company's inability to deduct from the cost of tangible fixed assets the amounts obtained from the sale of goods produced while the company prepares the fixed asset to be used. The company must record such sales separately as revenues from the related costs, in the Income statement.
- IAS 37: the amendment provides clarification on the costs to be included in the valuation of the losses generated by a contract.

These amendments shall enter into force on 1st January 2022 and may be applied earlier.

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

On 25 June 2020, the IASB published an amendment to support companies in the implementation of the new IFRS 17 standard and to facilitate the disclosure of their financial performance. The new amendment will apply from 1st January 2021.

### **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new full standard that applies to insurance contracts that covers their recognition, measurement, presentation and disclosure. In addition, on 25 June 2020, the IASB issued amendments to IFRS 17. When IFRS 17 comes into force it will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17, not yet endorsed by the European Union, will be in force for financial years beginning on or after 1st January 2023. This principle is expected to have no impact on Antares Vision.

## **Use of estimates**

The preparation of the Financial Statements of Antares Vision requires the directors to make discretionary evaluations, estimates and assumptions that affect the values of revenues, costs, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that will require a significant future adjustment to the accounting value of these assets and/or liabilities.

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

## **Goodwill**

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

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

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

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

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

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

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

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

An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the value in use is based on a discounted cash flow model, which in turn derive from the budgets of the individual cash generating units and do not include restructuring activities to which Antares Vision has not yet committed itself or significant future investments that will increase the results of the activity included in the cash generating unit under evaluation. The recoverable amount depends significantly on the discount rate used in the cash flow discounting model, as well as the expected future

cash flows and the growth rate used for the extrapolation. The key assumptions used to determine the recoverable amount for the various cash generating units are provided below in these Explanatory Notes.

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

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

### **Defined benefit plans**

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

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

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

When the fair value of a financial asset or liability recognised in the Statement of Financial Position cannot be measured based on prices in an active market, the fair value is determined using various measurement techniques, including the discounted cash flow

model. The inputs included in this model are inferred from observable markets, where possible, but where this is not possible, a certain degree of estimation is required to define the fair value. The estimates include considerations of variables such as liquidity risk, credit risk and volatility. Changes in assumptions about these elements could have an impact on the fair value of the recognised financial instrument.

### **Development costs**

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

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

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

## **Segment reporting**

IFRS 8 requires that information be provided by sector using the same elements through which management prepares internal reporting. As Antares Vision operates in a single Cash Generating Unit (CGU) business sector, as it offers an integrated inspection, tracking and data management solution for the protection of consumer products (whether pharmaceuticals, consumer products, cosmetics or luxury goods), internal reporting does not usually use details based on sector segmentation.

## **Capital management**

For the purposes of managing the capital of Antares Vision, it was defined that this includes the issued share capital, special shares, the share premium reserve, warrants and all capital reserves attributable to the shareholders of the Parent Company. The main objective of capital management is to maximise shareholder value. Antares Vision

monitors equity using a gearing ratio, consisting of the ratio of net debt to total capital plus net debt. Antares Vision includes interest-bearing loans, loans, trade and other payables, less cash and cash equivalents, short-term deposits and current financial assets

<b>Capital management</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
Interest-bearing loans and other loans	169.798.576	107.769.709
Other non-current financial liabilities	10.244	12.946
Cash equivalents and short term deposits	-139.040.077	-85.199.801
Current securities available for sale	-33.138.228	-33.132.228
<b>Net financial position at medium/long term</b>	<b>-2.369.486</b>	<b>-10.549.374</b>
Trade and other payables	35.500.599	38.574.136
<b>Net debt</b>	<b>33.131.113</b>	<b>28.024.762</b>
Fair value of outstanding warrants	6.484.530	4.514.483
Shareholders' equity	121.838.710	116.985.510
<b>Total capital</b>	<b>128.323.240</b>	<b>121.499.993</b>
<b>Capital and net debt</b>	<b>161.454.353</b>	<b>149.524.755</b>
<i>Gearing ratio</i>	<i>21%</i>	<i>19%</i>

in the net debt. It should be noted that the financial constraints set out in the existing loan agreements were largely met at the date of preparation of this document.

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### ***Statement of financial position***

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Below please find a commentary on the items of the consolidated Statement of financial position as at 30 June 2020, showing separately, where of relevance, the effects of the changes in the scope of consolidation that occurred in the first half of 2020.

Moreover, the comments to the individual items of the PPA of FT System provide the details of the allocation and of the restatement of the comparative figures.

#### **Non-current assets**

##### **1. Fixed assets, plants and machinery**

In the first half of 2020, the value of Property, plants and machinery totalled EUR 14,494,621, mostly related to the Italian entities of Antares Vision.

These investments amounted to EUR 13,959,490 as at 31st December 2019.

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

PROPERTY, PLANTS AND MACHINERY							
Description	Land and buildings	Rights of use	Plants and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Historical cost 31/12/2019	11.236.883	3.090.565	511.728	551.711	1.205.124	630.063	17.226.074
Depreciation fund 31/12/2019	942.892	793.412	304.194	426.915	799.171	-	3.266.584
<b>Book value 31/12/2019</b>	<b>10.293.991</b>	<b>2.297.153</b>	<b>207.534</b>	<b>124.796</b>	<b>405.952</b>	<b>630.063</b>	<b>13.959.490</b>
Increases	349.308	770.275	-	12.040	-	-	1.131.623
Decreases	-	-	6.882	-	-	79.949	86.831
Effect of the change in the scope of consolidation	206.472	76.449	10.435	-	35.624	-	328.980
Depreciation for the period	139.362	575.994	31.931	31.266	60.087	-	838.640
<b>Total changes</b>	<b>416.418</b>	<b>270.730</b>	<b>-28.378</b>	<b>-19.226</b>	<b>-24.463</b>	<b>-79.949</b>	<b>535.132</b>
Historical cost 30/06/2020	11.792.663	3.937.289	515.281	563.751	1.240.748	550.114	18.599.846
Depreciation fund 30/06/2020	1.082.254	1.369.406	336.125	458.181	859.258	-	4.105.224
<b>Book value 30/06/2020</b>	<b>10.710.409</b>	<b>2.567.883</b>	<b>179.155</b>	<b>105.570</b>	<b>381.490</b>	<b>550.114</b>	<b>14.494.621</b>

The item Land and Buildings shows the value of land and buildings owned, as well as that relating to buildings held under finance leases, in compliance with the IAS 17 international accounting standard

It therefore includes:

- the building where the registered office of Antares Vision S.p.A. is located, acquired through a financial lease stipulated on 30 January 2014 with the company Iccrea Banca Impresa Spa. The gross value of the property at the signing of the contract was equal to EUR 4,181,700, of which EUR 836,340 relating to the land and EUR 3,345,360 relating to the building.
- a warehouse located in the municipality of Sorbolo (PR), to which the local production unit of Antares Vision S.p.A. in Parma was transferred from 3 October 2017: acquired through a financial lease stipulated on 21 July 2017 with the company Unicredit Leasing Spa. The gross value of the property at the signing of the contract was EUR 1,440,600, of which EUR 288,120 relating to the land and EUR 1,152,480 relating to the building;
- a second warehouse located in the municipality of Sorbolo (PR), aimed at expanding the local production unit in Parma, acquired through a financial lease stipulated on 26 March 2018 with Unicredit Leasing Spa. The gross value of the property at the signing of the contract was EUR 490,600 of which EUR 98,120 relating to the land and EUR 392,480 relating to the building.

- an industrial building adjacent to the current headquarters in Travagliato, to be used as production site and offices. The subscription, on 2 July 2019, took place through the payment of EUR 673,293 and by taking over a leasing contract (with consequent assumption of a debt of EUR 956,707) stipulated with ICCREA Banca Impresa S.p.A.. The leasing contract, renegotiated upon taking over, provides for a residual term of 10 years and a variable rate equal to the 3-month Euribor plus a spread. The leasing contract also provides for the possibility of a further payment of up to EUR 2,500,000 to be used for renovation work, part of which has already been started and recorded as an increase in the value of the building;
- the building where the registered office of FT System S.r.l. is located, acquired through a financial leasing contract stipulated on 31st October 2006 with Credem Leasing S.p.A. Of the gross value of the property, which amount to EUR 765,000, EUR 153,000 relate to the land and EUR 612,000 relate to the building;
- a building owned by Antares Vision S.p.A. located in the municipality of Torbole Casaglia whose gross value is equal to EUR 785,000 of which EUR 235,500 relates to the land and EUR 549,500 relates to the building;
- a building owned by FT System S.r.l. recorded for EUR 71,229 equal to the surrender value paid in 2011;
- a building owned by Convel S.r.l. recorded for EUR 206,472.

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

The Rights of Use include the value of the long-term leasing, renting and hire contracts that fall under the field of application of IFRS 16 and pertain to property and vehicles that are used in operation.

Antares Vision adopted IFRS 16 on 1st January 2019, availing itself of the exemption granted by the standards with regard to lease contracts for which the unit value of the underlying assets does not exceed EUR 5,000 when new.

This item amounts to EUR 2,567,883, of which EUR 1,070,853 from the Parent Company, EUR 608,414 from FT System, EUR 274,603 from Antares Vision Asia Pacific. The impacts relating to the other subsidiaries are of less import. The inclusion of Convel in the scope of consolidation contributes EUR 76,449.

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

The item Plants and machinery has a net book value of 179,155 as at 30 June 2020, mainly from FT System. The change from the balance of EUR 207,534 as at 31st

December 2019 is linked to the amortisation for the period.

The item Industrial and commercial equipment has a value of EUR 105,570, lower than that as at 31st December 2019 due to the normal depreciation process.

Other assets include vehicles and cars for a net book value of EUR 128,756, furniture and fittings for a net book value of EUR 110,531 and electronic and electronic and office machines for a net book value of EUR 142,204.

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

## 2. Goodwill

The item Goodwill amounts to EUR 59,282,820 and relates to:

- for EUR 45,297,868 to the acquisition of FT System on 30 September 2019;
- for EUR 101,985 to the acquisition of T2 SOFTWARE, which was completed by the subsidiary Antares Vision do Brasil Ltda on 30 September 2019;
- for EUR 1,073,329 to the acquisition of Tradeticity on 20 April 2020;
- for EUR 12,730,356 to the acquisition of Convel on 30 June 2020;
- for EUR 79,282 to previous extraordinary transactions.

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

The determination of goodwill is therefore the result of a prior Purchase Price Allocation process and represents the excess of the acquisition cost incurred over the current value of the assets and liabilities acquired.

With regard to the acquisition of FT System, on 30 June 2020 the company effected the Purchase Price Allocation of the difference between the price paid on acquisition and the related effects were reflected retroactively, as specified in the paragraph dedicated to the Business combinations.

The analysis of the difference generated on acquisition of T2 Software did not bring up values to be recorded in the assets and liabilities items other than the fair value; it was, therefore, not necessary to rectify the value of Goodwill that had been recorded initially.

With regard to Tradeticity and Convel, these interim Consolidated Financial Statements

provisionally record the effects of the acquisition transactions under the item Goodwill, taking advantage of the option of determining the final values of the Purchase Price Allocation within 12 months from the related acquisition.

Please note that the management believes that the consideration for each acquisition are a significant indication of the value of the assets acquired, including goodwill.

### 3. Other fixed assets

The composition and changes of Other intangible assets are shown below:

OTHER FIXED ASSETS								
Description	Development costs	Industrial patent rights and use of intellectual property	Concessions, licences, trademarks and similar rights	Customer list	Technologies	Other fixed assets	Fixed assets under construction and advances	TOTAL
Historical cost 31/12/2019	2.373.810	755.672	769.245	-	-	527.108	3.495.704	7.921.539
Depreciation fund 31/12/2019	936.914	510.128	482.740	-	-	87.097	-	2.016.879
<b>Book value 31/12/2019</b>	<b>1.436.896</b>	<b>245.544</b>	<b>286.505</b>	<b>-</b>	<b>-</b>	<b>440.011</b>	<b>3.495.704</b>	<b>5.904.660</b>
Adjustments to fair value generated by the PPA of FT System	-	-	-	10.693.700	5.640.500	-	-	16.334.200
Amortisation and depreciation for the period	-	-	-	267.343	96.549	-	-	363.892
Reversal of historical cost of fixed assets not recorded at fair value	472.734	593.234	-	-	-	-	8.370	1.074.338
Reversal of provision for amortisation of fixed assets not recorded at fair value	143.356	392.620	-	-	-	-	-	535.975
<b>Restated book value 31/12/2019</b>	<b>1.107.518</b>	<b>44.930</b>	<b>286.505</b>	<b>10.426.357</b>	<b>5.543.951</b>	<b>440.011</b>	<b>3.487.334</b>	<b>21.336.606</b>
Effect of the change in the scope of consolidation	-	-	222.675	-	-	8.803	-	231.478
Increases	3.716.052	55.625	-	-	-	-	1.976.789	5.748.466
Decreases	-	-	-	-	-	130.708	3.495.704	3.626.412
Depreciation for the period	506.553	27.008	37.257	534.685	193.098	7.138	-	1.305.739
Release of historical cost	67.274	-	-	-	-	-	-	67.274
Release of depreciation fund	67.274	-	-	-	-	-	-	67.274
<b>Total changes</b>	<b>4.222.605</b>	<b>82.633</b>	<b>259.932</b>	<b>534.685</b>	<b>193.098</b>	<b>146.649</b>	<b>5.472.493</b>	<b>10.912.095</b>
Historical cost 30/06/2020	5.549.854	218.063	991.920	10.693.700	5.640.500	405.203	1.968.419	25.467.660
Depreciation fund 30/06/2020	1.232.837	144.516	519.997	802.028	289.647	94.235	-	3.083.259
<b>Book value 30/06/2020</b>	<b>4.317.018</b>	<b>73.547</b>	<b>471.923</b>	<b>9.891.672</b>	<b>5.350.853</b>	<b>310.968</b>	<b>1.968.419</b>	<b>22.384.400</b>

The item Other intangible fixed assets includes exclusively activities with a defined service life and amounts to EUR 22,384,400 as at 30 June 2020.

The balance at 31st December 2019 was suitably restated to take into account the effects of the PPA of FT System, which resulted in a change in the item of EUR 15,431,945, of which EUR 10,426,357 correspond to the net book value of the customer list, EUR 5,543,951 to the net book value of technologies, adjusted by EUR 538,363 which correspond to the net book value of the intangible assets recorded by FT System and linked to said technologies.

The item Development costs amounts to EUR 4,317,018, already net of the related amortisation fund, recorded under Other fixed assets in previous financial years once the existence of a reasonable certainty that they would have produced revenues in future financial years had been verified.

During the semester, the directors of Antares Vision decided to capitalised new costs for EUR 2,145,374 (of which EUR 1,798,404 attributable to the Parent Company and EUR

346,970 to FT System), as indicated in the comment to item 34 “Increase of fixed assets for development costs”, of which 1,976,789 are not yet subject to amortisation at the date of closure of the semester, as they are linked to ongoing projects. Therefore, they were classified under Fixed assets under construction and advances.

The item Industrial patent rights and intellectual property rights was restated. In fact, the net book value of EUR 245,544 recorded at 31st December 2019 included patents attributable to the technologies that form the object of valuation at fair value on the PPA of FT System, suitably written off for EUR 200,614.

Concessions, licenses, trademarks and similar rights increased from EUR 286,505 as at 31st December 2019 to EUR 471,923 as at 30 June 2020. The change is mainly due to the inclusion in the scope of consolidation of Tradeticity whose financial statements include software licences amounting to EUR 224,326.

#### **4. Investments in subsidiaries**

The value of Investments in subsidiaries amounts to EUR 28,500 and is represented by the total equity investment in Antares Vision GmbH, not eliminated on the closure date of the semester as the subsidiary was not yet operational.

#### **5. Investments in associates and joint ventures**

The value of the Investments in associates and joint ventures shown in the interim Consolidated Financial Statements as at 30 June 2020 amounts to EUR 3,163,785, entirely attributable to the Parent Company and compares with the balance of EUR 3,413,462 as at 31st December 2019.

These are investments in the following companies:

<b>INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES</b>			
<b>Name</b>	<b>Operating headquarters</b>	<b>Equity investment</b>	<b>Book value</b>
<b>ANTARES VISION INDIA PRIVATE LIMITED</b>	MUMBAI, INDIA	51%	100.932
<b>OROBIX SRL</b>	BERGAMO, ITALY	37,5%	3.062.853

Antares Vision India Private Limited was founded on 20 April 2019, following the completion of a joint venture process with the Indian company Jay Instruments and Systems Private Limited. Although the Parent Company Antares Vision S.p.A. holds a majority stake equal to 51% of the share capital, it should be noted that in these interim

Consolidated Financial Statements the stake has been valued according to the Equity Method due to the presence of shareholders' agreements leading to joint control. The effect on the Income Statement was negative by EUR 62,530, represented by the quota of the result for the period pertaining to Antares Vision.

The Parent Company also holds a minority interest in Orobix S.r.l., a company based in Bergamo that operates in artificial intelligence systems of which Antares Vision S.p.A. acquired 37.5% of the share capital in December 2019 through a share capital increase. The investment is valued in accordance with the Equity Method and is recorded for a value of EUR 3,062,853 following the recognition of the quota that pertains to Antares Vision of EUR 187,147.

#### **6. Investments in other companies**

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

Siempharma S.r.l. is a company active in the design and marketing of packaging machines, of which Antares Vision S.p.A. acquired 10% of the share capital on 28 January 2019 and recorded in these interim Consolidated Financial Statements at purchase cost, which is believed to be the best estimate of the fair value.

#### **7. Non-current financial assets**

Non-current financial assets amount to EUR 190,082 (EUR 174,498 as at 31st December 2019) and relate to guarantee deposits paid to guarantee existing contracts.

#### **8. Prepaid tax assets**

Prepaid tax assets amount to EUR 7,750,687 (EUR 9,841,738 as at 31st December 2019) and represent the temporary differences between the balance sheet values recorded in the financial statements of the individual Antares Vision companies and the corresponding values recognised for tax purposes, on the basis of the rates that are expected to be applied when these differences reverse, including the effects on non-current taxes deriving from first-time application of IFRS.

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

PREPAID TAX ASSETS							
Description	Prepaid tax assets IFRS 15	Prepaid tax assets IFRS 16	Prepaid tax assets IAS 38	Prepaid tax assets IAS 19	Elimination of inventory margin	Other prepaid tax assets	Total
Value at 31/12/2019	7.099.079	4.632	335.970	351.825	432.902	1.617.330	<b>9.841.738</b>
Change during the period	-3.105.084	1.274	-52.546	45.531	-232.588	1.252.362	-2.091.051
Value at 30/06/2020	3.993.995	5.906	283.424	397.356	200.314	2.869.692	<b>7.750.687</b>

The application of the IFRS resulted in the allocation of prepaid tax assets that, at 30 June 2020, amount to EUR 4,680,682. This value is attributable for EUR 3,993,995 to the application of IFRS 15, for EUR 283,424 to the write off of non-capitalisable development costs, for EUR 397,356 to the entry relating to the IAS 19, and for EUR 5,906 to the application of IFRS 16.

This item includes the temporary differences generated by the elimination of the unrealised intra-group margins that, at 30 June 2020, had generated prepaid tax assets that amounted to EUR 200,314.

Other prepaid tax assets are mainly represented by the prepaid taxes on the losses of the Companies that belong to Antares Group, are attributable to the Parent Company for EUR 735,406 and to Antares Vision do Brasil for EUR 1,205,780 (at the local tax rate of 34%). The Board of Directors considers these losses to be entirely temporary and has therefore deemed the conditions for recognising prepaid tax assets to be met. With regard specifically to the subsidiary Antares Vision do Brasil, the valuation was carried out in accordance with the general principle of prudence and it is the result of a Business Plan aimed at restoring the subsidiary's economic and financial equilibrium, allowing the prepaid tax assets to be recorded in future financial years without time limits to be fully used to offset future taxable income.

## Current assets

### 9. Inventories

The value of Inventories as at 30 June 2020 was EUR 28,289,963 (EUR 25,573,982 as at 31st December 2019), valued at the lower of purchase or production cost and estimated realisable value based on market trends. The acquisition of Convel contributes to the increase by EUR 616,967.

The balance is made up as follows:

INVENTORIES				
Description	Raw materials, ancillary and consumables	Work in progress and semi-finished goods	Finished products and goods	Total inventories
Value at 31/12/2019	17.677.540	2.055.647	5.840.795	25.573.982
Change during the period	3.313.080	92.435	-689.534	2.715.981
Value at 30/06/2020	20.990.620	2.148.082	5.151.261	28.289.963

The change in the amortisation fund resulted in an increase of EUR 92,653, linked to the normal prudential formation of provisions, being recorded.

PROVISION FOR WRITE-DOWN OF INVENTORIES			
Description	Raw materials, ancillary and consumables	Finished products and goods	Total inventories
Value at 31/12/2019	236.515	381.747	618.262
Provisions	56.305	36.348	92.653
Value at 30/06/2020	292.821	418.095	<b>710.915</b>

## 10. Trade receivables

Trade receivables have a maturity of less than 12 months and have therefore been recorded at their estimated realisable value, without the need to measure them at amortised cost or discount them.

The estimated realisable value corresponds to the difference between the nominal value and the allowance for doubtful accounts calculated on the basis of the examination of individual credit positions and taking into account past experience, specific by business and geographical area, as required by IFRS 9.

The changes in Trade receivables are shown below:

TRADE RECEIVABLES			
Description	Trade receivables	Provision for credit risks	Total trade receivables
Value at 31/12/2019	<b>56.505.373</b>	<b>795.616</b>	<b>55.709.757</b>
Change during the period	-17.617.127	128.184	-17.745.311
Effect of the change in the scope of consolidation	440.044	1.839	438.205
Value at 30/06/2020	<b>39.328.290</b>	<b>925.639</b>	<b>38.402.651</b>

As at 30 June 2020, the item amounted to EUR 38,402,651 (net of the related fund of EUR 925,639), compared to a balance of EUR 55,709,757 of the previous year (net of the related fund of EUR 795,616). Effect of the change in the scope of consolidation, of a total amount of EUR 438,205, is attributable to Convel for EUR 200,141 and to Tradeticity for EUR 248,902.

The significant decrease in trade receivables is attributable to a more targeted policy regarding their recovery, which was launched in the second half of 2019.

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

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

## 11. Other receivables

Other receivables amount to EUR 8,287,881 and compare with EUR 7,199,182 as at 31st December 2019. The voice is composed as follows:

OTHER RECEIVABLES				
Description	Tax receivables	Advances to suppliers	Other	Total other receivables
Value at 31/12/2019	4.371.459	2.020.366	807.358	7.199.182
Change during the period	-457.117	-11.219	1.557.035	1.088.699
Value at 30/06/2020	3.914.342	2.009.147	2.364.392	8.287.881

Tax credits went from a balance of EUR 4,371,459 to a balance of EUR 3,914,342 as at 30 June 2020, referring to the Parent Company for EUR 2,932,106 and represented by the balance of direct taxes, receivable for EUR 2,384,219 as a result of a higher advance payment compared to the amount due at the end of the year, and VAT credit for EUR 547,887.

The item Advances includes receivables for advances paid to suppliers, attributable to the Parent Company for EUR 962,390.

The item Other receivables increased from EUR 807,358 on 31st December 2019 to EUR 2,364,392 on 30 June 2020. It includes Accrued income and prepaid expenses for EUR 1,031,720, the charges incurred to date for the restructuring of the leased warehouse adjacent to the current headquarters of the Parent Company for EUR 970,191 that Antares Vision will have the right to charge back to the leasing company, and the first tranche of a forgivable loan for EUR 347,985; at the date of closure of the semester, the Parent Company had received the decision for the loan to be granted but had not yet received the related disbursement.

## 12. Other current financial assets

The item Other current financial assets amounts to EUR 33,138,228 (EUR 33,132,228 as at 31st December 2019) entirely attributable to the Parent Company:

OTHER CURRENT FINANCIAL ASSETS	
Description	Securities and certificates of deposit
Value at 31/12/2019	33.132.228
Changes during the period	6.000
Value at 30/06/2020	33.138.228

The increases are due to periodic payments made in the semester and which relate to the Unibonus Impresa Plus policy.

We deem it suitable to provide details of the current financial assets recorded in the interim Consolidated Financial Statements as at 30 June 2020, the cost of recording of which approximates the fair value of the portfolio assets.

### EQUITY SECURITIES IN PORTFOLIO HELD AT BCC DEL GARDA:

no. 2,200 SHARES BCC DEL GARDA

PURCHASE COST INCURRED EURO 10,820

COUNTERVALUE AS AT 30/06/2020 NOMINAL EURO 10,820

### EQUITY SECURITIES IN PORTFOLIO HELD AT BCC DI BRESCIA:

BCC SHARES OF BRESCIA

PURCHASE COST INCURRED EURO 1,434

COUNTERVALUE AS AT 30/06/2020 NOMINAL EURO 1,434

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

PURCHASE COST EURO 15,000

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

AT CREDITRAS VITA SPA, PREMIUMS PAID OUT EURO 110,974

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

HELD AT BCC DEL GARDA

COUNTERVALUE AS AT 30/06/2020 EURO 3,000,000

CERTIFICATE OF DEPOSIT ISIN CD08676SM12, EXPIRY 16/02/2021  
HELD AT BCC DEL GARDA  
COUNTERVALUE AS AT 30/06/2020 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

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

### **13. Cash equivalent and short term deposits**

The balance of the item Cash and cash equivalents and short-term deposits, recorded at nominal value, amounts to EUR 139,040,077 and compares with EUR 85,199,801 last year.

The composition of this item is as below:

<b>CASH EQUIVALENTS AND SHORT TERM DEPOSITS</b>				
<b>Description</b>	<b>Bank and post office deposits</b>	<b>Money and other cash on hand</b>	<b>Prepaid payment cards</b>	<b>Total</b>
<b>Value at 31/12/2019</b>	<b>85.067.620</b>	<b>6.235</b>	<b>125.946</b>	<b>85.199.801</b>
Changes during the period	53.805.051	15.751	19.475	53.840.276
<b>Value at 30/06/2020</b>	<b>138.872.671</b>	<b>21.986</b>	<b>145.421</b>	<b>139.040.077</b>

During the semester, a nominal amount of EUR 65 million of new cash resources were collected by obtaining medium/long-term loans, negotiated with primary credit institutions at particularly favourable conditions, thanks to the excellent credit rating of Antares Vision, without guarantees and with minimal covenants with which the company complied fully. These cash resources were partly intended to finance the acquisitions of Tradeticity and Convel, which resulted in a total disbursement of EUR 16,662,420 compared to a contribution of cash resources of EUR 3,447,599 on the respective acquisition dates.

### **Assets held for sale**

As at 30 June 2020 there were no assets held for sale

### **14. Capital and Shareholders' Equity**

The share capital as at 30 June 2020 amounted to EUR 142,885, EUR 142,794 paid in (EUR 142,606 as at 31st December 2019, fully paid in), divided in 58,049,502 ordinary shares, 250,000 Special Shares and 1,189,590 Performance Shares, none of which indicate the nominal value.

No Company included in the consolidation area holds or has held stakes of the Parent Company during the semester in question. Please note, however, that the Parent Company's Shareholders' Meeting, held on 20 May 2020, authorised the Board of Directors to carry out transactions to purchase and sell treasury shares pursuant to articles 2357 and 2357-ter of the (It.) Civil Code for a period of 18 months from the resolution date. The permission for the acquisition and disposal of treasury shares was granted in order to make it possible for the Company to:

- be able to use its own shares as object of investment for an efficient use of the cash generated from the Company's core activities;
- purchase treasury shares to implement incentivisation plans, however they may be structured, or to allocate shares to shareholders free of charge or to fulfil obligations deriving from warrants, convertible financial instruments, mandatorily convertible financial instruments or instruments that may be exchanged with shares (based on existing transactions or transactions to be decided/implemented);
- allow the use of treasury shares in the context of transactions connected to normal operations or projects consistent with the strategic lines that Antares Vision intends to pursue, in relation to which there is an opportunity for equity trading, with the main objective, therefore, of concluding corporate integration transactions with potential strategic partners;
- intervene, where possible and where envisaged by the applicable legal and regulatory provisions, also through intermediaries, to contain unusual variations in share prices and to regularise the progress of negotiations and exchange rates, in the presence of distortive phenomena that could lead to excess volatility or to limited liquidity of trading.

The Board of Directors may carry out purchase operations, in one or more occasions, to a

freely determinable extent, within the limits established by the Shareholders' Meeting authorisation, up to a maximum number that does not exceed 2% of the share capital, at a unit price no less than the minimum of 10% and no more than the maximum of 10% with respect to the reference price recorded by the security in the market session of the day preceding each individual transaction. The Board of Directors may dispose of the treasury shares purchased, at any time, in whole or in part, in one or more occasions, even before having completed the purchases, by selling them on the market, in blocks or otherwise off the market, accelerated book-building, or transfer of any real and/or personal rights relating thereto, in compliance with the provisions of law and regulations, with the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of the Company. The disposal of treasury shares may take place at the price or value or, in any case, according to criteria and conditions, which will be appropriate and consistent with the transaction, also taking into account market and share price trends and/or the development outlook of the issuer. The treasury shares may be allocated to directors and/or employees of the Company or of Group companies in accordance with incentive plans based on Antares Vision shares, including the aforementioned 2020-2022 Stock Option Plan.

The Share premium reserve recorded under Other reserves, on the other hand, had a value at the end of the semester of EUR 90,994,705 (EUR 90,983,361 as at 31st December 2019). This reserve was formed on the occasion of the transaction related to the Business combination with Alp.I S.p.A. in 2019 and aimed at the listing of Antares Vision on the AIM market and, to a lesser extent, to the exercise of the Warrants issued in favour of the former shareholders of the SPAC itself.

The profits of FY2019 were added to the Extraordinary reserve.

We would also like to remind you that the Purchase Price Allocation of FT System, whose effects were reflected retroactively to the acquisition date, had a negative impact on the shareholders' equity as at 31st December 2019 for EUR 165,216, as specified in the section dedicated to Business combinations.

## 15. Non-current loans and financing

As at 30 June 2020, non-current loans and borrowings amount to EUR 136,979,529, compared to EUR 84,409,815 as at 31st December 2019, entirely attributable to the Parent Company. The composition is shown below:

NON-CURRENT LOANS AND FINANCING			
Description	Medium/long-term loans (portion over 12 months)	Warrants	Total non-current loans and financing
Value at 31/12/2019	79.895.332	4.514.483	84.409.815
Change during the period	50.599.667	1.970.047	52.569.714
Value at 30/06/2020	130.494.999	6.484.530	136.979.529

As can be seen in the table, Non-current loans and financing mainly include debts to banks due beyond 12 months (the quota due within the next financial years is classified under Current loans and financing).

The table below shows the division by time band of the Loans and financing:

30/06/2020	Sight	fewer than 3 months	from 3 to 12 months	from 1 to 5 years	over 5 years	Total	Warrants	Total warrants included
Non-current loans and financing	-	-	-	126.733.137	3.761.862	130.494.999	6.484.530	136.979.529
Current loans and financing	-	3.328.438	21.758.274	-	-	25.086.712	-	25.086.712
<b>Total</b>	-	<b>3.328.438</b>	<b>21.758.274</b>	<b>126.733.137</b>	<b>3.761.862</b>	<b>155.581.711</b>	<b>6.484.530</b>	<b>162.066.241</b>

The debt has increased significantly due to new medium/long-term loans, negotiated by the Parent Company with leading credit institutions at particularly favourable conditions, thanks to the excellent credit rating enjoyed by Antares Vision. The financial constraints set out in the loan agreements are fully respected at the date of preparation of this document.

In the first half of 2020, the collection was of a nominal amount of EUR 65 million and was partly intended to finance the acquisitions made and partly set aside for possible future acquisition operations.

The quota of medium-/long-term financing due beyond 5 years amounts to EUR 3,761,861.

Non-current loans and financing also include the adjustment of the financial liability generated by the issue of the warrants at the same time as the listing of the Parent Company on the AIM market.

In this regard, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 approved a share capital increase, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the (It.) Civil Code, to service the exercise of the Warrants, in a divisible manner, for a maximum nominal amount of EUR 3,255.60 through the issue of a maximum of 1,356,500 conversion shares.

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

$$\frac{\text{Prezzo Medio Mensile} - \text{Prezzo Strike}}{\text{Prezzo Medio Mensile} - \text{Prezzo di Sottoscrizione}}$$

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

The Warrant expiration date indicates the first one in time of the following dates: (i) the first trading day following the expiry of 5 years from the Business Combination with Alp.I and (ii) the first trading day following the expiry of 30 calendar days from the date of publication of the acceleration notice.

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

The table below shows the changes in this item from 18 April 2019, the date of the Parent Company's listing on the AIM Italia, Alternative Capital Market, of Borsa Italiana to the closing date of the financial year. The change of EUR 1,970,047 was recorded under Financial charges.

NON-CURRENT LOANS AND FINANCING			
Description	no. Warrants	Price	Financial liabilities
Value at 31/12/2019	4.528.067	0,997	4.514.483
Changes during the period	-984.608	0,833	1.970.047
Value at 30/06/2020	3.543.459	1,830	6.484.530

## **16. Non-current financial liabilities for leasing**

Non-current financial liabilities for leasing amount to EUR 6,104,698, compared to EUR 6,878,811 as at 31st December 2019.

Antares Vision has adopted the new accounting standard IFRS 16 for the accounting of leasing and rental contracts.

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

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

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

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

Contracts with a total duration of 12 months or less have been excluded from the application of the principle, as have contracts for which the unit value of the underlying assets does not exceed EUR 5,000. The related fees are therefore recognised as costs over the duration of the contract. As a result of this exemption, the rents recorded in the Income statement amount to EUR 52,281.

The division by time bands of the Non-current financial liabilities for leasing is shown in the table below:

<b>30/06/2020</b>	<b>Sight</b>	<b>fewer than 3 months</b>	<b>from 3 to 12 months</b>	<b>from 1 to 5 years</b>	<b>over 5 years</b>	<b>Total</b>
Non-current financial liabilities for leasing	-	-	-	3.361.784	2.742.914	6.104.698
Current financial liabilities for leasing	-	456.584	1.171.054	-	-	1.627.638
<b>Total</b>	<b>-</b>	<b>456.584</b>	<b>1.171.054</b>	<b>3.361.784</b>	<b>2.742.914</b>	<b>7.732.336</b>

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

As at 30 June 2020, other non-current financial liabilities amounted to EUR 10,244 and related entirely to the company Antares Vision North America. As at 31st December 2019, the item amounted to EUR 12,946.

### **18. Net liabilities for pension funds**

The item Net liabilities for pension funds is shown in the interim Consolidated Financial Statements as at 30 June 2020 for EUR 6,367,654 and it is compared with the balance of EUR 5,686,808 as at 31st December 2019.

The item consists of the Employee Severance Indemnity (T.F.R.) recorded for the benefit of the employees of the Italian companies Antares Vision S.p.A., FT System S.r.l., and Convel S.r.l. The change during the year is represented by the provision for the year net of disbursements made to employees and the effect of discounting back the existing debt at the reference date.

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

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

More in detail, the demographic assumptions adopted were as follows:

DEMOGRAPHIC ASSUMPTIONS	
Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement	100% upon attainment of the AGO requirements appropriate to It. Legisla

Below is a list of the economic technical bases used:

ECONOMIC ASSUMPTIONS		
Description	30/06/2020	31/12/2019
Annual discount rate	0,74%	0,77%
Annual inflation rate	1,20%	1,20%
Annual rate of increase in severance indemnity (T.F.R.)	2,40%	2,40%
Real annual salary increase rate	1,00%	1,00%

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

TURNOVER AND ADVANCES HYPOTHESIS		
Description	30/06/2020	31/12/2019
Frequency of advances	1,50%	1,50%
Frequency of turnover	2,50%	2,50%

Below is a reconciliation of the IAS 19 valuations between the value at the beginning of the period and the value as at 30 June 2020:

IAS 19 EVALUATIONS RECONCILIATION		
Description	ANTARES VISION 30/06/2020	FT SYSTEM 30/06/2020
<b>Defined Benefit Obligation (BOD) beginning of period</b>	<b>3.719.272</b>	<b>1.950.166</b>
Service Cost	505.544	169.311
Interest Cost	14.211	7.374
Benefits paid	-56.287	-69.895
Transfers in/(out)	-	-
<b>Expected DBO end of period</b>	<b>4.182.741</b>	<b>2.056.956</b>
A(G)/L from experience	44.043	-84.272
A(G)/L from change of demographic assumptions	-	-
A(G)/L from discount rate exchange	21.283	10.231
<b>Defined Benefit Obligation (DBO) end of period</b>	<b>4.248.067</b>	<b>1.982.915</b>

With regard to Convel, 30 June 2020 was the acquisition date and the date of first application of IAS 19. The latter resulted in a difference between the statutory valuation of the TFR and the valuation in accordance with IAS 19, negative for EUR 20,221, which has its counterpart in the OCI reserve, net of the related tax effect.

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

SENSITIVITY ANALYSIS OF THE MAIN EVALUATION PARAMETERS			
Description	ANTARES VISION DBO 30/06/2020	FT SYSTEM DBO 30/06/2020	CONVEL DBO 30/06/2020
Turnover rate +1%	4.138.610	1.926.669	119.016
Turnover rate -1%	4.378.688	2.049.762	123.470
Inflation rate +0.25%	4.392.791	2.053.205	124.449
Inflation rate -0.25%	4.109.869	1.915.822	117.782
Discount rate +0.25%	4.075.386	1.899.908	117.000
Discount rate -0.25%	4.431.674	2.071.179	125.320

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

SERVICE COST AND DURATION			
Description	ANTARES VISION	FT SYSTEM	CONVEL
Service cost in the future	1.086.859	346.769	33.000
Duration	24,6	24,0	22,6

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

ESTIMATED FUTURE DISBURSEMENTS			
Years	ANTARES VISION	FT SYSTEM	CONVEL
1	247.235	66.414	5.023
2	181.119	77.138	6.065
3	211.671	87.443	7.072
4	241.108	97.339	8.046
5	269.417	106.861	8.978

### 19. Deferred taxes

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

As at 30 June 2020, the Deferred taxes recorded in the liabilities of the Statement of financial position amount to EUR 4,676,679.

Please note that the balance as at 31st December 2019, which amounted to EUR 356,839, was restated to take into account the effect of the *Purchase Price Allocation* of FT System which, on the acquisition date, generated a fund for deferred taxes of EUR 4,557,200.

The restated balance of the item in question as at 31st December 2019 amounted to EUR 4,812,555.

DEFERRED TAXES			
Description	Deferred taxes generated by the PPA	Other deferred taxes	Total
<b>Value at 31/12/2019</b>	-	<b>356.839</b>	<b>356.839</b>
Effect of the PPA of FT System on acquisition date	4.557.200	-	4.557.200
Change during the period	-101.484	-	-101.484
<b>Restated value at 31/12/2019</b>	<b>4.455.716</b>	<b>356.839</b>	<b>4.812.555</b>
Change during the period	-203.052	67.175	-135.877
<b>Value at 30/06/2020</b>	<b>4.252.665</b>	<b>424.014</b>	<b>4.676.679</b>

## 20. Other non-current liabilities

As at 30 June 2020 the item Other non-current liabilities amounted to EUR 483,926, compared to the balance of EUR 620,500 as at 31st December 2019.

OTHER NON-CURRENT LIABILITIES			
Description	Customers advances beyond the year	Other non-current liabilities	Total
Value at 31/12/2019	587.380	33.120	620.500
Changes during the period	-163.365	26.791	-136.574
Value at 30/06/2020	424.015	59.911	483.926

The amount recorded as at 30 June 2020 is attributable for EUR 424,015 to the recording by FT North America of advances from customers scheduled to close after 12 months.

## Current liabilities

## 21. Current loans and financing

Current loans and financing amount to EUR 25,086,712 and is compared to the balance of EUR 15,600,163 in the previous year.

The composition and changes of the item are shown below:

CURRENT LOANS AND FINANCING				
Description	Medium/long-term loans (portion within 12 months)	Credit Cards	Other current loans	Total current loans and financing
Value at 31/12/2019	15.231.172	178.614	190.378	15.600.163
Effect of the change in the scope of consolidation	97.225	-	-	97.225
Change during the period	8.727.028	-94.752	757.048	9.389.324
Value at 30/06/2020	24.055.424	83.862	947.426	25.086.712

This item includes the portion within 12 months of medium/long-term loans that the Parent Company has in place with leading banks.

The total change in the item in question is linked for EUR 8,727,028 to the end of the pre-

amortisation period of the financing loans signed during the second half of 2019 and for EUR 97,225 to the inclusion of Convel in the scope of consolidation. The loans held by Tradeticity on the acquisition date were, instead, extinguished before the end of the semester in question. Reference should be made to note 15 on non-current loans and financing for a more detailed analysis of the item and for the division into time bands.

The amount of EUR 83,862 refers to the debit balance of corporate credit cards.

Other current loans also include the last portion of a loan that the Parent Company obtained from Finlombarda and the grants received by Antares Vision North America (EUR 601,893) and FT North America (EUR 250,226) obtained from the US government as economic support during the pandemic. These grants may, under certain circumstances, be transformed into government grants; however, in these interim Consolidated financial statements, they were prudentially recorded under Current loans and financing until they are definitely confirmed as recognised.

## **22. Current financial liabilities for leasing**

Current financial liabilities for leasing amount to EUR 1,627,638 (EUR 880,920 as at 31st December 2019) and represent the portion due within twelve months of payables to leasing companies following the application of IFRS 16. Please refer to what is described in section 16. Non-current financial liabilities for leasing, which also includes the division by time bands.

## **23. Other current financial liabilities**

As at 30 June 2020, the item Other current financial liabilities amounted to EUR 1,350,698, compared with EUR 568,648 last year.

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

<b>OTHER CURRENT FINANCIAL LIABILITIES</b>	
<b>Description</b>	<b>Financial derivative instruments</b>
<b>Value at 31/12/2019</b>	<b>568.648</b>
Change during the period	782.050
<b>Value at 30/06/2020</b>	<b>1.350.698</b>

The amount of EUR 1,350,698 represents the change in the fair value of the following

derivative financial instruments subscribed by the Parent Company:

- contract T16CER090-BAL in place at ICCREA Banca Impresa S.p.A. signed on 22/12/2016 with final maturity on 01/02/2026 to cover the exchange rate risk on the real estate lease in place relating to the Travagliato headquarters whose MTM (mark to market) at 30 June 2020 was equal to EUR -109,105 (positive for the Bank, negative for Antares Vision);
- contract 11383261 in place at Unicredit Banca S.p.A. signed on 21/12/2017 with final expiry date 01/12/2026 to cover the exchange rate risk on the real estate lease in place relating to the production site in Sorbolo whose MTM (mark to market) as at 30 June 2020 was equal to EUR -52,485 (positive for the Bank, negative for Antares Vision);
- contract 28222141 in place at Intesa Sanpaolo S.p.A. stipulated on 20/11/2018 with final maturity on 15/06/2023 originally signed to hedge the risk of interest rate change on the loan for the restructuring of the Torbole Casaglia production site whose MTM (mark to market) at 30 June 2020 was equal to EUR -10,631 (positive for the Bank, negative for Antares Vision);
- contracts T19MCE025-BAL and T19MCE026-BAL28222141 in place at ICCREA Banca Impresa S.p.A. originally entered into by HIT S.r.l. with final maturity on 31/03/2023 to cover the risk of interest rate changes on a medium/long-term loan, renegotiated during 2019, whose MTM (mark to market) at 30 June 2020 was equal to EUR -110,713 (positive for the Bank, negative for Antares Vision);
- 32305347 contracts in place at Intesa Sanpaolo S.p.A. signed on 08/07/2019 with final maturity on 30/06/2025 to cover the risk of interest rate changes on the unsecured loan of the original amount of EUR 30 million, then renegotiated to EUR 50 million, whose MTM (mark to market) at 30 June 2020 was equal to EUR -525,618 (positive for the Bank, negative for Antares Vision);
- contract 22754491 in place with BNL, BNP Paribas Group, valid from 31/12/2019 to 31/12/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of EUR 15 million, whose MTM (mark to market) at 30 June 2020 was EUR -112,384 (positive for the Bank, negative for Antares Vision);
- contract 23129441 in place with BNL, BNP Paribas Group, valid from 28/02/2020 to 28/02/2026 signed to cover the risk of interest rate fluctuations on a Positive Loan for a notional amount of EUR 2 million, whose MTM (mark to market) at 30 June 2020 was EUR -14,238 (positive for the Bank, negative for Antares Vision);
- contract 23483235 in place with BNL, BNP Paribas Group, valid from 18/05/2020 to

- 31/12/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of EUR 13 million, whose MTM (mark to market) at 30 June 2020 was EUR -80,761 (positive for the Bank, negative for Antares Vision);
- contract 10721583 in place with Mediobanca, valid from 18/02/2020 to 18/02/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of EUR 20 million, whose MTM (mark to market) at 30 June 2020 was EUR -117,347 (positive for the Bank, negative for Antares Vision);
  - contract 180815 in place with UBI Banca, valid from 31/03/2020 to 31/03/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of EUR 10 million, whose MTM (mark to market) at 30 June 2020 was EUR -102,957 (positive for the Bank, negative for Antares Vision);
  - contract 0216665 in place with Monte dei Paschi di Siena, valid from 11/02/2020 to 30/06/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of EUR 10 million, whose MTM (mark to market) at 30 June 2020 was EUR -44,450 (positive for the Bank, negative for Antares Vision);
  - contract 0218613 in place with Monte dei Paschi di Siena, valid from 19/03/2020 to 30/06/2025 signed to cover the risk of interest rate fluctuations on the unsecured loan for a notional amount of EUR 10 million, whose MTM (mark to market) at 30 June 2020 was EUR -70,010 (positive for the Bank, negative for Antares Vision).

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

#### 24. Current provisions for risks and charges

At 30 June 2020, the item Provisions for current risks and charges amounts to EUR 452,889, essentially unchanged compared to the balance as at 31st December 2019.

PROVISIONS FOR CURRENT RISKS AND CHARGES				
Description	Products warranty fund	Fund for ongoing disputes	Other provisions for risks and charges	Total
Value at 31/12/2019	387.928	19.393	45.280	452.601
Changes during the period	-	-	288	288
Value at 30/06/2020	387.928	19.393	45.568	452.889

The Product warranty fund relates to the estimated charges for interventions and repairs under warranty that have already been delivered; the calculation is made periodically and is based on historical data. As at 30 June 2020, the fund was sufficient and there was no need to effect further additional provisions.

This item also includes the estimated potential liabilities for outstanding legal disputes, to which the amount of EUR 19,393 attributable to FT System S.r.l. and other provisions for risk and charges for EUR 45,568 refer.

## **25. Contractual liabilities**

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

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

<b>CONTRACTUAL LIABILITIES</b>	
<b>Description</b>	<b>Contractual liabilities</b>
<b>Value at 31/12/2019</b>	<b>25.309.281</b>
Changes during the period	-11.129.333
<b>Value at 30/06/2020</b>	<b>14.179.948</b>

## **26. Trade payables**

The balance of the item Trade payables is equal to EUR 12,746,546, entirely with a duration of less than twelve months, reduced compared to the valance of EUR 19,243,832 as at

31st December 2019.

TRADE PAYABLES	
Description	Trade payables
<b>Value at 31/12/2019</b>	<b>19.243.832</b>
Effect of the change in the scope of consolidation	325.681
Changes during the period	-6.822.967
<b>Value at 30/06/2020</b>	<b>12.746.546</b>

The effect of the inclusion in the scope of consolidation of Tradeticity and Convel on the respective acquisition dates amounted to EUR 325,681.

If this, albeit marginal, effect is excluded, the decrease of the item in question exceeds 35%. This is due to the general slow down in activity linked to the Covid19 pandemic, which, on the one hand, resulted in less procurement, as also evidenced from the corresponding items of the consolidated Income statement; on the other hand, it proved that Antares Vision is ethically ready to comply, as per usual, the payment terms agreed with the suppliers before the outbreak of the health emergency.

## 27. Other payables

The item Other payables amounts to EUR 22,754,054 and compares with EUR 19,330,305 as at 31st December 2019.

The composition of this item is shown below:

OTHER PAYABLES						
Description	Advances from customers	Payables to personnel	Payables to social security institutions	Tax payables	Accruals and deferrals	Total
<b>Value at 31/12/2019</b>	<b>9.899.470</b>	<b>4.063.239</b>	<b>2.162.238</b>	<b>2.959.857</b>	<b>245.500</b>	<b>19.330.305</b>
Effect of the change in the scope of consolidation	559.304	93.801	44.141	333.373	-	1.030.619
Changes during the period	3.045.874	655.088	-422.876	-2.469.220	1.584.265	2.393.130
<b>Value at 30/06/2020</b>	<b>13.504.648</b>	<b>4.812.128</b>	<b>1.783.504</b>	<b>824.010</b>	<b>1.829.765</b>	<b>22.754.054</b>

Advances from customers relate to the amounts collected from customers in the form of advance payments for sales in the process of completion, and show an increase thanks to the higher numbers of orders following the improvement of the health situation.

Payables to personnel include payables for salaries and wages still open at the end of the semester.

The item Payables to social security institutions amounts to EUR 1,783,504 (EUR 2,162,238 as at 31st December 2019) and is attributable for EUR 1,130,266 to the Parent Company. It includes payables to INPS and INAIL of Italian companies and those to local social security institutions of foreign companies.

The item Tax payables, which, at 30 June 2020 amounts to EUR 824,010, includes direct taxes payable, net of any advances paid, and the amounts withheld from employees' salaries.

Accrued expenses and deferred income include respectively the portions of interest expenses on loans pertaining to the period as well as the portions of revenues on service contracts that were already invoiced at the closing date of the semester but not pertaining to the same. The significant increase of the item is due to the effect of the write off of revenues on service contracts that, in general, are invoiced annually.

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## INCOME STATEMENT

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Before providing a detailed commentary on the items of the interim consolidated Income statement, it should be noted that we did not deem it necessary to show the effects of the changes to the scope of consolidation that occurred in the first half of 2020 separately, as they are of little import and of no significance to the comparative analysis. In fact, we would like to remind you that the acquisition of Tradeticity took place on 20 April 2020 and contributes to this interim consolidated Income statement for little more than 2 months. The acquisition of Convel became effective on 30 June 2020; it therefore has no economic effects on these interim consolidated Financial Statements. The Antares Vision GmbH branch was not operational on the date on which the semester closed.

To better appreciate the comparison with 30 June 2019, instead, we separately outline, where of relevance, the contribution of FT System Group, included in the consolidation area only since 30 September 2019.

### **28. Revenues**

Revenues as at 30 June 2020 amount to EUR 58,006,304 and are compared to the balance of EUR 59,174,591 of the same period of 2019.

REVENUES	
Description	Revenues
Value at 30/06/2019	59.174.591
Value at 30/06/2020	58.006.304
<i>of which FT sub-group</i>	<i>11.457.138</i>
Change	-1.168.286

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

REVENUES			
Geographical area	2020	2019	Delta
AFRICA	841.332	992.782	-15,3%
NORTH AMERICA	8.262.501	3.784.931	118,3%
SOUTH AMERICA	1.542.159	206.471	646,9%
ASIA	2.914.977	3.828.489	-23,9%
EUROPE	35.751.371	33.483.202	6,8%
ITALY	7.413.409	11.790.806	-37,1%
MIDDLE EAST	1.280.556	5.087.910	-74,8%
<b>Grand total</b>	<b>58.006.304</b>	<b>59.174.591</b>	<b>-2,0%</b>

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

REVENUES			
Market	2020	2019	Delta
<b>INDUSTRIAL</b>	<b>14.372.745</b>	<b>2.738.671</b>	<b>424,8%</b>
SERVICES	2.775.457	152.688	1717,7%
T AND T	204.618	796.056	-74,3%
INSPECTION	11.385.111	1.789.927	536,1%
SMART DATA	7.560	-	N/A
<b>PHARMA</b>	<b>43.633.559</b>	<b>56.164.431</b>	<b>-22,3%</b>
SERVICES	7.264.380	4.748.986	53,0%
T AND T	27.959.442	41.208.070	-32,2%
INSPECTION	7.540.584	9.530.184	-20,9%
SMART DATA	869.152	677.190	28,3%
<b>SUPPLIER</b>	<b>-</b>	<b>271.489</b>	<b>-100,0%</b>
<b>Grand total</b>	<b>58.006.304</b>	<b>59.174.591</b>	<b>-2,0%</b>

## 29. Other income

As at 30 June 2020, the item Other income amounts to EUR 3,183,819, mostly relating to the Parent Company, compared to EUR 3,249,415 at 30 June 2019.

The composition and changes of the item are shown below:

OTHER INCOME			
Description	Operating grants	Other revenues	Total
Value at 30/06/2019	2.714.340	535.075	3.249.415
Value at 30/06/2020	2.868.657	315.162	3.183.819
<i>of which FT sub-group</i>	-	129.134	129.134
Change	154.317	-219.912	-65.595

Operating grants, almost exclusively related to the Parent Company, include EUR 2,305,858 relating to the tax credit for Research and Development activities carried out in 2019 and EUR 347,985 relating to the first tranche of the non-refundable grant related to the Smart Ward Platform (SWP) project under the Digital Agenda call for proposals.

### **30. Change in finished and semi-finished products**

The Change in finished and semi-finished products was negative for EUR 5,186,798. Their composition and changes are shown below:

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CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS			
Description	Change in inventories of finished products	Change in inventories of work in progress and semi-finished goods	Total
Value at 30/06/2019	-488.157	324.825	-163.332
Value at 30/06/2020	-4.826.920	-359.878	-5.186.798
<i>of which FT sub-group</i>	-162.503	-10.309	-172.812
Change	-4.338.763	-684.703	-5.023.466

### **31. Raw materials and consumables**

Raw materials and consumables have a value of EUR 9,263,599 compared to the value of EUR 14,334,716 as at 30 June 2019. Their composition and changes are shown below:

RAW MATERIALS AND CONSUMABLES				
Description	Change in inventories of raw materials	Goods	Consumables	Total
Value at 30/06/2019	417.623	13.589.173	327.921	14.334.716
Value at 30/06/2020	-4.281.582	11.913.839	1.631.341	9.263.599
<i>of which FT sub-group</i>	-99.498	3.128.447	51.426	3.080.375
Change	-4.699.205	-1.675.333	1.303.420	-5.071.118

### 32. Personnel costs

Personnel costs amount to EUR 21,248,482, compared with EUR 14,852,469 as at 30 June 2019.

The item changed as follows:

TOTAL PERSONNEL COSTS							
Description	Salaries and wages	Associates	Temporary work	Social security charges	Advances to T.F.R.	Other personnel expenses	Total
Value at 30/06/2019	8.670.282	1.412.717	131.827	3.486.526	353.871	797.246	14.852.469
Value at 30/06/2020	14.921.851	1.136.650	111.375	3.627.769	569.454	881.383	21.248.482
<i>of which FT sub-group</i>	3.238.214	-	13.468	792.671	181.377	149.959	4.375.688
Change	6.251.570	-276.067	-20.452	141.243	215.583	84.137	6.396.013

The increase in Personnel costs (+43%) was significantly impacted by the inclusion of FT System in the scope of consolidation. Excluding this incidence, the increase in this item is 13.6% compared to the figure at 30 June 2019 and is the result of the hiring policy implemented during the entire FY2019 to provide Antares Vision with the human capital needed to meet the expected growth. This was a conscious investment for the future, aiming to implement the strategy of Antares Vision, the economic effects of which were not yet fully apparent in the situation as at 30 June 2019.

### 33. Amortisation and depreciation

As at 30 June 2020, the balance of the item Amortisation and depreciation amounts to EUR 2,144,379 and compares with the balance of EUR 468,373 of the same period of the previous

year.

Specifically, the amortisation of intangible fixed assets amounts to EUR 1,305,739 (EUR 197,867 as at 30 June 2019), while the depreciation of tangible fixed assets amounts to EUR 838,640 (EUR 270,506 as at 30 June 2019).

The increase is due in most part:

- for EUR 727,783 to the higher amortisation generated from the recording, since 30 September 2019, of the Customer list and of Technologies under intangible fixed assets following the *Purchase Price Allocation* process of FT System;
- for EUR 424,071 to the amortisation generated following the application of IFRS 16, attributable to FT System for EUR 209,810. This effect is not present in the comparative situation as FT System had not yet been included in the scope of consolidation;
- for EUR 338,297 to the amortisation generated from the capitalisation of the development costs which increased from the balance of EUR 168,256 as at 30 June 2019 to the balance of EUR 506,553.

#### **34. Net write-down of financial assets**

The item Net write-down of financial assets includes the write-down of trade receivables which as at 30 June 2020 amounts to EUR 134,026.

NET WRITE-DOWN IN FINANCIAL ASSETS	
Description	Net write-down in financial assets
Value at 30/06/2019	230.603
Value at 30/06/2020	134.026
<i>of which FT sub-group</i>	39.604
Change	-96.576

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

As may be seen from the decrease in Trade receivables on which we have previously commented, Antares Vision carefully evaluates the solvency of its customers, constantly monitors credit exposure and activates immediate debt collection procedures with counterparties for past due accounts.

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

group.

### 35. Increase of fixed assets for development costs

The item Increases in fixed assets for development costs amounts to EUR 2,145,374, of which EUR 1,798,404 relating to the Parent Company and EUR 346,970 relating to the subsidiary FT System S.r.l.

INCREASES IN FIXED ASSETS FOR DEVELOPMENT COSTS	
Description	Increase of fixed assets for development costs
Value at 30/06/2019	1.057.085
Value at 30/06/2020	2.145.374
<i>of which FT sub-group</i>	346.970
Change	1.088.289

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

### 36. Commissions for agents

As at 30 June 2020, commissions for agents amount to EUR 1,006,571, down from EUR 1,675,660 last year.

COMMISSIONS FOR AGENTS	
Description	Commissions for agents
Value at 30/06/2019	1.675.660
Value at 30/06/2020	1.006.571
<i>of which FT sub-group</i>	10.226
Change	-669.089

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

### 37. Installation costs

The item Installation costs amounts to EUR 1,018,701 and includes expenses incurred for

installations entrusted to commercial partners. Changes in this item are shown in the following table:

INSTALLATION COSTS	
Description	Installation costs
Value at 30/06/2019	2.315.857
Value at 30/06/2020	1.018.701
<i>of which FT sub-group</i>	163.464
Change	-1.297.156

The change of EUR 1,297,156 (-56%) represents the combined effect of the far-seeing resource internalisation process that was launched last year as a conscious investment to handle the expected growth in the future and, partly, to the inevitable slow down of installation and technical support activities as a result of the Covid19 pandemic.

### 38. Other operational expenses

The item Other operational expenses amounts to EUR 11,802,131 and showed the following changes in the first half of 2020:

OTHER OPERATIONAL EXPENSES	
Description	Other operational expenses
Value at 30/06/2019	12.408.090
Value at 30/06/2020	11.802.131
<i>of which FT sub-group</i>	1.845.283
Change	-605.959

OTHER OPERATIONAL EXPENSES									
Description	Software licences and fees	General services and insurance	Travel expenses	Third party processing	Advertising and marketing	Consulting and professional fees	Remuneration to corporate bodies	Other	Total
Value at 30/06/2019	1.644.717	882.296	2.771.591	1.977.646	1.031.446	1.032.329	724.491	2.343.576	12.408.090
Value at 30/06/2020	1.693.698	1.188.689	2.350.170	1.305.011	666.738	1.757.847	915.262	1.924.716	11.802.131
Changes during the period	48.981	306.394	(421.420)	(672.635)	(364.707)	725.518	190.771	(418.861)	(605.959)

The inclusion of FT System in the scope of consolidation contributes EUR 1,845,283. Despite this contribution, the item shows a decrease of 4.9% (20% net of the incidence of FT System) deriving from the combined effect of lower travel costs, which inevitably decreased during the lockdown, and a policy meant to drive down costs.

Consultancies and professional fees include the accessory charges incurred for the acquisitions of the semester, entirely expensed to the Income statement, as envisaged by

IFRS 3.

### 39. Financial charges

Financial charges amount to EUR 3,759,913, compared with EUR 2,086,273 as at 30 June 2019.

FINANCIAL CHARGES	
Description	Financial charges
Value at 30/06/2019	2.086.273
Value at 30/06/2020	3.759.913
of which FT sub-group	15.946
Changes during the period	1.673.640

This item includes the amount of EUR 1,970,047 represented by the negative change in the fair value of the Warrants issued by the Parent Company at the same time as the listing and still in circulation at the end of the semester. As already mentioned in the section Non-current loans and financing to which reference should be made, since these are financial instruments whose exercise gives the right to the delivery of a variable number of shares, the difference of EUR 4,535,517 with respect to the issue value must be shown in the Income Statement.

This item also includes the interest payable on loans for EUR 641,356 which almost entirely relate to the Parent Company, the mark to market valuation of derivative instruments for EUR 961,071 and commission and financial charges related to operations with banks for EUR 187,438.

### 40. Financial Income

The changes in the item Financial income, which at 30 June 2020 amount to EUR 42,730 and relate almost entirely to the Parent Company, are shown in the table below:

FINANCIAL INCOME	
Description	Financial Income
Value at 30/06/2019	74.190
Value at 30/06/2020	42.730
of which FT sub-group	-
Changes during the period	-31.460

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

As at 30 June 2020, Foreign exchange gains and losses were negative for EUR 1,393,193 and include the exchange differences generated by the settlement of assets and liabilities in foreign currency or by conversion at rates different from those at which they were converted at the time of initial recognition. The balance is greatly influenced from the trend in the semester of the exchange rate of the Euro compared to the Brazilian Real, the result of the critical health situation which affected and continues to affect Brazil.

#### **42. Share of the profits and losses of associates and joint ventures**

The item Share of the profits and losses of associates and joint ventures is negative for EUR 249,677 due to the application of the Equity Method to the valuation of the investments in Antares Vision India and Orobix. More specifically, the interim situation of the Indian subsidiary shows a loss for the period of a total of EUR 122,609, of which the share of Antares Vision (EUR 62,530) corresponds to 51%, while Orobix recorded negative results for the period of EUR 499,058 which generated a negative share for Antares Vision of EUR 187,147.

#### **43. Income taxes**

Income taxes as at 30 June 2020 amount to EUR 1,820,846 (EUR 4,446,852 at 30 June 2019).

As at 30 June 2020, there were no temporary differences and tax losses accrued on which deferred tax assets or liabilities had not been recognised.

<b>INCOME TAXES</b>				
<b>Description</b>	<b>Current taxes</b>	<b>Prepaid taxes</b>	<b>Deferred taxes</b>	<b>Income taxes</b>
Value at 30/06/2019	1.920.186	2.488.979	37.687	4.446.852
Value at 30/06/2020	197.753	1.776.485	-153.391	1.820.846
<i>of which FT sub-group</i>	446.883	-50.711	6.319	402.491
Change	-1.722.433	-712.494	-191.079	-2.626.006

Current taxes amount to EUR 197,753, of little importance due to the tax losses that many Antares Vision Companies recorded, although we expect positive profitability levels for the end of the year.

As has already been shown in section 7 “Prepaid tax assets”, to which reference is made, prepaid taxes were recognised on said losses, while these results are believed to be temporary, seen the exceptional nature of the period in question. The application of IFRS 15 resulted in a release of prepaid taxes for EUR 3,105,084 as a provision for the reversal on the occasion of the FTA.

Below we present the reconciliation between the theoretical taxes, calculated using the Parent Company's tax rate (27,9%) and the actual taxes from the interim Consolidated Financial Statements.

Description	June 2020	%	June 2019	%
<b>Result before taxes</b>	<b>6.420.434</b>		<b>15.176.385</b>	
<b>Theoretical taxes</b>	<b>1.791.301</b>	<b>27,90%</b>	<b>4.234.211</b>	27,90%
Different IRAP taxable effect	51.034	0,79%	-45.697	-0,30%
Deduction of own invested capital (ACE)	-191.424	-2,98%	-	
Non-deductible costs	308.639	4,81%	192.723	1,27%
Untaxed revenues and deductions	-792.803	-12,35%	-727.679	-4,79%
Fiscal neutrality effect Warrants	549.643	8,56%	151.731	1,00%
Fiscal neutrality effect other items	-		465.558	3,07%
Effect of other foreign legislation	104.457	1,63%	176.005	1,16%
<b>Total</b>	<b>1.820.846</b>	<b>28,36%</b>	<b>4.446.852</b>	<b>29,30%</b>

#### **44. Earnings per share (basic and diluted)**

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

Diluted earnings per share is obtained as the ratio between the Group's earnings reported in the interim Consolidated Financial Statements and the weighted average number of shares outstanding, taking into account the effects of all potential ordinary shares (e.g. unsubscribed) with a dilutive effect.

EARNINGS PER SHARE		
Description	30/06/2020	30/06/2019
Profit attributable to ordinary shareholders of the Parent Company	4.644.106	10.643.726
Dilution effect	-1.970.047	-543.838
Total post-dilution profit	2.674.059	10.099.888
Weighted average number of ordinary shares	58.009.711	53.831.993
Weighted average potential ordinary shares	616.470	- (**)
Weighted average number of potential ordinary shares	58.626.181	53.831.993
Earning per Share (EPS)	0,08	0,20
Earning per Share (EPS) diluted	0,11	0,19

(\*\*): no potential action at 30/06/2019, as the first warrant exercise date was 01/07/2019

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## OTHER INFORMATION

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### Guarantees given, commitments and other contingent liabilities

As at 30 June 2020, the Group had provided guarantees to its customers consisting of EUR 471,264 in performance bonds to guarantee the execution of contracts and the proper operation of the machinery sold and EUR 1,796,884 in advance bonds on advances already received from customers.

### Information related to risks

#### Covid19 risk

The recent health emergency linked to the spread of the Coronavirus (COVID-19) has been managed by taking all the measures ordered by the Authorities, aimed at ensuring health and safety and limiting the spread of the virus. Extensive use has been made of remote working and, where not possible, the hygiene rules issued by the Ministry of Health have been implemented and strictly complied with. We would like to remind you that the Decree of the (It.) Prime Minister ("Decree of the PM") of 22 March 2020 did not impose the suspension of the production activity of Antares Vision, categorising it among the essential ones, as it has an instrumental function to the pharmaceutical supply chain, thus

ensuring its full operation.

For this same reason, although there is still uncertainty with regard to the global health situation, in the hypothetical situation of a possible future lockdown, we do not believe that the effects on the business could be significant, as Antares Vision operates in a sector the activities of which can be considered essential for the total economic system as they aim to protect consumer products (be they medicine, foodstuffs, or beverages, cosmetics, or luxury products).

### **Risks related to the market**

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

### **Credit risk**

The exposure to credit risk is represented by the book value of trade receivables, aligned to their estimated realisable value. This risk is mitigated by a careful assessment of customer solvency, continuous monitoring of credit exposure and immediate contact with counterparties about past due accounts.

### **Liquidity risk**

Thanks to its equity and financial structure, as well as the level of credit granted to it by the banking system, Antares Vision does not observe particular liquidity risks. As shown by the division into time bands in notes 15. Non-current loans and financing and 16. Non-current financial liabilities for leasing, the existing debt is mainly deferred over the medium to long term and offset by available liquidity.

### **Interest rate risk**

With regard to interest rate risk, we point out that Antares Vision's financial exposure is linked to variable interest rates with particularly advantageous spreads due to the excellent rating it enjoys. Please note however that, to limit the interest rate risk, Antares Vision and the Parent Company, in particular, adopted hedging policies which, through the

use of derivative hedging instruments, are able to neutralise the risk in question.

### **Foreign exchange rate risk**

Antares Vision has a strong international presence but prioritises the use of the local currency as transaction currency for the vast majority of transactions.

During the semester, Antares Vision felt the effects of the trend in the exchange rate between the Euro and the Brazilian Real, which resulted in the Brazilian subsidiary recognising a significant exchange rate adjustment in the Income statement as a result of some items being expressed in Euros. Please note however that the foreign exchange losses was not realised and we are confident that the Brazilian Real will recover its value as the health situation progressively improves.

### **Environmental risk**

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

### **Other external risks**

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

## **Management and coordination activities**

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

## Relationships with related parties

With regard to the relationships between Group companies and related parties, in accordance with IAS 24, we provide below the information relating to the first half of 2020:

TRANSACTIONS WITH RELATED PARTIES				
Related parties	Payables at 30/06/2020	Receivables at 30/06/2020	Costs H1 2020	Revenues H1 2020
Antares Vision India Private Limited	-	-	60.708	-
Orobix	-	15.306	35.031	12.546

The following relationships with related parties were in place on 31st December 2019 and on 30 June 2019:

TRANSACTIONS WITH RELATED PARTIES				
Related parties	Payables at 31/12/2019	Receivables at 31/12/2019	Costs H1 2019	Revenues H1 2019
Antares Vision India Private Limited	45.841	-	-	-

Pursuant to the provisions of art. 13 of the AIM Issuers Regulation and in compliance with the provisions of the 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 Regulation for transactions with related parties, the current version of which was approved on 8 April 2019 and can be consulted on the company website at the link:

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

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

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

## Compensation to corporate bodies and the auditing firm

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

Description	Directors	Statutory auditors	Auditing firm
Remuneration for the semester	880.162	25.686	47.580

## Subsequent events

The Shareholders' Meeting of 20 May 2020 approved the guidelines of a Stock Option Plan for 2020-2022 reserved for executive directors, top management and key employees whose performance, taking into account the posts held and the tasks performed, may, to a high degree, influence the company's results. By allocating, for the period 2020-2022 and free of charge, a maximum of 1,000,000 options for the subscription and/or allocation on payment of ordinary shares of the Parent Company, the Piano aims to establish a compensation relation consistent with the best domestic and international practices, increasing the already significant level of corporate retention for key resources of Antares Vision, by planning medium-/long-term objectives aiming to improve performance for the progressive creation of ever-higher value, that may be translated into a direct benefit for shareholders.

On 30 July 2020, Antares Vision announced the participation in Neurala (US\$ 290 thousand), a Boston-based innovative startup in Artificial Intelligence applied to visual inspection technologies. Continuing on the company's mission to protect products, brands, and people, this investment is born of the firm conviction that the application of artificial intelligence is of great potential for the market, especially for inspection systems, tracking solution, and the optimisation of process prediction. The journey of Antares Vision in Artificial Intelligence had already started with the investment, in December 2019, in Orobix, a company founded in Bergamo in 2009, of which the Parent Company owns 37.5%.

A new branch in Shenzhen (China), entirely controlled by Antares Vision Asia Pacific Limited, which established on 17 August 2020. The Shenzhen branch complements the Hong Kong branch, which has been operational since 2019, further strengthening the direct monitoring of the Chinese market, which is very sensitive to matters that pertain to inspection and tracking, especially in the pharmaceuticals and beverage sectors. Finally, it should be noted that the Shareholders' Meeting of Antares Vision S.p.A. held on 5 February 2019 resolved to increase the share capital, with the exclusion of pre-emption rights pursuant to article 2441, paragraph 5, of the (It.) Civil Code, to service the exercise of the Warrants, in a divisible manner, for a maximum nominal amount of EUR 3,255.60 through

the issue of a maximum of 1,356,500 conversion shares.

As at 30 June 2020 there were still 3,543,459 Warrants; at the date of preparation of these Financial Statements 361,647 Warrants, corresponding to 63,461 shares with a corresponding increase in share capital to EUR 143,037 and the share premium reserve to EUR 90,000,899.

## **Explanatory notes, final part**

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

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

Travagliato, 21 September 2020

The Board of Directors

EMIDIO ZORZELLA

MASSIMO BONARDI

ALIOSCIA BERTO

MARCO CLAUDIO VITALE

MARCO COSTAGUTA

DANTE ROSCINI

MASSIMO PERONA

MARTINA MONICO

FABIO FORESTELLI