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A large, light blue decorative graphic covers the background of the page. It consists of a complex network of lines and nodes, resembling a circuit board or a data network. The nodes are represented by small circles, some of which contain a white four-pointed star, similar to the DataLogic logo. The lines are of varying thickness and connect the nodes in a non-linear, branching pattern.

Consolidated Half-Year Financial Report
30 June 2019

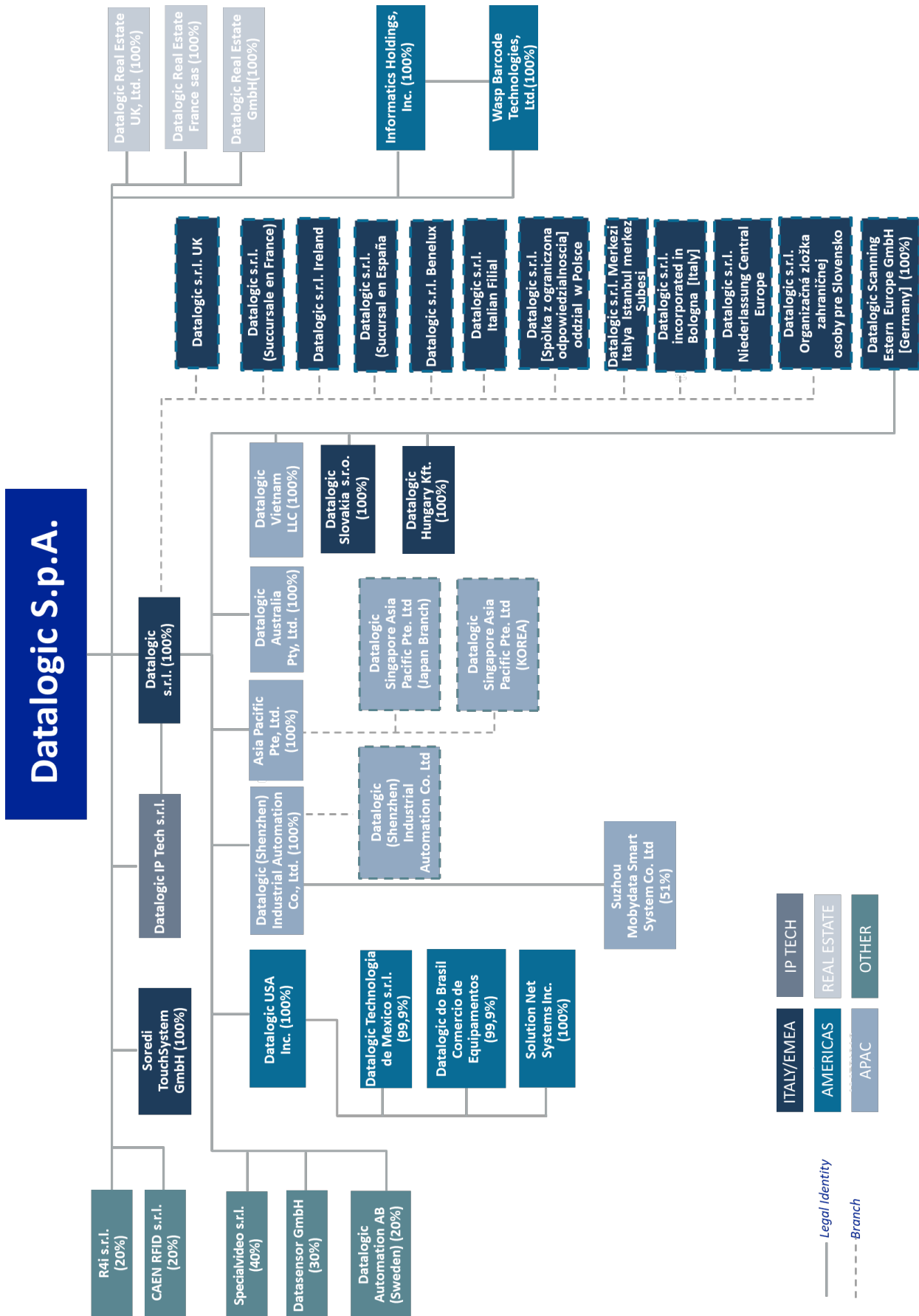
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· Certification pursuant to art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and following amendments and supplements	
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DISCLAIMER

This document includes forward-looking statements, related to future events and Group operating, economic and financial results. These statements include risk and uncertainty elements as they depend on the occurrence of events and future developments. The actual results may deviate, even to a significant extent, from the expected outcome due to multiple factors, most of which are beyond the Group's control.

GROUP STRUCTURE



COMPOSITION OF CORPORATE BODIES

Board of Directors ⁽¹⁾

Romano Volta	Executive Chairman ⁽²⁾
Valentina Volta	CEO ⁽²⁾
Angelo Busani	Independent Director
Roberto Lancellotti	Independent Director
Angelo Manaresi	Independent Director and Lead Independent Director
Chiara Giovannucci Orlandi	Independent Director
Pietro Todescato	Executive Director
Filippo Maria Volta	Non-executive Director
Vera Negri Zamagni	Independent Director

Board of Statutory Auditors ⁽³⁾

Salvatore Fiorenza	Chairman
Elena Lancellotti	Statutory Auditor
Roberto Santagostino	Statutory Auditor
Ines Gandini	Alternate Statutory Auditor
Eugenio Burani	Alternate Statutory Auditor
Patrizia Cornale	Alternate Statutory Auditor

Audit and Risk Management, Remuneration and Appointments Committee

Angelo Manaresi	Chairman
Chiara Giovannucci Orlandi	Independent Director
Filippo Maria Volta	Non-executive Director

Independent Auditor ⁽⁴⁾

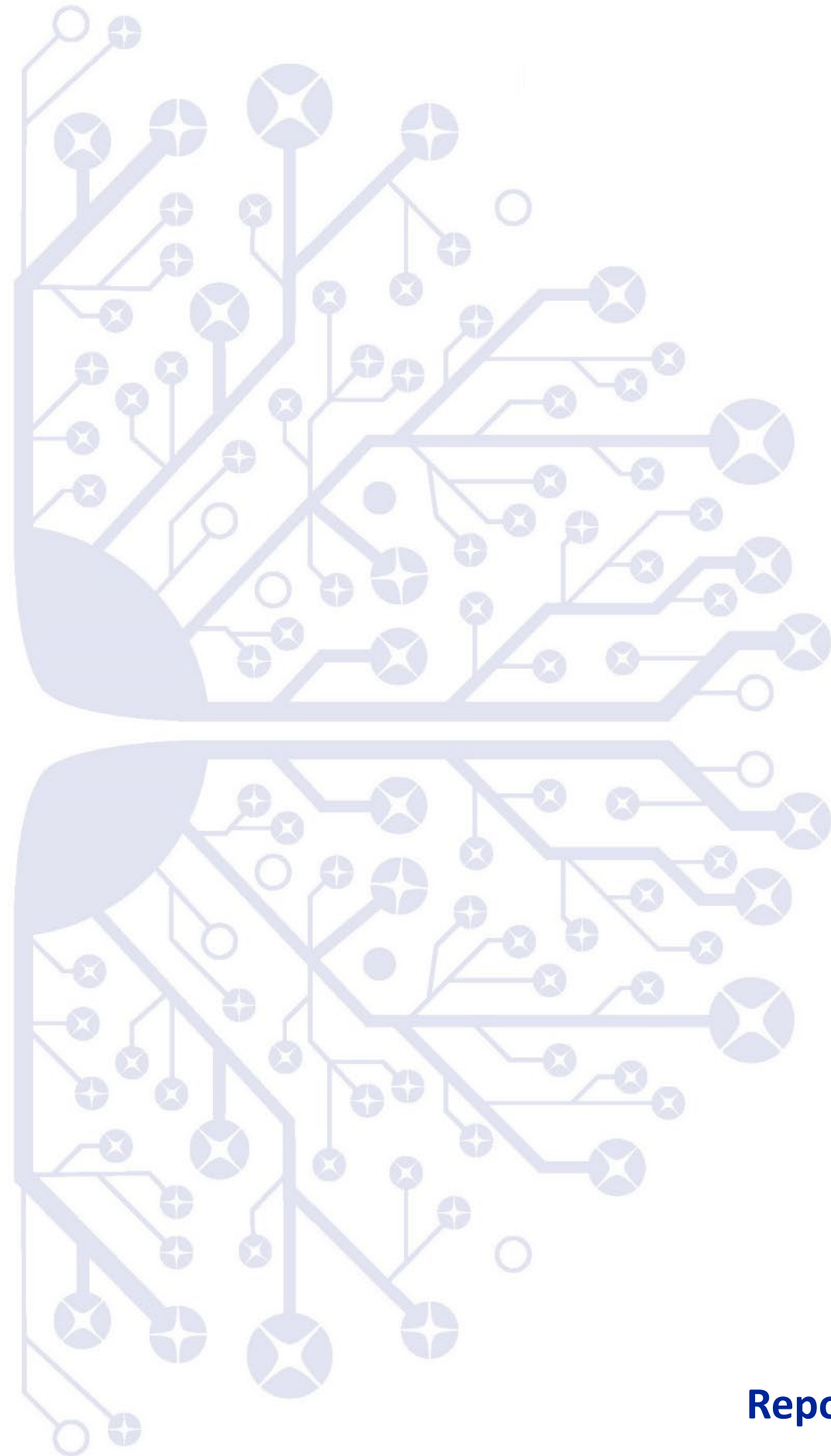
Deloitte & Touche S.p.A.

(1) The Board of Directors will remain in office until the Shareholders' Meeting held for the approval of the financial statements as at 31 December 2020.

(2) Legal representative as regards third parties.

(3) The Board of Statutory Auditors will remain in office until the Shareholders' Meeting held for the approval of the financial statements as at 31 December 2021.

(4) Deloitte & Touche S.p.A. was appointed Independent Auditor for the nine-year period from 2019 to 2027 by the Shareholders' Meeting held on 30 April 2019 and will remain in office until the Shareholders' Meeting held for the approval of the financial statements as at 31 December 2027.



REPORT ON OPERATIONS

INTRODUCTION

This Half-Year Financial Report as at 30 June 2019 was drawn up pursuant to Art. 154 of T.U.F. and was prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union.

The amounts reported in the Report on Operations are expressed in thousands of Euro, the notes to the accounts are expressed in millions of Euro.

GROUP PROFILE

Datalogic is the global leader in the markets of automatic data capture and process automation. The Group is specialised in the design and production of bar code readers, mobile computers, detection, measurement and security sensors, vision and laser marking systems and RFID. Its pioneering solutions contribute to increase efficiency and quality of processes along the entire value chain, in the Retail, Manufacturing, Transportation & Logistics and Healthcare sectors.

HIGHLIGHTS OF THE PERIOD

The following table summarises the Datalogic Group's key operating and financial results as at 30 June 2019 in comparison with the same period a year earlier:

	Half year ended		30.06.2018	% on Revenues	Change	% change	% ch. net FX
	30.06.2019	% on Revenues					
Revenues	304,547	100.0%	306,994	100.0%	(2,447)	-0.8%	-3.8%
EBITDA	47,678	15.7%	50,838	16.6%	(3,160)	-6.2%	-3.9%
Operating result (EBIT)	33,922	11.1%	40,278	13.1%	(6,356)	-15.8%	-12.0%
Net Profit/(Loss) for the period	25,251	8.3%	28,963	9.4%	(3,712)	-12.8%	-7.6%
Net financial position (NFP)	(17,803)		13,263		(31,066)		

In the first half of 2019, revenues remained substantially unchanged, compared to the previous half year, down 0.8% and amounting to €304.5 million. EBITDA decreased by 6.2%, amounting to €47.7 million, with 15.7% EBITDA margin (16.6% as at 30 June 2018, but stable at constant exchange rate).

The net profit amounted to €25.3 million (€29.0 million in the first half of 2018). The percentage on revenues decreased from 9.4% to 8.3%.

The Net Financial Position, as at 30 June 2019, was negative by €17.8 million and registered a decrease of €31.1 million compared to 30 June 2018 (positive by €13.3 million) and a decrease of €41.6 million compared to 31 December 2018 (positive by €23.8 million).

Changes, compared to 31 December 2018, are mainly due to effects of the application of the new accounting standard IRF 16 - Leases, which led to the measurement, as at 30 June 2019, of assets for the right in use (€10.9 million) and financial liabilities for leases (€10.7 million), as well as the distribution of dividends (€28.7 million).

ALTERNATIVE PERFORMANCE INDICATORS

To allow for a better valuation of the Group's performance, management adopted certain alternative performance indicators that are not identified as accounting measures within IFRS (NON-GAAP measures). The measurement criteria applied by the Group might not be consistent with those adopted by other groups and the indicators might not be comparable with indicators calculated by the latter. These performance indicators, determined according to provisions set out by Guidelines on performance indicators, issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015, refer only to the performance of the accounting period related to this Half-Year Financial Report and the compared periods.

The performance indicators must be considered as supplementary and do not supersede information given pursuant to IFRS standards. The description of the main indicators adopted is given hereunder.

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** this indicator is defined as Profit/Loss for the period before depreciation and amortisation of tangible and intangible assets, non-recurring costs/revenues, financial income and expenses and income taxes.
- **EBIT (Earnings Before Interest and Taxes) or Operating result:** operating result, as inferable from the Income Statement.
- **Net Trade Working Capital:** this indicator is calculated as the sum of Inventories and Trade Receivables, less Trade Payables.
- **Net Working Capital:** this indicator is calculated as the sum of Net Trade Working Capital and Other Current Assets and Liabilities, including short-term Provisions for Risks and Charges.
- **Net Invested Capital:** this indicator is the total of Current and Non-current Assets, excluding financial assets, less Current and Non-current Liabilities, excluding financial liabilities.
- **NFP (Net Financial Position) or Net Financial Debt:** this indicator is calculated based on provisions set out by Consob Communication no. 15519 of 28 July 2006. This indicator includes also "Other financial assets" represented by temporary cash investments and financial liabilities for operating leases resulting from the application of the new IFRS 16 accounting standard.

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE PERIOD

The following table shows the main income statement items of the current period, compared with the same period in the previous year:

RECLASSIFIED INCOME STATEMENT	Half year ended					
	30.06.2019		30.06.2018		Change	% change
Revenues	304,547	100.0%	306,994	100.0%	(2,447)	-0.8%
Cost of goods sold	(156,693)	-51.5%	(157,545)	-51.3%	852	-0.5%
Gross Operating Margin	147,854	48.5%	149,449	48.7%	(1,595)	-1.1%
Research and development expenses	(31,429)	-10.3%	(30,463)	-9.9%	(966)	3.2%
Distribution expenses	(59,179)	-19.4%	(53,525)	-17.4%	(5,654)	10.6%
General and administrative expenses	(22,446)	-7.4%	(21,767)	-7.1%	(679)	3.1%
Other operating incomes and (expenses)	2,288	0.8%	(129)	0.0%	2,417	n.a.
Total Operating expenses and others	(110,766)	-36.4%	(105,884)	-34.5%	(4,882)	4.6%
Non-recurring costs/revenues and write-downs	(759)	-0.2%	(1,041)	-0.3%	282	-27.1%
Amortisation intangible assets from acquisitions	(2,407)	-0.8%	(2,246)	-0.7%	(161)	7.2%
Operating result (EBIT)	33,922	11.1%	40,278	13.1%	(6,356)	-15.8%
Financial Incomes/(Expenses)	(718)	-0.2%	(815)	-0.3%	97	-11.9%
Profit/(Loss) from associates	0	0.0%	0	0.0%	0	n.a.
Foreign exchange gains/(losses)	(664)	-0.2%	(2,281)	-0.7%	1,617	-70.9%
Profit/(Loss) before taxes (EBT)	32,540	10.7%	37,182	12.1%	(4,642)	-12.5%
Taxes	(7,289)	-2.4%	(8,219)	-2.7%	930	-11.3%
Net Profit/(Loss) for the period	25,251	8.3%	28,963	9.4%	(3,712)	-12.8%
Non-recurring costs/revenues	(759)	-0.2%	(1,041)	-0.3%	282	-27.1%
Depreciations	(8,051)	-2.6%	(5,099)	-1.7%	(2,952)	57.9%
Amortisations	(4,946)	-1.6%	(4,420)	-1.4%	(526)	11.9%
EBITDA	47,678	15.7%	50,838	16.6%	(3,160)	-6.2%

Consolidated revenues amounted to €304.5 million, down by 0.8% compared to €307 million in the first half of 2018.

The following table shows the breakdown by **geographical area** of Group revenues achieved in the first half of 2019, compared with the same period of 2018:

Revenues	Half year ended		30.06.2018		Change	% change	% ch. net FX
	30.06.2019	%	**	%			
Italy	25,572	8.4%	28,929	9.4%	(3,357)	-11.6%	-11.5%
EMEA (except Italy)	134,288	44.1%	137,012	44.7%	(2,724)	-2.0%	-2.8%
Total EMEA (*)	159,860	52.5%	165,941	54.1%	(6,081)	-3.7%	-4.4%
North America	104,353	34.3%	91,778	29.9%	12,575	13.7%	6.1%
Latin America	7,213	2.3%	6,546	2.1%	667	10.2%	7.2%
APAC (*)	33,121	10.9%	42,729	13.9%	(9,608)	-22.5%	-24.6%
Total Revenues	304,547	100.0%	306,994	100.0%	(2,447)	-0.8%	-3.8%

(*) EMEA: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

During the first half of 2019, 13.7% growth was reported in North America, also thanks to the favourable trends of exchange rates, while a slowdown was recorded in the APAC area (down by 22.5%). The performance in the EMEA area decreased by an overall 3.7%.

Gross Operating Margin, equal to €147.9 million, decreased by 1.1% against €149.4 million reported in the same period of the previous year. As a percentage of Revenues it remained substantially unchanged compared to the first half of 2018, from 48.7% in 2018 to 48.5% in 2019. At constant exchange rate, the Gross Operating Margin improved by 0.9% thanks to the greater industrial productivity and the favourable product mix.

Operating expenses and others, equal to €110.8 million, increased by 4.6% compared to €105.9 million in the same period of 2018, and increased by 1.9 percentage points in proportion to turnover, from 34.5% to 36.4%. Distribution expenses increased by 10.6%, to €59.2 million (19.4% of revenues compared to 17.4% recorded in the same period of 2018). This is due to investments made to strengthen commercial organisations.

Research and Development expenses amounted to €31.4 million (€30.5 million in the first half of 2018), up by 3.2% compared to the previous period. In the first half of 2019, overall expenses in Research and Development, including capitalisations, aimed at renewing the product range, increased by 13.7%, compared to the first half of 2018. The percentage of turnover is around 11%, in line with the Group's strategic targets regarding innovation.

EBITDA decreased by 6.2%, from €50.8 million in the first half of 2018 to €47.7 million, while its percentage of revenues (EBITDA margin) stood at 15.7% compared to 16.6% in 2018, partly due to the unfavourable trends of exchange rates. At constant exchange rate, EBITDA remained substantially unchanged compared to the first half of 2018 and reflects the increase in trade investments and in Research and Development, partially offset by the effect of the adoption of the new accounting standard IFRS 16 - Leases. This determined the accounting of higher depreciation and lower costs for rents and leases of €2.2 million and €2.3 million, respectively.

EBIT decreased by 15.8% compared to €33.9 million, compared to €40.3 million in the previous period, while its percentage of revenues decreased from 13.1% in the first half of 2018 to 11.1%. Excluding the unfavourable exchange rates, EBIT decreased by 1.1%.

FINANCIAL INCOMES/(EXPENSES)

Financial Incomes/(Expenses)	Half year ended		Change
	30.06.2019	30.06.2018	
Financial Incomes/(Expenses)	(100)	(160)	60
Foreign exchange gains/losses	(664)	(2,281)	1,617
Bank expenses	(619)	(751)	132
Other	1	96	(95)
Total financial Incomes/(Expenses)	(1,382)	(3,096)	1,714

Financial incomes/(Expenses) was negative for €1.4 million, a clear improvement of €1.7 million compared to the negative result of €3.1 million in the same period of 2018. This was above all due to the favourable performance of foreign exchange differences, negative by €0.7 million (negative by €2.3 million as at 30 June 2018).

The **Net profit**, amounting to €25.3 million (8.3% percentage of revenues, net of exchange rate effect), decreased by 0.4%, compared to the first half of 2018.

ECONOMIC RESULTS BY DIVISION FOR THE HALF YEAR

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. Consistently with the previous year, the operating segments were included in the following divisions:

- **Datalogic**, which represents the Group's core business and designs and produces bar code scanners, mobile computers, detection, measurement and security sensors, vision and laser marking and RFID systems that contribute to increasing the efficiency and quality of processes in the areas of Retail, Manufacturing, Transport & Logistics and Healthcare, along the entire value chain;
- **Solution Net Systems**, specialised in supplying and installing integrated solutions for automated distribution for the postal segment and distribution centres in the Retail sector;
- **Informatics** sells and distributes products and solutions for the management of inventories and mobile assets tailored to small and medium sized companies.

The following tables show the breakdown of divisional Revenues and EBITDA achieved in the first half of 2019, compared with the same period of 2018:

Revenues	Half year ended		30.06.2018	%	Change	% change	% ch. net FX
	30.06.2019	%					
Datalogic	282,581	92.8%	284,304	92.6%	(1,723)	-0.6%	-3.3%
Solution Net Systems	14,532	4.8%	14,220	4.6%	312	2.2%	-4.4%
Informatics	9,300	3.1%	9,744	3.2%	(444)	-4.6%	-10.9%
Adjustments	(1,867)		(1,274)		(593)		
Total Revenues	304,547	100.0%	306,994	100.0%	(2,447)	-0.8%	-3.8%

EBITDA	Half year ended		30.06.2018	% on revenues	Change	% change
	30.06.2019	% on revenues				
Datalogic	45,225	16.0%	48,692	17.1%	(3,467)	-7.1%
Solution Net Systems	1,862	12.8%	1,932	13.6%	(70)	-3.6%
Informatics	515	5.5%	261	2.7%	254	97.3%
Adjustments	76	-4.1%	(47)	3.7%	123	
Total EBITDA	47,678	15.7%	50,838	16.6%	(3,160)	-6.2%

DATALOGIC DIVISION

In the first half year, the Datalogic Division reported turnover of €282.6 million, substantially unchanged compared to the same period of 2018 (-0.6%), with a positive performance in North and Latin America, which partially offset the drop recorded in EMEA and APAC.

EBITDA related to the division amounted to 45.2 million, down 7.1%, corresponding to 16.0% of turnover (17.1% as at 30 June 2018). At constant exchange rate, EBITDA remained unchanged compared to the first half of 2018.

Below is the breakdown of the Datalogic Division's revenues, divided by industry:

Revenues	Half year ended		30.06.2018 (*)	%	Change	% change	% ch. net FX
	30.06.2019	%					
Retail	129,500	45.8%	134,501	47.3%	(5,001)	-3.7%	-6.9%
Manufacturing	79,006	28.0%	86,543	30.4%	(7,536)	-8.7%	-10.3%
Transportation & Logistics	34,367	12.2%	30,365	10.7%	4,002	13.2%	9.4%
Healthcare	10,029	3.5%	8,819	3.1%	1,209	13.7%	10.0%
Channel (Unallocated) (**)	29,679	10.5%	24,076	8.5%	5,603	23.3%	21.2%
Total Revenues	282,581	100%	284,304	100.0%	(1,723)	-0.6%	-3.3%

(*) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues to various operating segments.

(**) The Channel sector (unallocated) includes revenues not directly attributable to the 4 areas identified.

▪ **RETAIL**

The Retail sector decreased by 3.7% compared to the previous year , with a slowdown in all the geographical areas, except for North America.

▪ **MANUFACTURING**

The Manufacturing sector decreased by 8.7% compared to the previous year. The slowdown of the automotive and consumer electronics markets in EMEAI and China was partially offset by the widespread growth of the USA market.

▪ **TRANSPORTATION & LOGISTICS**

The Transportation & Logistics sector reported a good growth, equal to 13.2%, compared to the same period of 2018, driven by a very positive performance in North America.

▪ **HEALTHCARE**

The Healthcare sector reported 13.7% growth, compared to the first half of 2018, driven by sales in EMEAI and North America.

Positive trend of sales through distribution channel, especially to small and medium-sized customers.

SOLUTION NET SYSTEMS DIVISION

The Solution Net Systems Division recorded revenues amounting to €14.5 million, up by 2.2% compared to the first half of 2018, mainly due to the progress of some projects. EBITDA related to the division amounted to €1.9 million, 12.8% percentage of turnover (13.6% in the first half of 2018).

INFORMATICS DIVISION

In the first half of the year, the Informatics Division recorded turnover of €9.3 million, down 4.6% compared to the first half of 2018. EBITDA for the division was positive for €0.5 million (positive by €0.3 million in the same period of 2018).

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE SECOND QUARTER

The following table summarises the Datalogic Group's key operating and financial results of the second quarter of 2019 in comparison with the same period a year earlier:

	2Q 2019	<i>% on Revenues</i>	2Q 2018	<i>% on Revenues</i>	Change	% change	% ch. net FX
Revenues	159,900	<i>100.0%</i>	164,052	<i>100.0%</i>	(4,152)	-2.5%	-5.3%
EBITDA	26,031	<i>16.3%</i>	28,886	<i>17.6%</i>	(2,855)	-9.9%	-9.9%
EBIT	19,100	<i>11.9%</i>	23,758	<i>14.5%</i>	(4,658)	-19.6%	-19.1%
Net Profit/(Loss) for the period	12,684	<i>7.9%</i>	17,780	<i>10.8%</i>	(5,096)	-28.7%	

In the second quarter of 2019, revenues decreased by 2.5% and stood at €159.9 million. EBITDA decreased by 9.9%, amounting to €26.0 million, with 16.3% EBITDA margin, down compared to the same period of the previous year (17.6%).

The net profit for the quarter amounted to €12.7 million, decreased by 28.7% (€17.8 million in the second quarter of 2018). The percentage on revenues decreased from 10.8% to 7.9%.

ECONOMIC RESULTS BY DIVISION FOR THE SECOND QUARTER

The following tables show the breakdown of Revenues and divisional EBITDA achieved in the second quarter of 2019, compared with the same period of 2018:

Revenues	2Q 2019	%	2Q 2018	%	Change	% change	% ch. net FX
Datalogic	146,934	91.9%	151,737	92.5%	(4,803)	-3.2%	-5.6%
Solution Net Systems	9,067	5.7%	8,127	5.0%	940	11.6%	5.1%
Informatics	5,009	3.1%	4,971	3.0%	38	0.8%	-5.1%
Adjustments	(1,110)		(783)		(327)		
Total Revenues	159,900	100.0%	164,052	100.0%	(4,152)	-2.5%	-5.3%

EBITDA	2Q 2019	% on revenues	2Q 2018	% on revenues	Change	% change
Datalogic	24,531	16.7%	27,889	18.4%	(3,358)	-12.0%
Solution Net Systems	877	9.7%	975	12.0%	(98)	-10.1%
Informatics	588	11.7%	122	2.5%	466	382.0%
Adjustments	35	-3.2%	(100)	12.8%	135	
Total EBITDA	26,031	16.3%	28,886	17.6%	(2,855)	-9.9%

The following table shows the breakdown by **geographical area** of Group revenues achieved in the second quarter of 2019, compared with the same period of 2018:

Revenues	2Q 2019	%	2Q 2018 **	%	Change	% change	% ch. net FX
Italy	13,807	8.6%	14,520	8.9%	(713)	-4.9%	-4.7%
EMEA (except Italy)	62,440	39.0%	69,053	42.1%	(6,613)	-9.6%	-10.3%
Total EMEA (*)	76,246	47.7%	83,573	50.9%	(7,326)	-8.8%	-9.3%
North America	60,836	38.0%	52,288	31.9%	8,548	16.3%	9.5%
Latin America	4,457	2.8%	3,499	2.1%	958	27.4%	23.8%
APAC (*)	18,361	11.5%	24,692	15.1%	(6,331)	-25.6%	-27.0%
Total Revenues	159,900	100.0%	164,052	100.0%	(4,152)	-2.5%	-5.3%

(*) EMEA: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

DATALOGIC DIVISION

In the second quarter of 2019, the Datalogic Division reported turnover of €146.9 million, down by 3.2% compared to the same period of 2018, with a positive trend in North and Latin America.

EBITDA related to the division amounted to €24.5 million, down by 12% compared to the same quarter of 2018, 16.7% percentage of turnover, compared to 18.4%.

Below is the breakdown of the Datalogic Division's revenues, divided by industry:

Revenues	2Q 2019	%	2Q 2018 (*)	%	Change	% change	% ch. net FX
Retail	67,007	45.6%	69,532	45.8%	(2,523)	-3.6%	-6.7%
Manufacturing	40,413	27.5%	46,046	30.3%	(5,633)	-12.2%	-13.4%
Transportation & Logistics	19,631	13.4%	17,738	11.7%	1,893	10.7%	7.2%
Healthcare	4,609	3.1%	4,293	2.8%	316	7.4%	4.2%
Channel (Unallocated) (**)	15,274	10.4%	14,128	9.3%	1,146	8.1%	6.3%
Total Revenues	146,934	100%	151,737	100.0%	(4,803)	-3.2%	-5.6%

(*) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues to various operating segments.

(**) The Channel sector (unallocated) includes revenues not directly attributable to the 4 areas identified.

▪ RETAIL

The Retail sector decreased by 3.6% compared to the previous year, with a slowdown in the EMEA area, while a growth was recorded in the other geographical areas.

▪ MANUFACTURING

The Manufacturing sector decreased by 12.2% compared to the previous year. The slowdown in the EMEA and APAC areas, especially due to the trend of the automotive and consumer electronics market, was only partially offset by the positive performance in North America.

▪ **TRANSPORTATION & LOGISTICS**

The Transportation & Logistics sector reported a strong growth, equal to 10.7%, compared to the same period of 2018, driven by a very positive performance in North America.

▪ **HEALTHCARE**

The Healthcare sector reported 7.4% growth, compared to the second quarter of 2018, driven by sales in EMEAI and North America.

In the second quarter as well, positive trend of sales through distribution channel, especially to small and medium-sized customers.

SOLUTION NET SYSTEMS DIVISION

The Solution Net Systems Division recorded revenues amounting to €9.1 million, up by 11.6% in the second quarter of 2019 (5.1% at constant exchange rate). EBITDA related to the division amounted to €0.9 million, 9.7% of turnover (12% in the second quarter of 2018).

INFORMATICS DIVISION

In the second quarter, the Informatics Division recorded turnover of €5 million, up by 0.8% compared to the second quarter of 2018. EBITDA for the division was positive by €0.6 million (positive by €0.1 million in the same period of 2018).

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD

The following table shows the main financial and equity items for the Datalogic Group as at 30 June 2019, compared with 31 December 2018.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION	30.06.2019	31.12.2018	Change	Ch. %
Intangible assets	43,913	44,506	(593)	-1.3%
Goodwill	182,202	181,149	1,053	0.6%
Tangible assets	93,823	77,995	15,828	20.3%
Equity investments	12,118	9,397	2,721	29.0%
Other non-current assets	52,296	56,665	(4,369)	-7.7%
Total Fixed Assets	384,352	369,712	14,640	4.0%
Trade receivables	92,221	90,439	1,782	2.0%
Trade payables	(118,390)	(117,139)	(1,251)	1.1%
Inventories	109,665	95,826	13,839	14.4%
Net Trade Working Capital	83,496	69,126	14,370	20.8%
Other current assets	53,908	41,855	12,053	28.8%
Other current liabilities and provisions for current risks	(84,393)	(78,037)	(6,356)	8.1%
Net Working Capital	53,011	32,944	20,067	60.9%
Other non-current liabilities	(31,932)	(37,829)	5,897	-15.6%
Employee severance indemnity	(6,667)	(6,541)	(126)	1.9%
Provisions for non-current risks	(4,906)	(6,320)	1,414	-22.4%
Net Invested Capital	393,858	351,966	41,892	11.9%
Shareholders' Equity	(376,055)	(375,809)	(246)	0.1%
Net financial position (NFP)	(17,803)	23,843	(41,646)	-174.7%

The **Net Trade Working Capital** as at 30 June 2019 amounted to €83.5 million (13.3% of revenues), up by €14.4 million compared to 31 December 2018. The change is mainly due to the increase in inventories, in line with expectations, and related to the reorganization of the logistic hub in the EMEA area, which involved a greater procurement level in cross-over months.

The **Net Invested Capital**, equal to around €393.9 million, increased by €41.9 million compared to the previous year, due to the increased net working capital (€20.1 million) and increased fixed assets (around €14.6 million), mainly due to the adoption of IFRS 16, which involved the recording of assets for the right in use (around €10.9 million) and investments made for the streamlining of the industrial footprint.

The **Net Financial Position**, as at 30 June 2019, was negative by €17.8 million, down by €41.6 million compared to 31 December 2018 (positive by €23.8 million). Cash flows, which brought about the change in the Group's consolidated net financial position as at 30 June 2019, are summarised as follows:

	30.06.2019	30.06.2018	Change
Net Financial Position/ (Net Financial Debt) at the beginning of the period	23,843	30,137	(6,294)
EBITDA	47,678	50,838	(3,160)
Change in net trade working capital	(14,370)	(10,563)	(3,807)
Net investments	(14,851)	(7,239)	(7,612)
Change in taxes	(8,786)	(7,325)	(1,461)
Financial Incomes/(Expenses)	(718)	(3,096)	2,378
Dividend distribution	(28,712)	(28,914)	202
Treasury shares	(2,566)	(10,702)	8,136
Other changes	(8,596)	127	(8,723)
Change in Net financial position (NFP) before IFRS 16	(30,922)	(16,874)	(14,048)
Adoption of IFRS 16 Leases	(10,724)	0	(10,724)
Change in Net financial position	(41,646)	(16,874)	(24,772)
Net Financial Position/ (Net Financial Debt) at the end of the period	(17,803)	13,263	(31,066)

Net of the treasury share purchases and dividend distribution and the adoption of IFRS 16, cash generation for the period deriving from business activities amounted to €0.3 million (positive in the first half of 2018, amounting to €22.7 million, and negative by €11.1 million as at 31 March 2019).

This trend is due to the increase in net investments, equal to €14.9 million (€7.2 million in the first half of 2018), aimed at streamlining the industrial footprint, and to greater investments in Research and Development, as well as to the effects of the application of the new accounting standard IFRS 16 - Leases, which led to the measurement of right-of-use assets (€10.9 million) and lease financial liabilities (€10.7 million).

The change in net working capital was negative by €14.4 million (€10.6 million in the first half of 2018) and it is mainly due to the transition phase of the new European logistic hub. Similarly, changes in other assets and liabilities had a negative impact, in the amount of €8.6 million (€0.1 million in the first half of 2018), due to the increased VAT receivables related to the initial step in re-defining distribution flows in the EMEA area.

As at 30 June 2019, the net financial debt (NFD)/(net financial position) (NFP) is broken down as follows:

	30.06.2019	31.12.2018
A. Cash and bank deposits	144,819	181,418
B. Other cash equivalents	0	12
<i>b1. restricted cash</i>	0	12
C. Securities held for trading	0	0
D. Cash and cash equivalents (A) + (B) + (C)	144,819	181,430
E. Current financial receivables	0	0
F. Other current financial assets	30,864	50,896
G. Bank overdrafts	307	29
H. Current portion of non-current debt	48,593	47,314
I. Other current financial liabilities	5,512	3,733
<i>i2. lease payables</i>	5,512	0
<i>i3. current financial liabilities</i>	0	3,733
J. Current Financial Debt (G) + (H) + (I)	54,412	51,076
K. Current NFD (NFP) (J) - (D) - (E) - (F)	(121,271)	(181,250)
L. Non-current bank borrowing	133,862	157,407
M. Other financial assets	0	0
N. Other non-current liabilities	5,212	0
<i>n2. lease payables</i>	5,212	0
O. Non-current Financial Debt (Financial Position) (L) - (M) + (N)	139,074	157,407
P. Current and Non-current NFD (NFP) (K) + (O)	17,803	(23,843)

RECONCILIATION STATEMENT BETWEEN THE RESULT FOR THE PERIOD AND THE SHAREHOLDERS' EQUITY OF THE GROUP AND THE PARENT COMPANY

The Reconciliation Statements between Shareholders' Equity and Net Profit of Datalogic S.p.A. and the corresponding consolidated values as at 30 June 2019 and 31 December 2018, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006, are disclosed here below.

	30 June 2019		31 December 2018	
	Total shareholders' equity	Period results	Total shareholders' equity	Period results
Parent Company shareholders' equity and profit	349,741	112,564	278,267	29,340
Shareholders' equity and profit/(loss) of consolidated companies	94,193	20,947	155,362	135,681
Elimination of dividends		(98,624)	0	(104,684)
Amortisation of "business combination" intangible assets	(5,827)		(5,827)	0
Effect of acquisition "under common control"	(31,733)		(31,733)	0
Elimination of capital gain on sale of business branch	(17,067)		(17,067)	0
Elimination of intercompany transactions	(10,582)	1,695	(12,277)	(1)
Adjustments of write-downs on equity investments	5,517		5,517	
Goodwill impairment	(1,395)		(1,395)	
Other	(10,676)	(11,087)	834	2,182
Tax effect	3,884	(244)	4,128	(308)
Group shareholders' equity and profit	376,055	25,251	375,809	62,210

BUSINESS OUTLOOK

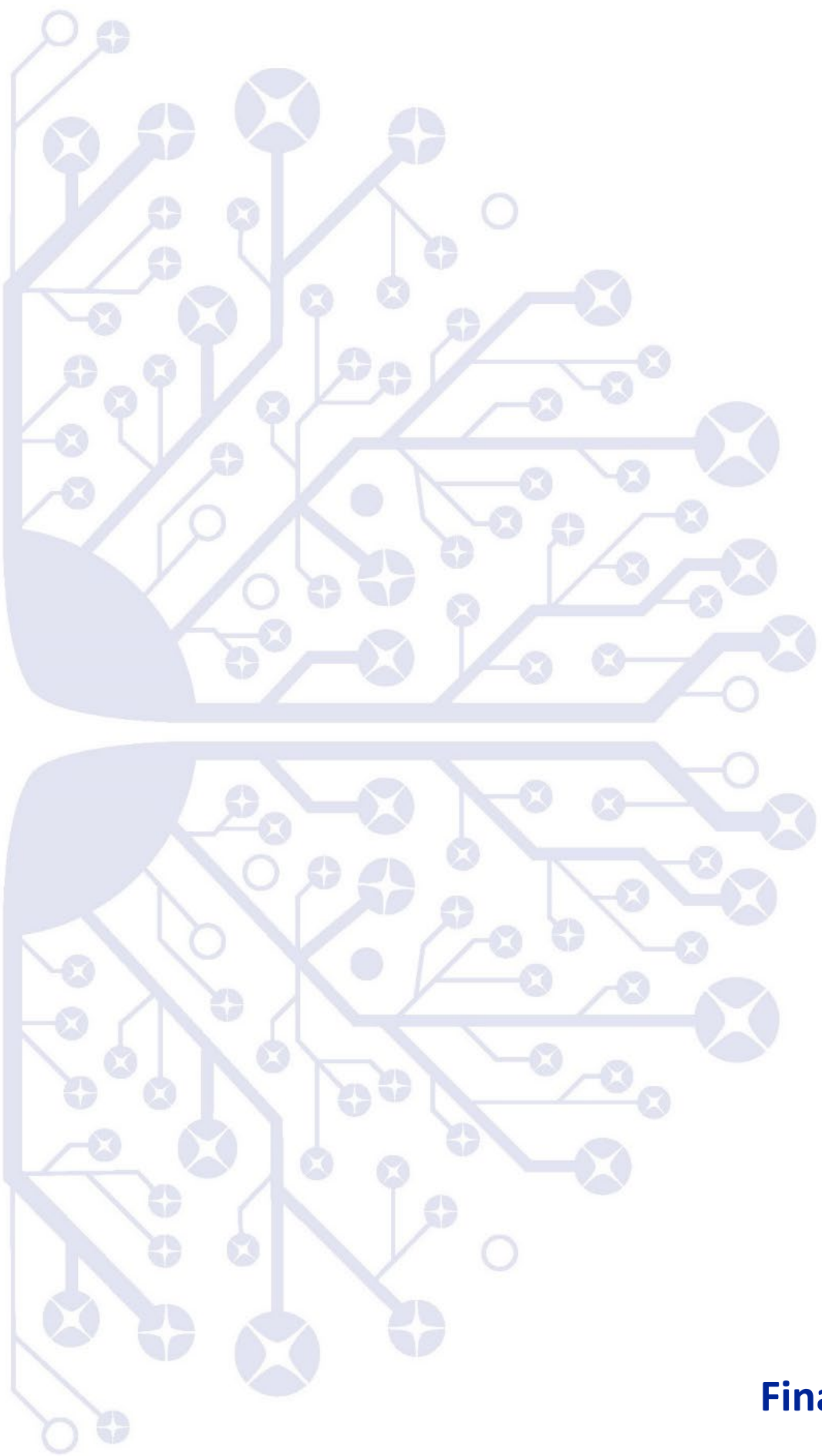
The slowdown reported in the first half of the year in the main business sectors in which the Group operates in Europe and China (also in light of the recent events related to North American duties), continued also in the second half. The Group therefore expects to end this year in line with the trend reported in the first half.

A strong growth was however recorded in North America, as well as a positive feedback of new products launched during the six-month period, the result of increased investments in Research and Development. These indicators confirm the possible growth of the Group with a less uncertain and more homogeneous macro-economic context amongst the various markets in which the Group operates.

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

The Chairman of the Board of Directors
(Mr. Romano Volta)



**Consolidated
Financial Statements**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Note	30.06.2019	31.12.2018
A) Non-current assets (1+2+3+4+5+6+7+8)		384,352	369,712
1) Tangible assets		82,935	77,995
Land	1	8,575	8,349
Buildings	1	30,644	30,548
Other assets	1	34,964	34,932
Assets in progress and payments on account	1	8,752	4,166
2) Intangible assets		226,115	225,655
Goodwill	2	182,202	181,149
Development costs	2	9,222	10,381
Other	2	29,494	32,454
Assets in progress and payments on account	2	5,197	1,671
3) Assets in right of use	3	10,888	0
4) Equity investments in associates	4	4,178	2,173
5) Financial assets		7,940	7,224
Equity investments	6	7,940	7,224
Securities	6	0	0
6) Non-current financial receivables		0	0
7) Trade and other receivables	7	1,857	2,268
8) Deferred tax assets	13	50,439	54,397
B) Current assets (9+10+11+12+13+14+15)		431,477	460,446
9) Inventories		109,665	95,826
Raw and ancillary materials and consumables	8	46,591	40,369
Work in progress and semi-finished products	8	26,818	24,440
Finished products and goods	8	36,256	31,017
10) Trade and other receivables		122,174	113,633
Trade receivables	7	92,221	90,439
<i>of which from associates</i>	7	<i>1,042</i>	<i>1,014</i>
<i>of which from related parties</i>	7		<i>8</i>
Other receivables, accrued income and prepaid expenses	7	29,953	23,194
<i>of which from associates</i>		<i>190</i>	<i>106</i>
<i>of which from related parties</i>		<i>76</i>	<i>76</i>
11) Tax receivables	9	23,955	18,661
<i>of which from parent company</i>		<i>11,535</i>	<i>11,276</i>
12) Financial assets		30,864	50,896
Securities	6	0	0
Other	6	30,864	50,896
13) Current financial receivables		0	0
14) Financial assets - Derivative instruments	6	0	0
15) Cash and cash equivalents	10	144,819	181,430
C) Held-for-sale assets		0	0
Total Assets (A+B+C)		815,829	830,158

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (Euro/000)	Note	30.06.2019	31.12.2018
A) Total Shareholders' Equity (1+2+3+4+6)	11	376,055	375,809
1) Share capital	11	30,392	30,392
2) Reserves	11	127,626	123,915
3) Retained earnings	11	192,786	159,292
4) Net Profit/(Loss) for the period	11	25,251	62,210
5) Group Shareholders' Equity	11	376,055	375,809
6) Minority interests		0	0
B) Non-current liabilities (7+8+9+10+11+12+13)		182,579	208,097
7) Non-current financial payables	12	139,074	157,407
8) Non-current financial liabilities		0	0
9) Tax payables	9	66	43
10) Deferred tax liabilities	13	25,927	32,518
11) Post-employment benefits	14	6,667	6,541
12) Provisions for non-current risks and charges	15	4,906	6,320
13) Other liabilities		5,939	5,268
C) Current liabilities (14+15+16+17+18)		257,195	246,252
14) Trade and other payables		174,797	171,597
Trade payables	16	118,390	117,139
<i>of which to parent company</i>	16	0	0
<i>of which to associates</i>	16	344	260
<i>of which to related parties</i>		148	148
Other payables, accrued liabilities and deferred income	16	56,407	54,458
15) Tax payables	9	19,965	16,382
<i>of which to parent company</i>		13,389	9,557
16) Provisions for current risks and charges	15	8,021	7,197
17) Current financial liabilities		0	0
18) Current financial payables	12	54,412	51,076
Total Liabilities (A+B+C)		815,829	830,158

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Note	30.06.2019	30.06.2018
1) Revenues	17	304,547	306,994
Revenues from sale of products		285,287	289,460
Revenues from services		19,260	17,534
<i>of which from related parties and associates</i>		2,491	2,292
2) Cost of goods sold	18	157,009	157,545
of which non-recurring		316	
<i>of which from related parties and associates</i>		491	493
Gross Operating Margin (1-2)		147,538	149,449
3) Other operating incomes	19	3,626	814
4) Research and development expenses	18	31,481	30,511
of which amortisation and write-downs pertaining to acquisitions		52	48
<i>of which from related parties and associates</i>		287	457
5) Distribution expenses	18	59,302	53,525
of which non-recurring		123	
<i>of which from related parties and associates</i>	6	12	64
6) General and administrative expenses	18	25,121	25,006
of which non-recurring		320	1,041
of which amortisation and write-downs pertaining to acquisitions		2,355	2,198
<i>of which from related parties and associates</i>		180	110
7) Other operating expenses	18	1,338	943
Total operating costs		117,242	109,985
Operating result		33,922	40,278
8) Financial income	20	15,667	19,861
9) Financial expenses	20	17,049	22,957
Financial Incomes/(Expenses) (8-9)		(1,382)	(3,096)
Profit (loss) before taxes from continuing operations		32,540	37,182
Income taxes	21	7,289	8,219
Net Profit/(Loss) for the period		25,251	28,963
Basic earnings/(loss) per share (Euro)	22	0.44	0.50
Diluted earnings/(loss) per share (Euro)	22	0.44	0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)	Note	30.06.2019	30.06.2018
Net Profit (loss) for the period		25,251	28,963
Other components of the statement of comprehensive income:			
Other components of the statement of comprehensive income which will be subsequently reclassified to profit/loss for the period:		-	-
Profit/(loss) on derivative financial instruments (cash flow hedge)	11	56	162
Profit/(loss) due to translation of the accounts of foreign companies	11	5,431	5,473
Profit (Loss) from financial assets at FVOCI	11	710	106
<i>of which tax effect</i>		(9)	(3)
Total other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the period		6,197	5,741
Other components of the statement of comprehensive income which will not be subsequently reclassified to profit/loss for the period			
Actuarial gains (losses) on defined-benefit plans			
<i>of which tax effect</i>			
Total other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the period		-	-
Total profit/(loss) of Comprehensive Income Statement		6,197	5,741
Total comprehensive profit/(loss) for the period		31,448	34,704
Attributable to:			
Parent company shareholders		31,448	34,704
Minority interests		-	-

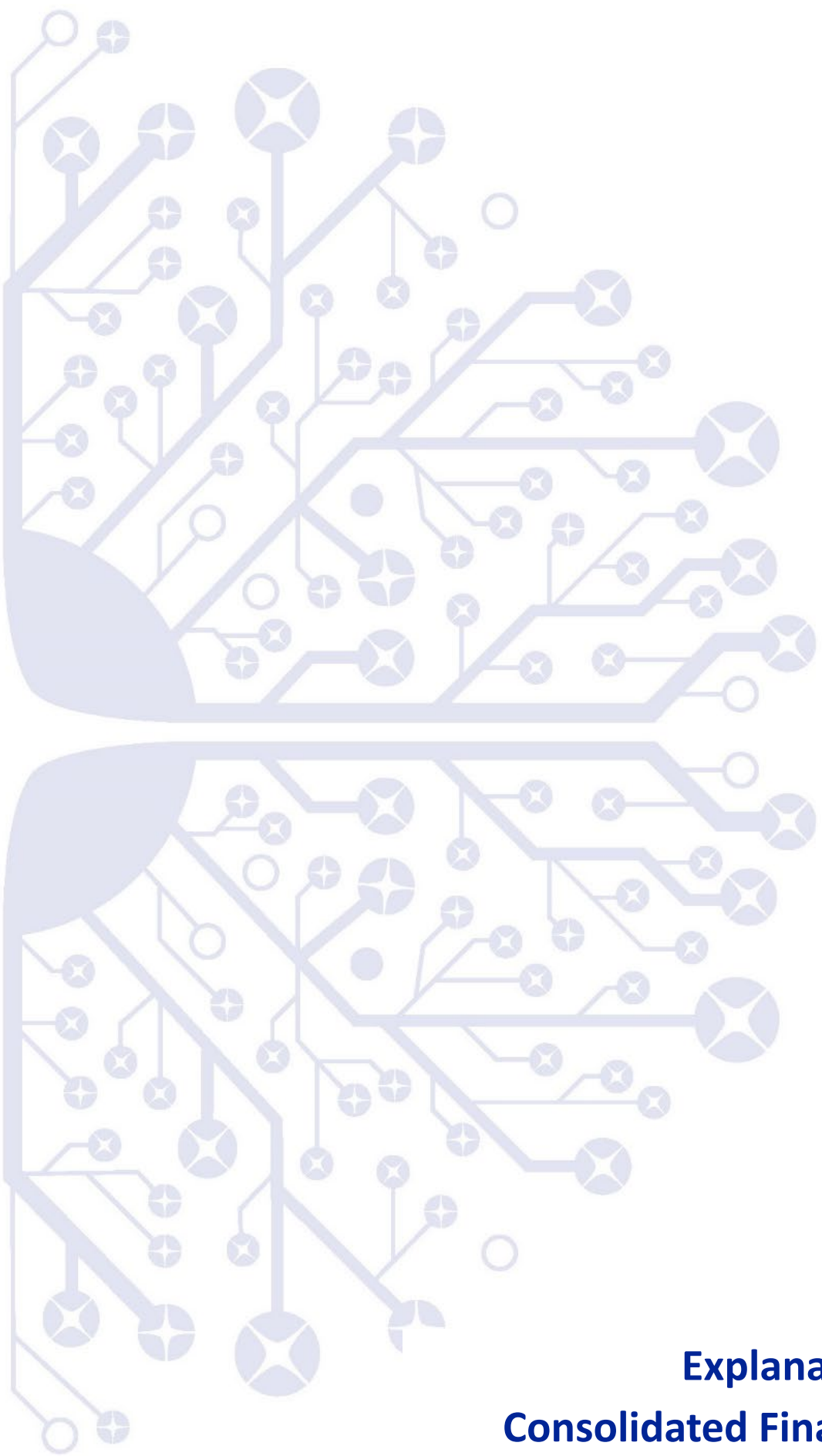
CONSOLIDATED STATEMENT OF CASH FLOW

CASH FLOW STATEMENT (€/000)	Note	30.06.2019	30.06.2018
Profit (loss) before taxes		32,540	37,182
Depreciation of tangible assets and write-downs	1, 2	5,828	5,147
Amortisation of intangible assets and write-downs	1, 2	4,946	4,419
Amortisation of assets in right-of-use	3	2,223	0
Losses (Gains) from sale of fixed assets	18, 19	(16)	(67)
Change in provisions for risks and charges	15	(590)	1,296
Change in bad debt provisions	18	(1,766)	54
Change in employee benefits reserve	14	126	(68)
Other non-monetary changes	11, 20	2,605	2,040
Cash flow generated (absorbed) from operations before changes in working capital		45,896	50,003
Change in trade receivables	7	(16)	(10,096)
Change in final inventories	8	(13,839)	(16,354)
Change in trade payables	16	1,251	15,833
Change in other current assets	7	(6,759)	(2,979)
Change in other current liabilities	16	1,949	575
Change in other non-current assets	7	411	14
Change in other non-current liabilities	16	671	(105)
Exchange rate effect of working capital		(230)	125
Cash flow generated (absorbed) from operations after changes in working capital		29,334	37,016
Change in taxes	9, 13, 21	(8,786)	(7,325)
Interest paid	20	(2,090)	(1,091)
Interest collected	20	1,372	276
Cash flow generated (absorbed) from operations (A)		19,829	28,876
Increase in intangible assets	2	(4,180)	(1,594)
Decrease in intangible assets	2	16	0
Increase in tangible assets	1	(11,236)	(5,942)
Decrease in tangible assets	1	549	364
Change in unconsolidated equity investments	5	(2,011)	878
Cash flow generated (absorbed) from investments (B)		(16,862)	(6,294)
Change in financial receivables	5	20,032	(18,806)
Change in financial payables	12, 6	(27,994)	(25,235)
(Purchase)/sale of treasury shares	11	(2,566)	(10,702)
Change in Reserves	11, 1, 2	56	162
Dividend payment	11	(28,712)	(28,914)
Effect of change in cash and cash equivalents		(248)	(766)
Other changes		(147)	69
Cash flow generated (absorbed) from financial activity (C)		(39,579)	(84,192)
Net increase (decrease) in cash and cash equivalents (A+B+C)	10	(36,611)	(61,610)
Net cash and cash equivalents at beginning of period	10	181,430	256,109
Net cash and cash equivalents at end of period	10	144,819	194,499

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other Reserves	Retained earnings	Group Profit (loss)	Group Shareholders' Equity	Minority interests	Net Profit (Loss)	Total Equity
01.01.2019	30,392	111,780	(10,810)	20,401	2,544	159,292	62,210	375,809		62,210	375,809
Allocation of earnings					-	62,210	(62,210)	0		(62,210)	
Dividends					-	(28,712)		(28,712)			(28,712)
Sale/purchase of treasury shares			(2,566)		-	-		(2,566)			(2,566)
Stock Grant					81	-		81			81
Other changes						(5)		(5)			(5)
Profit (loss) for the period					-	-	25,251	25,251		25,251	25,251
Other components of the statement of comprehensive income				5,431	766	-		6,197			6,197
Total comprehensive profit (loss)	-	-	-	5,431	766	-		31,448			31,448
30.06.2019	30,392	111,780	(13,376)	25,832	3,391	192,785	25,251	376,055		25,251	376,055

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other Reserves	Retained earnings	Group Profit (loss)	Group Shareholders' Equity	Minority interests	Net Profit (Loss)	Total Equity
01.01.2018	30,392	111,779	6,120	10,439	4,376	129,843	60,080	353,029		60,080	353,029
Allocation of earnings						60,080	(60,080)	0		(60,080)	
Dividends						(28,914)		(28,914)			(28,914)
Sale/purchase of treasury shares			(10,702)					(10,702)			(10,702)
Stock Grant					88			88			88
Other changes								0			
Profit (loss) for the period							28,963	28,963		28,963	28,963
Other components of the statement of comprehensive income				5,473	268			5,741			5,741
Total comprehensive profit (loss)	-	-	-	5,473	268	-		34,704			34,704
30.06.2018	30,392	111,779	(4,582)	15,912	4,732	161,009	28,963	348,205		28,963	348,205



**Explanatory Notes to the
Consolidated Financial Statements**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Datalogic is the world leader in the markets of automatic data capture and process automation. The company is specialised in the design and production of bar code readers, mobile computers, detection, measurement and security sensors, vision and laser marking systems and RFID.

Its pioneering solutions contribute to increase efficiency and quality of processes in the areas of Retail, Manufacturing, Transport & Logistics, and Healthcare, along the entire value chain.

Datalogic S.p.A. (hereinafter “Datalogic”, the “Parent Company” or the “Company”) is a joint-stock company listed on the STAR segment of Borsa Italiana, with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO).

The Company is a subsidiary of Hydra S.p.A., which is also based in Bologna and is controlled by the Volta family.

This Consolidated Half-Year Financial Report as at 30 June 2019 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as the “Group”) and its minority interests in associates.

The publication of the Half-Year Financial Report ended 30 June 2019 of the Datalogic Group was authorised by resolution of the Board of Directors dated 7 August 2019.

BASIS OF PRESENTATION

1) General criteria

These Condensed Consolidated Half-Year Financial Statements were drawn up pursuant to Art. 154-ter of Legislative Decree no. 58 (TUF) of 24 February 1998 and following amendments and supplements, as well as to the CONSOB’s Issuer Regulation. These Condensed Consolidated Half-Year Financial Statements comply with IAS 34 “Interim Financial Reporting” providing the abbreviated notes required by this international accounting standard, supplemented to provide additional information, as necessary.

These Condensed Consolidated Half-Year Financial Statements must therefore be read together with the Consolidated Financial Statements and the Notes as at 31 December 2018, which have been prepared in accordance with the IFRS endorsed by the European Union, approved at the Shareholders’ Meeting held on 30 April 2019 and available in the section Investor Relations www.datalogic.com.

These Condensed Consolidated Half-Year Financial Statements are drawn up in thousands of euro, which is the Group’s “functional” and “presentation” currency.

2) Financial statements

The financial statements adopted are compliant with those required by IAS 1 and which were used in the Consolidated Financial Statements for the year ended 31 December 2018, in particular:

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the Group's normal operational cycle; current liabilities are those whose extinction is envisaged during the Group's normal operating cycle or in the 12 months after the reporting date;
- with regard to the Income Statement, cost and revenue items are disclosed based on grouping by function, as this classification was deemed more meaningful for comprehension of the Group's business result;
- the Statement of Comprehensive Income presents the components that determine gain/(loss) for the period and the costs and revenues reported directly under shareholders' equity;
- the Cash Flow Statement is presented using the indirect method.

Furthermore, as required by Consob resolution no. 15519 of 27 July 2006, in regard to the consolidated income statement, costs and revenues from non-recurring operations have been specifically identified and the related effects on the major interim levels have been indicated separately. Non-recurring events and transactions are mainly identified according to the nature of the transactions. In particular, items which, given their nature, do not occur on an ongoing basis during normal operations are included among non-recurring costs/revenues (these include, for example: income/expenses from business combinations and income/expenses from corporate reorganisation processes).

3) New accounting standards, interpretations and amendments adopted by the Group

Adoption of IFRS 16 Leases

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

IFRS 16 sets forth principles for recognition, measurement, presentation and disclosure of leases. The standard requires lessees to recognise financial and operating lease contracts in the financial statements according to one single accounting model, similar to the one used to recognise financial leases, pursuant to IAS 17.

This standard envisages two exemptions: lessees may elect not to recognise assets or liabilities for low value assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the inception of the lease, the lessee shall measure a liability related to lease costs (i.e. lease liabilities) and an asset representing the right of use of the underlying asset for the duration of the lease (i.e. the asset in right-of-use). Moreover, interest payable on liabilities for leases and amortisation/depreciation on the right of use shall be recognised separately.

The Group elected to apply this standard retrospectively on 1 January 2019, with the modified retrospective method, by recognising:

- a financial liability, equal to the current value of future residual payments at the transition date, discounted by using the incremental borrowing rate for each single contract, applicable at the transition date and adjusted, for each subsidiary, according to the economic context in which the company operates;
- an asset in right of use, equal to the value of the financial liability at the transition date, net of any accruals and deferrals related to the operating lease.

The impact as at 30 June 2019, resulting from the adoption of IFRS 16, was as follows:

- the recognition of asset in right-of-use assets, amounting to €10.9 million;
- the recognition of financial liabilities for lease, amounting to €10.7 million;
- the accounting of higher amortisation and lower costs for rents and leases of €2.2 million and €2.3 million, respectively.

It should be noted that the weighted average incremental borrowing rate applied to financial liabilities, as per 1 January 2019, was 2.4%.

While adopting IFRS 16, the Group availed itself of the exemption granted by IFRS 16.5(a) concerning short-term leases. The Group also availed itself of the exemption granted by IFRS 16.5(b) concerning lease contracts, for which the underlying asset is a low-value asset (i.e. the assets underlying the lease contract are not higher than €5 thousand, when new). Contracts for which the exemption was applied, are primarily included within the following categories: computers, telephones and tablets, printers, other electronic devices. For these contracts, the introduction of IFRS 16 did not involve the recognition of financial liabilities related to leases and corresponding right of use. Leases are recognised in the income statement on a straight-line basis for the duration of the corresponding contracts.

Moreover, with reference to transition rules, the Group availed itself of the following practical expedients available in the event the modified retrospective transition method is adopted:

- Classification of contracts expiring within 12 months from the transition as short-term leases. For these contracts, leases are recorded in the income statement on a straight-line basis;
- Exclusion of initial direct costs from the measurement of the right of use as from 1 January 2019;
- Use of information at the transition date to determine the lease term, with special reference to the exercise of extension and early termination options.

Other standards

As from 1 January 2019, some standards and/or amendments and interpretations entered in force (IFRS 9 – Prepayment Features with Negative Compensations; IFRIC 23 – Uncertainty over Income Tax Treatments; IAS 19 Plan Amendment, Curtailment or Settlement; IAS 28 Long Term Interest in Associates and Joint Ventures; Annual Improvements IFRSs 2015-2017). These have already been described in the Consolidated Financial Statements as at 31 December 2018, to which reference is made, and had no effect on the Group Consolidated Financial Statements as at 30 June 2019.

4) New accounting standards issued but still not in force

As at the reporting date of these Condensed Consolidated Half-Year Financial Statements, some accounting criteria were issued but not yet applicable, as described in the Group Consolidated Financial Statements as at 31 December 2018, to which reference is made. The Group intends to adopt these standards and interpretations, if applicable, when they will enter into force.

5) Use of estimates and assumptions

The preparation of the IFRS-compliant Consolidated Half-Year Financial Report requires directors to apply accounting standards and methodologies that, in some cases, are based on valuations and estimates, which in turn refer to historic experience and assumptions based on specific circumstances at any given time. The application of such estimates and assumptions affects the amounts related to revenues, costs, assets and liabilities, as well as contingent liabilities disclosed and any relevant information. The actual amounts of accounting items, for which these estimates and assumptions have been used, might be different from those reported due to the uncertainty characterising the assumptions and conditions on which estimates are based.

The economic result of the period is disclosed net of taxes recognised based on the best estimate of the weighted average rate expected for the year.

Transition to IFRS 16 introduces some elements of professional judgement, which involve the definition of some accounting policies and the use of assumptions and estimates in relation to the lease term and the incremental borrowing rate.

6) Scope of consolidation

During the first half of 2019, no changes occurred in the consolidation area.

7) Translation criteria of items in foreign currency

The exchange rates used to determine the countervalue in Euro of financial statements expressed in foreign currency of subsidiaries (currency for 1 Euro) are shown hereunder:

Currency (ISO Code)	Quantity of currency/1 euro			
	June 2019	June 2019	December 2018	June 2018
	Final exchange rate	Average exchange rate for the period	Final exchange rate	Average exchange rate for the period
US Dollar (USD)	1.1380	1.1298	1.1450	1.2104
British Pound Sterling (GBP)	0.8966	0.8736	0.8945	0.8798
Swedish Krona (SEK)	10.5633	10.5181	10.2548	10.1508
Singapore Dollar (SGD)	1.5395	1.5356	1.5591	1.6054
Japanese Yen (JPY)	122.6000	124.2836	125.8500	131.6057
Australian Dollar (AUD)	1.6244	1.6003	1.6220	1.5688
Hong Kong Dollar (HKD)	8.8866	8.8611	8.9675	9.4863
Chinese Renminbi (CNY)	7.8185	7.6678	7.8751	7.7086
Real (BRL)	4.3511	4.3417	4.4440	4.1415
Mexican Pesos (MXN)	21.8201	21.6543	22.4921	23.0850
Hungarian Forint (HUF)	323.3900	320.4198	320.9800	314.1128

SEGMENT DISCLOSURE

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results.

For 2019, the operating segments were included in the following divisions:

- **Datalogic**, which represents the Group's core business and designs and produces bar code scanners, mobile computers, detection, measurement and security sensors, vision and laser marking and RFID systems that contribute to increasing the efficiency and quality of processes in the areas of Retail, Manufacturing, Transportation & Logistics and Healthcare;
- **Solution Net Systems**, specialised in supplying and installing integrated solutions for automated distribution for the postal segment and distribution centres in the Retail sector;
- **Informatics** sells and distributes products and solutions for the management of inventories and mobile assets tailored to small and medium sized companies.

Sales transactions amongst the operating segments indicated hereunder are executed at arm's length conditions, based on the Group transfer pricing policies.

The **income statement information related to operating segments** as at 30 June 2019 and 30 June 2018 are as follows (€/000):

Segment economic position	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.06.2019
Revenues	280,714	14,532	9,300	0	304,547
Intersegment revenues	1,867	0	0	(1,867)	0
Total Revenues	282,581	14,532	9,300	(1,867)	304,547
EBIT	31,871	1,817	158	76	33,922
<i>% on revenues</i>	<i>11.3%</i>	<i>12.5%</i>	<i>1.7%</i>	<i>4.1%</i>	<i>11.1%</i>
EBITDA	45,225	1,862	515	76	47,678
<i>% on revenues</i>	<i>16.0%</i>	<i>12.8%</i>	<i>5.5%</i>		<i>15.7%</i>
Financial income (expenses)	(1,288)	30	(134)	10	(1,382)
Taxes	(3,962)	(474)	19	(2,872)	(7,289)
Research and Development expenses	(30,355)	(283)	(811)	20	(31,429)
<i>% on revenues</i>	<i>-10.7%</i>	<i>-1.9%</i>	<i>-8.7%</i>		<i>-10.3%</i>

Segment economic position	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.06.2018
Revenues	283,032	14,220	9,741	0	306,994
Intersegment revenues	1,272	0	3	(1,274)	0
Total Revenues	284,304	14,220	9,744	(1,274)	306,994
EBIT	38,398	1,902	25	(47)	40,278
<i>% on revenues</i>	<i>13.5%</i>	<i>13.4%</i>	<i>0.3%</i>	<i>3.7%</i>	<i>13.1%</i>
EBITDA	48,692	1,932	261	(47)	50,838
<i>% on revenues</i>	<i>17.1%</i>	<i>13.6%</i>	<i>2.7%</i>		<i>16.6%</i>
Financial income (expenses)	(2,973)	(34)	(110)	21	(3,096)
Taxes	(7,703)	(526)	22	(12)	(8,219)
Research and Development expenses	(29,495)	(246)	(723)	1	(30,463)
<i>% on revenues</i>	<i>-10.4%</i>	<i>-1.7%</i>	<i>-7.4%</i>		<i>-9.9%</i>

The **balance-sheet information related to operating segments** as at 30 June 2019 and 30 June 2018 are as follows (€/000):

Segment financial position	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.06.2019
Total Assets	810,044	19,427	21,302	(34,944)	815,829
Total Liabilities	423,460	9,839	6,532	(57)	439,774
Shareholders' Equity	386,584	9,588	14,770	(34,887)	376,055
Segment financial position	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 31.12.2018
Total Assets	829,580	15,066	21,119	(35,607)	830,158
Total Liabilities	444,521	6,892	6,481	(3,545)	454,349
Shareholders' Equity	385,060	8,174	14,638	(32,063)	375,809

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Net investments were recognised, over the period, amounting to €10,687 thousand and depreciation amounting to €5,828 thousand. Tangible assets are broken down as at 30 June 2019 and 31 December 2018 as follows:

	30.06.2019	31.12.2018	Change
Land	8,575	8,349	226
Buildings	30,644	30,548	96
Other assets	34,964	34,932	32
Assets in progress and payments on account	8,752	4,166	4,586
Total	82,935	77,995	4,940

The “Other assets” item as at 30 June 2019 mainly includes the following categories: Industrial equipment and moulds (€10,277 thousand), Plant and machinery (€11,046 thousand), Office furniture and machines (€10,041 thousand), General plants related to buildings (€1,515 thousand), Maintenance on third-party assets (€885 thousand), Commercial equipment and demo room (€1,052 thousand) and Motor vehicles (€72 thousand).

The balance of item “Assets in progress and payments on account”, equal to €8,752 thousand, is mainly composed of the following: €6,321 thousand for investments made for the building and enlargement of Group plants, €1,491 thousand for moulds under construction, €681 thousand for self-manufactured equipment and production lines.

Note 2. Intangible assets

Net investments were recognised, over the period, amounting to €4,164 thousand and amortisation amounting to €4,946 thousand. Intangible assets are broken down as at 30 June 2019 and 31 December 2018 as follows:

	30.06.2019	31.12.2018	Change
Goodwill	182,202	181,149	1,053
Development costs	9,222	10,381	(1,159)
Other	29,494	32,454	(2,960)
Assets in progress and payments on account	5,197	1,671	3,526
Total	226,115	225,655	460

“Goodwill”, totalling €182,202 thousand, consisted of the following items:

	30.06.2019	31.12.2018	Change
CGU Datalogic	168,856	167,868	988
CGU Informatics	13,346	13,281	65
Total	182,202	181,149	1,053

The change in “Goodwill” with respect to 31 December 2018 is attributable to translation differences (€1,053 thousand). This Goodwill has been allocated to the CGUs (Cash Generating Units) corresponding to the individual companies and/or sub-groups to which they pertain.

As at 30 June 2019, the Directors deemed that assumptions underlying the impairment tests undergone for the aforesaid CGUs as at 31 December 2018 and the related Business plans, were still valid. Therefore, no impairment indicators were reported with reference to recognised goodwill. In this evaluation, Directors took account of results achieved on 30 June 2019 and estimated for the entire year 2019.

The “Development costs” item, amounting to €9,222 thousand, is composed of specific product development projects.

The “Other” item, amounting to €29,494 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group. Details are shown in the following table:

	30.06.2019	31.12.2018	Change
Patents	15,622	17,163	(1,541)
Trademarks	0	0	0
Trade Secret	3,252	3,971	(719)
Licence agreement	3,161	3,396	(235)
Other	7,459	7,924	(465)
Total	29,494	32,454	(2,960)

The “Assets in progress and payments on account” item, equal to €5,197 thousand, is attributable, in the amount of €4,138 thousand, to the capitalisation of costs relating to Research and Development projects and are currently underway, as well as, in the amount of €1,059 thousand, to software implementations that are not yet completed.

Note 3. Assets in right-of-use

The adoption, as from 1 January 2019, of IFRS 16, involved the recognition of a right of use, equal to the value of the financial liability at the transition date, adjusted to take account of any accruals and deferrals. The following table shows recognised fixed assets, by asset class.

	30.06.2019	31.12.2018	Change
Buildings	9,159		9,159
Vehicles	1,564		1,564
Office equipments	166		166
Total	10,888		10,888

Depreciation recognised over the period amounted to €2,223 thousand. As regards the description of the accounting policies and related underlying assumptions adopted by the Group as per the application of the IFRS 16 standard and the effects resulting from the first-time adoption of the same, reference is made to the previous comments in the section regarding the accounting standards adopted by the Group.

Note 4. Equity investments

Equity investments owned by the Group as at 30 June 2019 were as follows:

Associates	31.12.2018	Increases	Decreases	Transfers	30.06.2019
CAEN RFID Srl	550				550
Suzhou Mobilead Electronic Technology Co., Ltd.	1,397			(1,397)	0
Suzhou Mobydata Smart System Co., Ltd.		2,005		1,397	3,402
R4I srl	150				150
Datalogic Automation AB	2				2
SpecialVideo Srl	29				29
Datasensor GMBH	45				45
Total	2,173	2,005	0	0	4,178

Compared to 31 December 2018, the change in the “Equity investments in associates” item is attributable to the investment in the company Suzhou Mobydata Smart System Co Ltd., made also through the transfer of the equity investment previously held in Suzhou Mobilead Electronic Technology Co., Ltd..

Note 5. Financial assets and liabilities by category

The following table shows the breakdown of “Financial assets and liabilities”, according to provisions set out by IFRS 9:

	Financial assets at amortised cost	Financial assets at FV charged to the income statement	Financial assets at FV charged to OCI	30.06.2019
Non-current financial assets	1,857	0	7,940	9,797
Financial assets - Equity investments			7,940	7,940
Financial assets - Securities				
Financial assets - Loans				
Financial assets - Other				
Other receivables	1,857			1,857
Current financial assets	265,951	30,864	0	296,815
Trade receivables	91,179			91,179
Other receivables	29,953			29,953
Financial assets - Other		30,864		30,864
Financial assets - Securities				
Cash and cash equivalents	144,819			144,819
Total	267,808	30,864	7,940	306,612

	Derivatives	Other financial liabilities	30.06.2019
Non-current financial liabilities	0	145,013	145,013
Financial payables		139,074	139,074
Financial liabilities - Derivative instruments			0
Other payables		5,939	5,939
Current financial liabilities	0	228,717	228,717
Trade payables		117,898	117,898
Other payables		56,407	56,407
Financial liabilities - Derivative instruments	0		0
Current financial payables		54,412	54,412
TOTAL	0	373,730	373,730

Fair value is determined based on methods that can be classified under the various hierarchy levels of fair value, as set forth by IFRS 13. In particular, the Group has adopted internal valuation models that are generally used in finance and based on prices supplied by market operators, or prices taken from active markets.

Fair value – hierarchy

All the financial instruments measured at fair value are classified in the three categories defined below:

Level 1: market prices;

Level 2: valuation techniques (based on observable market data);

Level 3: valuation techniques (not based on observable market data).

	Level 1	Level 2	Level 3	30.06.2019
Assets measured at fair value				
Financial assets - Equity investments	7,870		70	7,940
Financial assets - Non-current securities				0
Financial assets - Other non-current financial assets				0
Financial assets - Other	19,924	10,940		30,864
Financial assets - Loans				0
Financial assets - Current derivative instruments				0
Total	27,794	10,940	70	38,804
Liabilities measured at fair value				
Financial liabilities – Non-current derivative instruments				0
Financial liabilities - Current derivative instruments				0
Total	0	0	0	0

Note 6. Other financial assets

Other financial assets include the following items:

	30.06.2019	31.12.2018	Change
Other Equity investments	7,940	7,224	716
Other financial assets	30,864	50,896	(20,032)
Total	38,804	58,120	(19,316)

The “Other assets” item consists of investments of corporate cash and cash equivalents, readily convertible into cash and broken down as follows:

- insurance policies, subscribed in May and July 2014,
- investment funds, subscribed in August 2015 and April 2018;

Change for the period refers to the closure of some positions by the Group. Based on the provisions of IFRS 9, these investments were classified as short-term as at 30 June 2019.

As at 30 June 2019, equity investments held by the Group in other companies were as follows:

	31.12.2018	Increases	Decreases	Adjustment to FV	Adjustment on exchange rates	30.06.2019
Listed equity investments	7,154			513	203	7,870
Unlisted equity investments	70					70
Total	7,224	0	0	513	203	7,940

The amount of the “Listed equity investments” item is represented by the 1.2% investment in the share capital of the Japanese company Idec Corporation listed on the Tokyo Stock Exchange.

Note 7. Trade and other receivables

Details of trade and other receivables item as at 30 June 2019 and 31 December 2018 are as follows:

	30.06.2019	31.12.2018	Change
Third parties trade receivables	79,264	81,815	(2,552)
Contract-related assets - invoices to be issued	13,040	10,492	2,548
Bad debt provisions	(1,124)	(2,890)	1,766
Net third-party trade receivables	91,179	89,417	1,762
Receivables from associates	1,042	1,014	28
Suzhou Mobilead	0	5	(5)
Datasensor GMBH	130	247	(117)
Specialvideo		1	(1)
Datalogic Automation AB	912	761	151
Receivables from the parent company	0	0	0
Receivables from subsidiaries	0	0	0
Receivables from related parties	0	8	(8)
Total Trade receivables	92,221	90,439	1,782
Other receivables - current accrued income and prepaid expenses	29,953	23,194	6,759
Other receivables - non-current accrued income and prepaid expenses	1,857	2,268	(411)
Total Other receivables - accrued income and prepaid expenses	31,810	25,462	6,348
Trade and other receivables - Non-current portion	(1,857)	(2,268)	411
Trade and other receivables - Current portion	122,174	113,633	8,541

Trade receivables

“Trade receivables” as at 30 June 2019, gross of bad debt provisions, amounted to €92,221 thousand, representing an increase of 2%. As at 30 June 2019, factored trade receivables amounted to €29,635 thousand (compared to €24,896 thousand at the end of 2018). Trade receivables from affiliates arise from commercial transactions carried out at arm’s length conditions. Customer trade receivables are posted net of bad debt provisions totalling €1,124 thousand (€2,890 thousand as at 31 December 2018).

Other receivables – accrued income and prepaid expenses

The detail of the “Other receivables - accrued income and prepaid expenses” item is shown below:

	30.06.2019	31.12.2018	Change
Other short-term receivables	1,758	2,872	(1,114)
Other long-term receivables	1,857	2,268	(411)
VAT receivables	25,127	17,002	8,125
Accrued income and prepaid expenses	3,068	3,320	(252)
Total	31,810	25,462	6,348

The “Accrued income and prepaid expenses” item is mainly composed of prepaid expenses related to insurance and hardware and software fees. The change, equal to €8,125 thousand, related to VAT receivable, is attributable primarily to the re-definition of cash flow distribution in the EMEA and APAC areas, which does not generate a corresponding offset VAT payable due to the “non taxable” regime of the same.

Note 8. Inventories

	30.06.2019	31.12.2018	Change
Raw and ancillary materials and consumables	46,591	40,369	6,222
Work in progress and semi-finished products	26,818	24,440	2,378
Finished products and goods	36,256	31,017	5,239
Total	109,665	95,826	13,839

Inventories are posted net of an obsolescence provision totalling €10,020 thousand as at 30 June 2019 (€11,222 thousand as at 31 December 2018).

Note 9. Tax payables and receivables

“Tax receivables” amounted to €23,955 thousand as at 30 June 2019, up €5,294 thousand compared to the end of 2018 (€18,661 thousand as at 31 December 2018). The receivables for IRES tax from the parent company Hydra S.p.A., equal to €11,535 thousand (€11,276 thousand as at 31 December 2018) are classified under this item. This amount is part to the tax consolidation.

“Tax receivables” amounted to €19,965 thousand as at 30 June 2019, up €3,583 thousand (€16,382 thousand as at 31 December 2018). The payables for IRES tax from the parent company Hydra S.p.A., equal to €13,389 thousand (€9,557 thousand as at 31 December 2018) are classified under this item. This amount is part to the tax consolidation.

Note 10. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	30.06.2019	31.12.2018	Change
Cash and cash equivalents	144,819	181,430	(36,611)
Restricted cash	(12)	(12)	0
Bank overdrafts	(307)	(29)	(278)
Cash and cash equivalents	144,500	181,389	(36,889)

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 11. Shareholders' Equity

The detail of equity accounts is shown below, while changes in shareholders' equity are reported in the specific statement.

	30.06.2019	31.12.2018	Change
Share capital	30,392	30,392	0
Extraordinary share-cancellation reserve	2,813	2,813	0
Treasury shares held in portfolio	(13,376)	(10,810)	(2,566)
Stock grant reserve	258	177	81
Treasury share reserve	22,860	20,297	2,563
Share premium reserve	86,107	88,670	(2,563)
Share capital and capital reserves	129,054	131,539	(2,485)
Other reserves	28,965	22,768	6,197
Retained earnings	192,785	159,292	33,493
Profit for the period/year	25,251	62,210	(36,959)
Total Group Shareholders' Equity	376,055	375,809	246

Share capital

As at 30 June 2019, the share capital amounted to €30,392 thousand, representing the share capital, entirely subscribed and paid by the Parent Company Datalogic S.p.A.. The share capital comprises a total number of ordinary shares of 58,446,491, including 1,013,787 held as treasury shares, for a counter-value of €13,376 thousand, making the number of outstanding shares at that date 57,432,704. Moreover, 152,449 shares were assigned to a Stock Grant plan. The shares have a nominal unit value of €0.52.

Other Reserves

In the first half of 2019, changes in the Other reserves item are as follows:

- change in the translation reserve, amounting to €5,431 thousand;
- change in the cash flow hedge reserve, amounting to €56 thousand;
- change in financial assets reserve, measured at FVOCI, amounting to €710 thousand;
- change in the stock grant reserve, amounting to €81 thousand.

With reference to changes in the Stock Grant reserve, these changes were related to the recognition of the effects over the period of a medium/long-term share-based incentive plan, approved by the Shareholders' Meeting on 30 April 2019. Should present performance targets be achieved, the rights to receive Company's shares were assigned to the beneficiaries by the Directors on 25 June 2019 (grant date)

The above-mentioned increase in Shareholders' Equity was recognised, for the portion pertaining to the period, based on the measurement at fair value of the entire plan, carried out by a primary expert.

Note 12. Financial payables

The breakdown of the item, divided by short/long-term classification, is shown in the following table:

	30.06.2019	31.12.2018	Change
Non-current financial payables	139,074	157,407	(18,333)
Current financial payables	54,412	51,076	3,336
Total Financial payables	193,486	208,483	(14,997)

The breakdown of this item is detailed below:

	30.06.2019	31.12.2018	Change
Borrowings from Bank	181,216	204,721	(23,505)
Other	0	1,680	(1,680)
Financial payables IFRS16	10,724	0	10,724
Payables to factoring companies	1,239	2,053	(814)
Bank overdrafts	307	29	278
Total Financial payables	193,486	208,483	(14,997)

The breakdown of changes in the “Borrowings from Bank” item as at 30 June 2019 and 30 June 2018 is shown below:

	2019	2018
1 January	204,721	253,764
Increases	0	0
Decreases for borrowing repayments	(23,825)	(23,786)
Recalculation of amortised cost	320	(1,622)
30 June	181,216	228,356

Covenants

Some borrowing contracts envisage the compliance, by the Group, of some financial covenants, as summarised in the following table:

Bank	Company	Currency	Outstanding debt	Covenant	Frequency	Reference statements
Club Deal 1	Datalogic SpA	Eur	166,666,667	NFP/EBITDA	semi-annual	Datalogic Group
E.I.B. 2	Datalogic SpA	Eur	15,000,000	NFP /EBITDA	semi-annual	Datalogic Group

NFP: Net financial position

As at 30 June 2019, the above-mentioned covenants were fulfilled.

Note 13. Net deferred taxes

Deferred tax assets and liabilities result both from positive items already recognised in the income statement and subject to deferred taxation under current tax regulations and temporary differences between consolidated assets and liabilities and their relevant taxable value.

Deferred tax assets are accounted for based on assumptions of the future recoverability of the temporary differences that originated them, or based on economic and fiscal strategic plans.

Temporary differences that generate deferred tax assets are mainly tax losses and taxes paid abroad, provisions for risk and charges and foreign exchange rate translation. Deferred tax liabilities are mainly due to temporary differences for foreign exchange rate translation and statutory and fiscal differences of amortisation/depreciation plans related to tangible and intangible assets.

The total of net deferred taxes is broken down as follows:

	30.06.2019	31.12.2018	Change
Deferred tax assets	50,439	54,397	(3,958)
Deferred tax liabilities	(25,927)	(32,518)	6,591
Net deferred taxes	24,512	21,879	2,633

Note 14. Post-employment benefits

The breakdown of changes in the “Post-employment benefits” item as at 30 June 2019 and 30 June 2018 is shown below:

	2019	2018
1 January	6,541	6,633
Amount allocated in the period	1,176	1,058
Uses	(438)	(833)
Other movements	28	(24)
Social security receivables for post-employment benefits	(640)	(269)
30 June	6,667	6,565

Note 15. Provisions for risks and charges

The breakdown of the “Provisions for risks and charges” item is as follows:

	30.06.2019	31.12.2018	Change
Provisions for current risks and charges	8,021	7,197	824
Provisions for non-current risks and charges	4,906	6,320	(1,414)
Total	12,927	13,517	(590)

The detailed breakdown of and changes in this item are presented below:

	31.12.2018	Increases	(Uses) and (Releases)	Foreign exchange diff.	30.06.2019
Product warranty provision	10,694	8,660	(9,332)	88	10,110
“Stock rotation” provision	1,448	294	(172)	4	1,574
Other	1,375	452	(586)	2	1,243
Total Provisions for risks and charges	13,517	9,406	(10,090)	94	12,927

The “**Product warranty provision**” covers the estimated cost of repairing products sold up to 30 June 2019 and covered by a warranty period. It amounts to €10,110 thousand (of which €4,636 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

Note 16. Trade and other payables

This table shows the details of trade and other payables:

	30.06.2019	31.12.2018	Change
Trade payables	113,859	113,314	545
Contract liabilities - customer advances	4,039	3,417	622
Third-party trade payables	117,898	116,731	1,167
Payables to associates	344	260	84
<i>Caen</i>	35	27	8
<i>Suzhou Mobydata</i>	286		286
<i>Suzhou Mobilead</i>		126	(126)
<i>Datalogic Automation AB</i>	23	107	(84)
Payables to the parent company	0	0	0
Payables to related parties	148	148	0
Total Trade payables	118,390	117,139	1,251
Other payables - current accrued liabilities and deferred income	56,407	54,458	1,949
Other payables - non-current accrued liabilities and deferred income	5,939	5,268	671
Total Other payables - accrued liabilities and deferred income	62,346	59,726	2,620
Less: non-current portion	5,939	5,268	671
Current portion	174,797	171,597	3,200

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	30.06.2019	31.12.2018	Change
Other long-term payables	5,939	5,268	671
Other short-term payables:	25,126	28,165	(3,039)
Payables to employees	17,152	18,737	(1,585)
Payables to pension and social security agencies	6,163	6,523	(360)
Other payables	1,811	2,905	(1,094)
VAT liabilities	4,181	1,800	2,381
Accrued liabilities and deferred income	27,100	24,493	2,607
Total	62,346	59,726	2,620

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at 30 June 2019.

The item “Accrued liabilities and deferred income” is mainly composed of deferred income related to multi-annual maintenance contracts.

INFORMATION ON THE INCOME STATEMENT

Note 17. Revenues

Revenues divided by type are shown in the following table:

	Half year ended		Change
	30.06.2019	30.06.2018	
Revenues from sale of products	285,287	289,460	(4,173)
Revenues from services	19,260	17,534	1,726
Total	304,547	306,994	(2,447)

In the first half of 2019, consolidated net revenues amounted to €304,547 thousand, down by 0.8% compared to €306,994 thousand in the same period of 2018.

The following table shows the breakdown of revenues per geographical areas:

	Half year ended		30.06.2018 **	%	Change	%	% ch. at constant exch. rate
	30.06.2019	%					
Italy	25,572	8.4%	28,929	9.4%	(3,357)	-11.6%	-11.5%
EMEA (except Italy)	134,288	44.1%	137,012	44.6%	(2,724)	-2.0%	-2.8%
Total EMEA (*)	159,860	52.5%	165,941	54.1%	(6,081)	-3.7%	-4.4%
North America	104,353	34.3%	91,778	29.9%	12,575	13.7%	6.1%
Latin America	7,213	2.4%	6,546	2.1%	667	10.2%	7.2%
APAC (*)	33,121	10.9%	42,729	13.9%	(9,608)	-22.5%	-24.6%
Total	304,547	100.0%	306,994	100.0%	(2,447)	-0.8%	-3.8%

(*) EMEA: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

As regards the first half of 2019, the operating segment Datalogic confirmed to be the Group's core business, with revenues amounting to €282,581 thousand and a particularly positive performance in Europe and North America. The business segments that contribute the most as regards revenues over the year are Retail and Manufacturing.

The Group's revenues, divided by recognition method and business segment, are broken down as follows:

Revenues broken down by recognition method	Datalogic	Solution Net Systems	Informatics	Adjustments	Total
Revenues from the sale of goods and services - point in time	260,164	1,186	7,886	(1,867)	267,369
Revenues from the sale of goods and services - over the time	22,417	13,346	1,414		37,178
Total	282,581	14,532	9,300	(1,867)	304,547

The Group recognises revenues from the sale of assets and services in a specific moment, when the control of the assets has been transferred to the customer, generally upon delivery of the asset or the rendering of the service.

Conversely, revenues are generally recognised over time, based on the stage of completion of contract performance obligations. This item includes revenues resulting from contracts and postponement contracts related to a multi-annual warranty.

Revenues broken down by type	Datalogic	Solution Net Systems	Informatics	Adjustments	Total
Sale of goods	265,909	13,842	7,271	(1,736)	285,287
Sale of services	16,672	690	2,029	(131)	19,260
Total	282,581	14,532	9,300	(1,867)	304,547

Note 18. Cost of goods sold and operating costs

	Half year ended		Change
	30.06.2019	30.06.2018	
Cost of goods sold	157,009	157,545	(536)
<i>of which non-recurring</i>	316	0	316
Operating costs	117,242	109,985	7,257
Research and development expenses	31,481	30,511	970
<i>of which non-recurring</i>	0	0	0
<i>of which amortisation pertaining to acquisitions</i>	52	48	4
Distribution expenses	59,302	53,525	5,777
<i>of which non-recurring</i>	123	0	123
General and administrative expenses	25,121	25,006	115
<i>of which non-recurring</i>	320	1,041	(721)
<i>of which amortisation pertaining to acquisitions</i>	2,355	2,198	157
Other operating expenses	1,338	943	395
<i>of which non-recurring</i>	0	0	0
Total	274,251	267,530	6,721
<i>of which non-recurring costs</i>	759	1,041	(282)
<i>of which amortisation pertaining to acquisitions</i>	2,407	2,246	161

Cost of goods sold

This item amounted to €157,009 thousand, a decrease of 0.3% compared to the same period of 2018. The percentage on revenues remained substantially unchanged at 51.55% (51.3% in the first half of 2018). At constant exchange rate the cost of goods sold would have recorded 5.5% decrease in absolute terms compared to the previous period and 0.9% improvement of the percentage on revenues.

Operating costs

Operating costs increased by 6.6% (+4% at constant exchange rate), from €109,985 thousand to €117,242 thousand. The percentage on turnover increased from 35.8% to 38.5%, reporting a 2.7% worsening. In particular:

- **“Research and development expenses”** amounted to €31,481 thousand and increased compared to the same period of the previous year (€970 thousand), with a percentage on turnover reporting 0.4% increase.
- **“Distribution expenses”** amounted to €59,302 thousand, up by €5,777 thousand (+10.8%), compared to the same period of the previous year. At constant exchange rate, the change would have been €4,213 thousand (+7.9%). This increase is mainly due to an increase in labour cost, following investments in sales organisations, and amortisation and depreciation.
- **“General and administrative expenses”** amounted to €25,121 thousand, down by 0.5%.

Breakdown of costs by type

The following table provides the details of total costs (cost of goods sold and total operating costs) by type, for the main items:

	Half year ended		Change
	30.06.2019	30.06.2018	
Purchases	127,137	130,830	(3,693)
Change in inventories	(12,844)	(17,895)	5,051
Labour cost	94,871	87,730	7,141
Amortisation, depreciation and write-downs	12,997	9,566	3,431
Goods receipt and shipment expenses	10,026	10,405	(379)
Travel and meetings expenses	6,536	6,500	36
Technical, legal and tax advisory services	4,440	5,349	(909)
Consumables and R&D material	4,119	4,138	(19)
Subcontracted work	3,891	2,980	911
Marketing expenses	3,440	3,756	(316)
EDP expenses	2,880	2,379	501
Repairs and warranty provision accrual	2,356	3,769	(1,413)
Building expenses	1,800	3,328	(1,528)
Royalties	1,643	1,663	(20)
Sundry service costs	1,242	912	330
Utilities	1,120	1,024	96
Quality certification expenses	1,079	826	253
Telephone expenses	1,021	1,194	(173)
Directors' remuneration	941	922	19
Expenses for plant and machinery and other assets	777	719	58
Commissions	725	906	(181)
Vehicle expenses	708	626	82
Entertainment expenses	563	492	71
Insurance	364	465	(101)
Other	2,419	4,946	(2,527)
Total Cost of goods sold and operating costs	274,251	267,530	6,721

Costs for purchases and change in inventories increased by €1,358 thousand (1.2%), compared to the same period of 2018, up 0.7% in terms of percentage on total revenues, mainly attributable to exchange rate effects.

Labour cost amounted to €94,871 thousand (€87,730 thousand in the first half of 2018), up by €7,141 thousand compared to the previous period (+8.1%), from 28.6% to 31.2%, mainly due to the increase in the average number of staff employed in the period. The detailed breakdown of labour cost is as follows:

	Half year ended		Change
	30.06.2019	30.06.2018	
Wages and salaries	72,721	66,294	6,427
Social security charges	14,840	12,510	2,330
Employee severance indemnities	1,190	1,045	145
Retirement and similar benefits	865	728	137
Other personnel costs	5,255	7,153	(1,898)
Total	94,871	87,730	7,141

The increase in the “**Amortisation, depreciation and write-downs**” item, amounting to €3,431 thousand, is mainly due to the adoption of the new IFRS 16 standard - Leases (€2,223 thousand).

The “**Goods receipt & shipment**” item, amounting to €10,026 thousand, recorded a 3.6% decrease. The percentage on turnover remained substantially in line with the previous period (-0.1%).

Costs related to “**Subcontracted work**” amounted to €3,891 thousand and refer primarily to orders in the Solution Net Systems division.

Expenses related to “**Technical, legal and tax advisory services**” decreased by €909 thousand in the first half of 2019.

Expenses for “**Buildings**” decreased by €1,528 thousand in the first half of 2019, mainly due to the adoption of the new IFRS 16 - Leases standard, which involved the reversal of costs for rents and the recognition of amortisation and depreciation costs related to rental and operating lease contracts.

Note 19. Other operating incomes

The “Miscellaneous incomes and revenues” item primarily includes revenues for IP sales of around €1 million.

	Half year ended		Change
	30.06.2019	30.06.2018	
Grants to research and development expenses	1,984	0	1,984
Miscellaneous income and revenues	1,535	636	899
Rents	49	36	13
Income on disposal of fixed assets	55	83	(28)
Contingent assets	6	15	(9)
Other	(3)	44	(47)
Total	3,626	814	2,812

Note 20. Financial Incomes/(Expenses)

	Half year ended		Change
	30.06.2019	30.06.2018	
Financial Incomes/(Expenses)	(100)	(160)	60
Foreign exchange gains/losses	(664)	(2,281)	1,617
Bank expenses	(619)	(751)	132
Other	1	96	(95)
Total	(1,382)	(3,096)	1,714

Financial Incomes/(Expenses) item was negative for €1,382 thousand, compared to a negative result of €3,096 thousand in the same period of 2018. This was due mainly to the performance of foreign exchange differences, due to the effect of fluctuations of the main currencies with which the Group operates. In the first half of 2019, financial income related to cash investments were positive and equal to €909 thousand (negative by €246 thousand in the first half of 2018).

Note 21. Taxes

	Half year ended		Change
	30.06.2019	30.06.2018	
Profit (loss) before taxes	32,540	37,182	(4,642)
Income taxes	6,285	7,628	(1,343)
Deferred taxes	1,004	591	413
Total Taxes	7,289	8,219	(930)
Tax Rate	22.4%	22.1%	0.3%

The average tax rate comes to 22.4% (22.1% as at 30 June 2018). Taxes were calculated by using the best estimate of the annual tax rate expected at the reporting date.

Note 22. Earnings/loss per share**Earnings/loss per share**

As required by IAS 33, information on data used to calculate the earning/loss per share is provided below. Basic EPS is calculated by dividing the profit and/or loss for the period, attributable to the shareholders of the Parent Company, by the weighted average number of ordinary shares outstanding during the reference period. For purposes of calculating diluted EPS, the weighted average number of outstanding shares is determined assuming translation of all potential shares with a dilutive effect (stock grant attributions), and the Group's net profit is adjusted for the post-tax effects of translation.

	Half year ended	
	30.06.2019	30.06.2018
Group earnings/(loss) for the period	25,251	28,963
Average number of shares (in thousands)	56,851	58,037
Basic earnings/(loss) per share	0.44	0.50
Group earnings/(loss) for the period	25,251	28,963
Average number of shares (in thousands) - Diluted effect	57,108	58,037
Diluted earnings/(loss) per share	0.44	0.50

TRANSACTIONS WITH SUBSIDIARIES THAT ARE NOT CONSOLIDATED LINE BY LINE, ASSOCIATES AND RELATED PARTIES

For the definition of “Related parties”, see both IAS 24, approved by EC Regulation 1725/2003, and the Procedure for Transactions with Related Parties approved by the Board of Directors on 4 November 2010 (most recently amended on 24 July 2015), available on the Company’s website www.datalogic.com.

The parent company of the Datalogic Group is Hydra S.p.A.

Intercompany transactions are executed as part of the ordinary operations and at arm's length conditions. Furthermore, there are other relationships with related parties, always carried out as part of ordinary operations and at arm’s length conditions, of an immaterial amount and in accordance with the “**OPC Procedure**”, chiefly with Hydra S.p.A. or entities under joint control (with Datalogic S.p.A.), or with individuals that carry out the coordination and management of Datalogic S.p.A. (including entities controlled by the same and close relatives).

Related-party transactions refer chiefly to commercial and real estate transactions (instrumental and non-instrumental premises for the Group under lease or leased) and advisory activities as well as to companies joining the scope of tax consolidation. None of these assumes particular economic or strategic importance for the Group since receivables, payables, revenues and costs to the related parties are not a significant proportion of the total amount of the financial statements.

Pursuant to Art. 5, par. 8, of the Consob Regulations, it should be noted that, over the period 01/01/2019 - 30/06/2019, the Company's Board of Directors did not approve any relevant transaction, as set out by Art. 3, par. 1, lett. b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

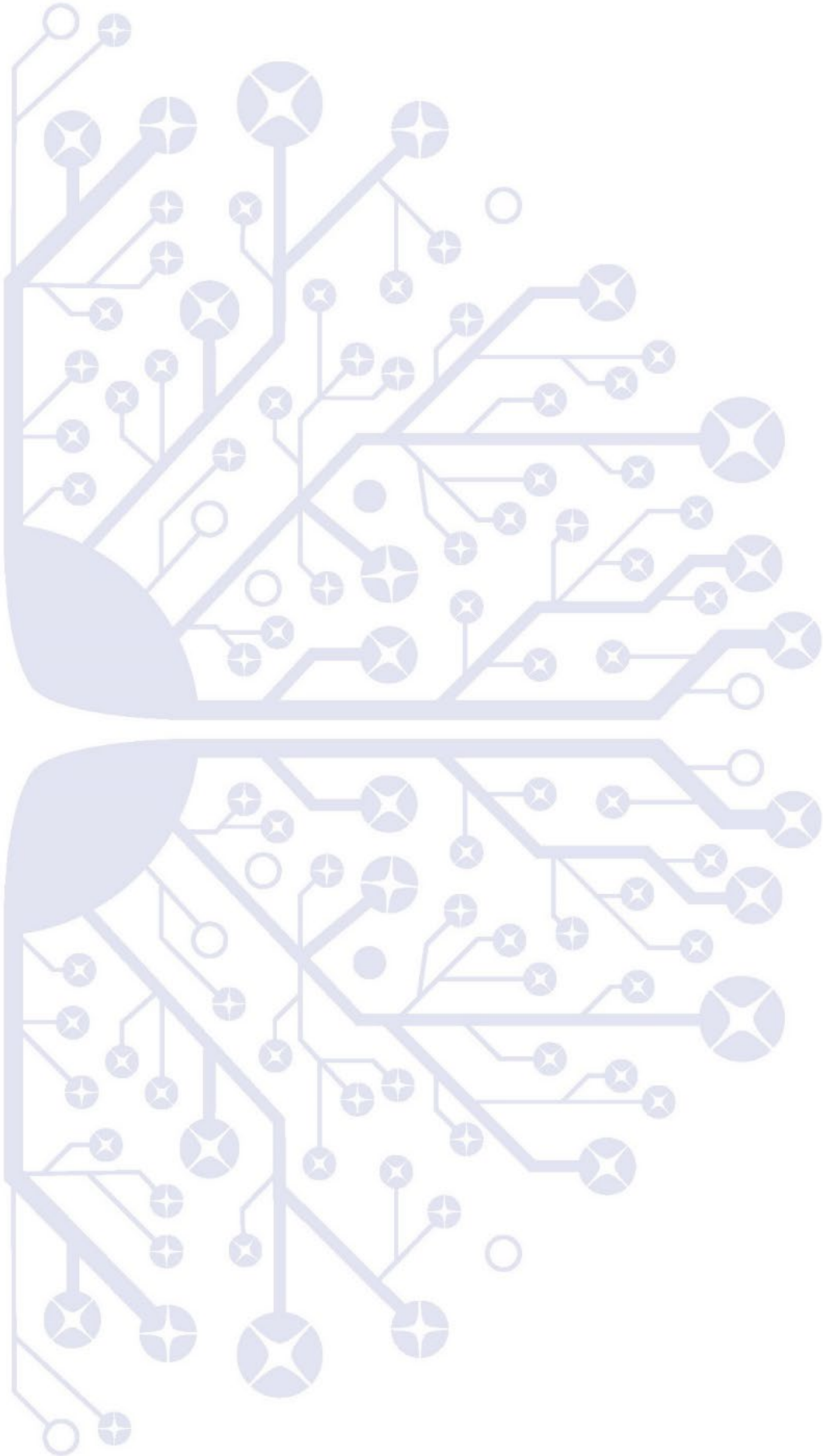
	Parent company	Company controlled by Chairman of BoD	Not consolidated companies on a line-by-line basis	30.06.2019
Equity investments	-	-	4,178	4,178
Held-for-sale assets	-	-	-	-
Trade and other receivables	-	76	1,232	1,308
Receivables pursuant to tax consolidation	11,535	-	-	11,535
Financial receivables	-	-	-	-
Liabilities pursuant to tax consolidation	13,389	-	-	13,389
Trade payables	-	-	492	492
Financial payables	-	-	-	-
Sales and service costs	-	613	357	970
Commercial revenues	-	-	2,491	2,491
Financial income	-	-	-	-
Profits/(losses) from associates	-	-	-	-

NUMBER OF EMPLOYEES

	Half year ended		Change
	30.06.2019	30.06.2018	
Datalogic	3,033	2,899	134
Solution Net Systems	41	40	1
Informatics	82	83	(1)
Total	3,156	3,022	134

EVENTS OCCURRING AFTER THE END OF THE PERIOD

On 1 July 2019, the appointment, as Group Chief Financial Officer, of Laura Bernardelli was announced.



ANNEXES

Certification pursuant to art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and following amendments and supplements

1. The undersigned Ms. Valentina Volta, as CEO, and Mr. Marco Carnovale, as Manager in charge of drawing up Datalogic S.p.A. 's accounting statements, hereby certify the following, also taking account of provisions set forth by Art. 154-bis, par. 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
 - the adequacy of the information on Company operations and
 - the actual application of the administrative and accounting procedures for the formation of the condensed half-year financial statements, during the first half of 2019.

2. The assessment on the adequacy of the administrative and accounting procedures for the formation of the condensed half-year financial statements as at 30 June 2019 is based on a procedure defined by Datalogic S.p.A. in compliance with the Internal Control – Integrated Framework model, issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is the reference framework generally accepted at international level.

3. Moreover, the following is certified:
 - 3.1. The Condensed Half-Year Financial Statements:
 - a) were prepared in accordance with international accounting standards (IFRS), recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - b) correspond to the accounting records;
 - c) provide a true and fair view of the financial position, the results of operations and the cash flows of the Issuer and of the other companies in the scope of consolidation.

 - 3.2 The Half-Year Financial Report includes references to key events, which occurred in the first six months of the financial year, and their impact on the condensed half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Half-Year Financial Report also includes a reliable analysis on information on significant transactions with related parties.

Lippo di Calderara di Reno, 7 August 2019

Chief Executive Officer

Valentina Volta

Manager in charge of drawing up
the Company's accounting
statements

Marco Carnovale

ANNEXES

CONSOLIDATION AREA

The consolidated financial statements include interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. Interim reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company.

The companies included in the scope of consolidation as at 30 June 2019, are disclosed hereunder:

Company	Registered office	Share capital		Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A.	Bologna – Italy	Euro	30,392,175	349,031	112,564	
Datalogic Real Estate France Sas	Paris – France	Euro	2,227,500	3,675	37	100%
Datalogic Real Estate GmbH	Erkenbrechtsweiler-Germany	Euro	1,025,000	1,381	(1)	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	4,615	38	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	17,430	2,333	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	14,560	20	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	210	23	100%
Datalogic Automation Asia Ltd. (*)	Hong Kong - China	HKD	7,000,000	(8)	0	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	2,478	318	100%
Datalogic Hungary Kft	Fonyod - Hungary	HUF	3,000,000	4,848	999	100%
Solution Net Systems, Inc.	Quakertown, PA - USA	USD		9,588	1,373	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	141,373	3,094	100%
Datalogic ADC HK Ltd. (*)	Hong Kong - China	HKD	100,000	78	0	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	Euro	66,388	15,291	3,393	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	217,190	5,927	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	954	(280)	100%
Datalogic Tecnologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(181)	6	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	Euro	25,000	3,776	21	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	779	9	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	18,956	3,128	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	2,483	529	100%
SORED I Touch Systems GmbH	Olching (Munich) - Germany	Euro	25,000	2,115	(30)	100%

(*) The companies were put into liquidation during 2017