Consolidated Annual Financial Report at December 31, 2023

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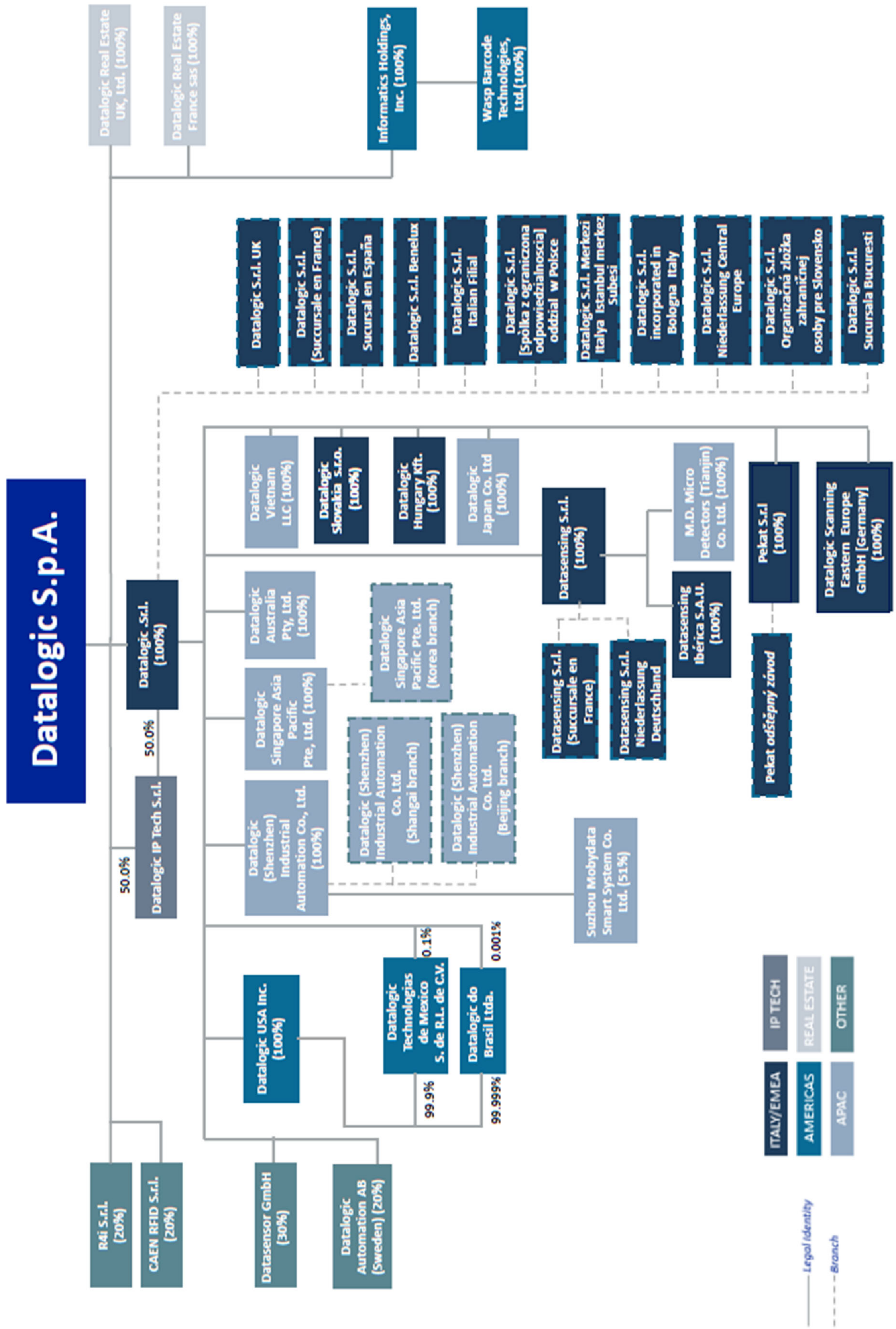
DISCLAIMER

This document contains forward-looking statements relating to future events and operating, income and financial results of the Group. These forecasts have by nature an element of risk and uncertainty, as they depend on the materialisation of future events and developments. Actual results may differ even significantly from those disclosed due to a variety of factors, most of which beyond the Group's control.

The accompanying consolidated financial statements of DATALOGIC Group constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815

GROUP STRUCTURE



COMPOSITION OF CORPORATE BODIES

Board of Directors (1)

Romano Volta	Executive Chairman (2)
Valentina Volta	Chief Executive Officer (2)
Angelo Manaresi	Independent Director
Chiara Giovannucci Orlandi	Independent Director
Filippo Maria Volta	Non-Executive Director
Vera Negri Zamagni	Independent Director
Maria Grazia Filippini	Independent Director
Pietro Todescato	Non-Executive Director (3)

Board of Statutory Auditors (4)

Diana Rizzo	Chairmain
Elena Lancellotti	Standing Statutory Auditor
Roberto Santagostino	Standing Statutory Auditor
Giulia De Martino	Alternate Statutory Auditor
Eugenio Burani	Alternate Statutory Auditor
Patrizia Cornale	Alternate Statutory Auditor

Control, Risks, Remuneration and Appointments Committee

Angelo Manaresi	Chairman
Chiara Giovannucci Orlandi	Independent Director
Vera Negri Zamagni	Independent Director

Independent Auditors (5)

Deloitte & Touche S.p.A.

(1) The Board of Directors will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

(2) Legal representative before third parties.

(3) On July 1, 2023, Pietro Todescato left the Group, due to age limits, while continuing to serve as a board member of Datalogic S.p.A.

(4) The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2024.

(5) Deloitte & Touche S.p.A. were appointed Independent Auditors for the nine-year period from 2019 to 2027 by the Shareholders' Meeting held on April 30, 2019 and will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2027.

Report on Operations

REPORT ON OPERATIONS

INTRODUCTION

This Consolidated Annual Financial Report at December 31, 2023 was prepared in accordance with Article 154-ter of the TUF (Consolidated Law on Finance) and was drawn up in compliance with the International Accounting Standards (IAS/IFRS) adopted by the European Union.

The amounts shown in the tables of the Report on Operations are expressed in Euro thousands, while the explanatory notes are expressed in Euro millions.

GROUP PROFILE

Datalogic S.p.A. and its subsidiaries ("Group" or "Datalogic Group") is a global technological leader in the automatic data capture and process automation markets. The Group is specialised in the design and production of barcode readers, mobile computers, detection, measurement and safety sensors, vision and laser marking systems and RFID. Its pioneering solutions help increase the efficiency and quality of processes along the entire value chain in the Retail, Manufacturing, Transportation & Logistics and Healthcare segments.

HIGHLIGHTS FOR THE YEAR

The following table summarises the Datalogic Group's key operating and financial results at December 31, 2023 and the comparison with the prior year.

	31.12.2023	*% on Revenue*	31.12.2022	*% on Revenue*	Change	% chg.	% chg. net FX
Revenue	**536,617**	*100.0%*	**654,632**	*100.0%*	**(118,015)**	-18.0%	-16.9%
Adjusted EBITDA	**49,456**	*9.2%*	**80,286**	*12.3%*	**(30,830)**	-38.4%	-37.5%
Adjusted EBIT	**16,883**	*3.1%*	**49,096**	*7.5%*	**(32,213)**	-65.6%	-64.5%
EBIT	**9,608**	*1.8%*	**40,935**	*6.3%*	**(31,327)**	-76.5%	-75.2%
Profit/(Loss) for the year	**9,486**	*1.8%*	**30,126**	*4.6%*	**(20,640)**	-68.5%	-66.7%
Net financial position (NFP)	**(35,321)**		**(42,007)**		**6,686**		

The Group ended 2023 achieving sales **Revenue** of €536.6 million, down by 18.0% (-16.9% net FX) versus €654.6 million recorded in 2022.

Sales from new products *(Vitality Index*) in 2023 accounted for 7.4% of revenue (9.5% in fourth quarter 2023).

Adjusted EBITDA came to €49.5 million, down from €80.3 million in the prior year, accounting for 9.2% of sales (12.3% in 2022), negatively affected by the reduction in volumes, only partly offset by a positive mix and, to a lesser extent, price effect, productivity improvement, and structural cost containment.

Adjusted EBIT amounted to €16.9 million, with a sales margin of 3.1% (7.5% in 2022).

Net profit for the year amounted to €9.5 million, down from €30.1 million recorded in 2022.

Net Financial Debt at December 31, 2023 stood at €35.3 million, an improvement of €6.7 million versus December 31, 2022.

ALTERNATIVE PERFORMANCE MEASURES (NON-GAAP MEASURES)

Management uses certain performance measures, not identified as accounting measures under IFRS (NON-GAAP measures), to provide a clearer picture of the Group's performance. The measurement criterion applied by the Group might not be the same as the one adopted by other Groups and the measures might not be comparable with theirs. These performance measures, determined according to provisions set out by the Guidelines on performance measures, issued by ESMA/2015/1415 and adopted by CONSOB with Communication no. 92543 of December 3, 2015, refer only to the performance of the period related to this Consolidated Annual Financial Report and the comparison periods. The performance measures must be considered as supplementary and do not supersede the information provided under the IFRS standards. The main measures adopted are described below.

- **Special Items (or Non-Recurring Costs)**: income items arising from non-recurring events or transactions, restructuring activities, business reorganization, write-downs of fixed assets, ancillary expense from acquisitions of businesses or companies or their disposals, including amortisation resulting from the recognition of purchase price allocation, and any other event deemed by Management not to represent current business activity.
- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) or Gross Operating Margin**: profit/(loss) for the year from continuing operations before depreciation and amortisation of tangible and intangible fixed assets and rights of use, financials (including foreign exchange income and expense) and income tax.
- **Adjusted EBITDA or Gross Operating Margin**: profit/(loss) for the year from continuing operations before depreciation and amortisation of tangible and intangible fixed assets and rights of use, financials (including foreign exchange income and expense), income tax and Special Items, as defined above.
- **EBIT (Earnings Before Interest, Taxes) or Operating Result**: profit/(loss) for the year from continuing operations before financials (including foreign exchange income and expense) and income tax.
- **Adjusted EBIT or Operating Result**: profit/(loss) for the year from continuing operations before financials (including foreign exchange income and expense), income tax and Special Items, as defined above.
- **Net Trade Working Capital**: the sum of Inventory and Trade Receivables, less Trade Payables.
- **Net Working Capital**: the sum of Net Trade Working Capital and Other Current Assets and Liabilities including Provisions for Current Risks and Charges.
- **Net Invested Capital**: 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)**: calculated in accordance with the provisions of "Warning Notice no. 5/21" of April 29, 2021 issued by CONSOB and referring to ESMA guideline 32-382-1138 of March 4, 2021.
- **Cash Flow from Operations**: the sum of Adjusted EBITDA, changes in Net Trade Working Capital, expenditure in tangible and intangible fixed assets (excluding fixed assets under right of use recognised during the year according to IFRS 16), tax paid, financial expense/income, changes in Other Current Assets and Liabilities, and Special Items, as defined above, while excluding any other changes related to equity (such as dividend distributions and/or the purchase of treasury shares), to transactions of an extraordinary nature, the repayment and/or taking out of bank loans and/or other financial items in the NFP, and any other transaction that cannot be directly attributed to the company's business operations.

GROUP RECLASSIFIED INCOME RESULTS

The following table shows the main items of the income statement for the year versus the prior year, the results of which were restated as required by IAS 1 following certain reclassifications of cost items from operating costs to cost of goods sold and among the different uses of operating costs, for details of which reference is made to Annex 4 of this document:

	31.12.2023		31.12.2022 Restated		Change	% chg.
Revenue	**536,617**	**100.0%**	**654,632**	**100.0%**	**(118,015)**	**-18.0%**
Cost of goods sold	(312,242)	-58.2%	(392,123)	-59.9%	79,881	-20.4%
Gross Operating Margin	**224,375**	**41.8%**	**262,509**	**40.1%**	**(38,134)**	**-14.5%**
Research and Development expense	(65,296)	-12.2%	(60,742)	-9.3%	(4,554)	7.5%
Distribution expense	(94,478)	-17.6%	(99,743)	-15.2%	5,265	-5.3%
Administrative and General expense	(49,904)	-9.3%	(54,926)	-8.4%	5,022	-9.1%
Other (expense) income	2,186	0.4%	1,998	0.3%	188	9.4%
Total operating costs and other expense	**(207,492)**	**-38.7%**	**(213,413)**	**-32.6%**	**5,921**	**-2.8%**
Adjusted EBIT	**16,883**	**3.1%**	**49,096**	**7.5%**	**(32,213)**	**-65.6%**
Special Items - Other (Expense) and Income	(2,541)	-0.5%	(2,922)	-0.4%	381	-13.0%
Special Items - D&A from acquisitions	(4,735)	-0.9%	(5,239)	-0.8%	504	-9.6%
EBIT	**9,608**	**1.8%**	**40,935**	**6.3%**	**(31,327)**	**-76.5%**
Net Financials	1,295	0.2%	(2,877)	-0.4%	4,172	n.a.
Foreign exchange gains/(losses)	516	0.1%	(3,802)	-0.6%	4,318	n.a.
EBT	**11,419**	**2.1%**	**34,256**	**5.2%**	**(22,838)**	**-66.7%**
Tax	(1,933)	-0.4%	(4,130)	-0.6%	2,197	-53.2%
Profit/(Loss) for the year	**9,486**	**1.8%**	**30,126**	**4.6%**	**(20,640)**	**-68.5%**
EBIT	**9,608**	**1.8%**	**40,935**	**6.3%**	**(31,327)**	**-76.5%**
Special Items - Other (Expense) and Income	2,541	0.5%	2,922	0.4%	(381)	-13.0%
Special Items - D&A from acquisitions	4,735	0.9%	5,239	0.8%	(504)	-9.6%
Depreciation Tang. Fixed Assets and Rights of Use	16,024	3.0%	17,911	2.7%	(1,887)	-10.5%
Amortisation Intang. Fixed Assets	16,549	3.1%	13,279	2.0%	3,270	24.6%
Adjusted EBITDA	**49,456**	**9.2%**	**80,286**	**12.3%**	**(30,830)**	**-38.4%**

Consolidated revenue amounted to €536.6 million at December 31, 2023, down by 18.0% versus €654.6 million in 2022, with declines affecting all geographical areas.

The breakdown by geographical area of Group revenue for the year, compared with the prior year, is shown in the table below:

	31.12.2023	%	31.12.2022	%	Change	% chg.	% chg. net FX
Italy	*53,586*	*10.0%*	*62,181*	*9.5%*	*(8,595)*	*-13.8%*	*-13.8%*
EMEAI (excluding Italy)	*237,533*	*44.3%*	*293,000*	*44.8%*	*(55,468)*	*-18.9%*	*-18.7%*
Total EMEAI	291,119	54.3%	355,181	54.3%	(64,063)	-18.0%	-17.9%
Americas	177,848	33.1%	198,842	30.4%	(20,994)	-10.6%	-8.9%
APAC	67,649	12.6%	100,609	15.4%	(32,959)	-32.8%	-29.0%
Total revenue	**536,617**	**100.0%**	**654,632**	**100.0%**	**(118,016)**	**-18.0%**	**-16.9%**

EMEAI was down by 18.0% in 2023, with Italy down by 13.8%. **Americas** fell less with a 10.6% drop (-8.9% net FX), while APAC declined more with a 32.8% drop (-29.0% net FX) versus the prior year.

The **Gross Operating Margin**, amounting to €224.4 million versus €262.5 million at December 31, 2022, improved as a percentage of sales, standing at 41.8% versus 40.1% in 2022, thanks to the positive trend in product mix, price effect, and productivity improvement, which offset the reduction in sales volumes.

Operating costs and other expense amounted to €207.5 million (€213.4 million at December 31, 2022); while decreasing in absolute value, they increased in terms of their percentage of sales from 32.6% to 38.7%, attributable especially to research and development and distribution expense.

Research and Development expense, amounting to €65.3 million, increased by 7.5% versus December 31, 2022. Total monetary costs in R&D, before capitalisation and net of amortisation and depreciation (R&D Cash Out), amounted to €66.7 million (€63.9 million in the prior year), with a percentage of sales of 12.4% (9.8% in 2022).

Distribution expense amounted to €94.5 million and was down versus 2022 (€99.7 million in 2022), while the percentage of revenue increased to 17.6% from 15.2% in the prior year.

Administrative and General Expense amounted to €49.9 million at December 31, 2023, down by 9.1% versus 2022, and up as a percentage of sales from 8.4% to 9.3%.

Adjusted EBITDA came to €49.5 million, with an **adjusted EBITDA margin** accounting for 9.2% of sales, down by 3.0 percentage points from 12.3% recorded in 2022, due to a reduction in volumes, only partly offset by a positive mix and, to a lesser extent, price effect, productivity improvement and structural cost containment.

Adjusted EBIT stood at 3.1% of revenue and amounted to €16.9 million (€49.1 million in 2022).

Net Financials closed with a positive €1.8 million, improving by €8.5 million versus December 31, 2022, as a result of favourable trends in foreign exchange rate differences and the gains earned from the sale of the 15% minority interest in Solution Net Systems LLC (SNS).

Net profit for the year amounted to €9.5 million, or 1.8% of revenue (€30.1 million at December 31, 2022, or 4.6% of revenue).

DIVISIONAL INCOME RESULTS FOR THE YEAR

Operating segments are identified based on operating reports used at the highest decision-making level to allocate resources and assess results.
The operating segments are shown below:

- **Datalogic** represents the Group's core business and designs and produces barcode readers, mobile computers, detection, measurement and safety sensors, vision and laser marking systems and RFID that help increase the efficiency and quality of processes in the Retail, Manufacturing, Transportation & Logistics and Healthcare segments, along the entire value chain.

- **Informatics** sells and distributes products and solutions for the management of inventories and mobile assets tailored to small and medium-sized companies.

The tables below show the comparison of Revenue and Adjusted EBITDA by Division in the year versus the prior year:

REVENUE BY DIVISION

	31.12.2023	%	31.12.2022	%	Change	% chg.	% chg. Net FX
Datalogic	520,207	96.9%	638,273	97.5%	(118,066)	-18.5%	-17.3%
Informatics	16,977	3.2%	18,198	2.8%	(1,221)	-6.7%	-4.9%
Intersegment adjustments	(567)	-0.1%	(1,839)	-0.3%	1,272		
Total revenue	**536,617**	**100.0%**	**654,632**	**100.0%**	**(118,015)**	**-18.0%**	**-16.9%**

ADJUSTED EBITDA BY DIVISION

	31.12.2023	% on Revenue	31.12.2022	% on Revenue	Change	% chg.
Datalogic	45,929	8.8%	77,862	12.2%	(31,933)	-41.0%
Informatics	3,355	19.8%	2,672	14.7%	683	25.6%
Intersegment adjustments	172		(248)		420	
Total Adjusted EBITDA	**49,456**	**9.2%**	**80,286**	**12.3%**	**(30,830)**	**-38.4%**

DATALOGIC DIVISION

The **Datalogic** division recorded sales **revenue** of €520.2 million at December 31, 2023, down by 18.5% versus 2022. The geographical area that most affected the decline was APAC, down by 32.8%, followed by EMEAI with an 18.0% decline, and Americas with an 11.5% decrease.

The division's **adjusted EBITDA** amounted to €45.9 million, equal to 8.8% of sales (12.2% at December 31, 2022).

To better align with its strategic goals and prioritize product and solution offerings, starting from the first quarter of the current year, Datalogic reviewed its operating model and introduced two new Market Segments, which feature distinct sales models, customers with varying purchasing needs, and different stakeholders: Data Capture and Industrial Automation.

Reflecting the new operating model, the revenue breakdown for the Datalogic Division is now presented by the new segments, in place of the previous breakdown by Industries:

	31.12.2023	%	31.12.2022	%	Change	% chg.	% chg. Net FX
Data Capture	320,151	61.5%	397,743	62.3%	(77,592)	-19.5%	-18.4%
Industrial Automation	200,056	38.5%	240,530	37.7%	(40,474)	-16.8%	-15.6%
Total revenue	**520,207**	**100.0%**	**638,273**	**100.0%**	**(118,066)**	**-18.5%**	**-17.3%**

- **Data Capture**

  The Data Capture segment, with 61.5% of divisional sales (62.3% at December 31, 2022), fell by 19.5% versus the prior year, a decline seen across all geographical areas.

- **Industrial Automation**

  The Industrial Automation segment declined by 16.8% in 2023, also falling across all geographical areas, in APAC in particular.

INFORMATICS DIVISION

The **Informatics Division** reported sales of €17.0 million, down by 6.7% versus the prior year.

The adjusted EBITDA margin in the year stood at 19.8%, improving by 5.1% versus 14.7% in the prior year.

GROUP RECLASSIFIED INCOME RESULTS FOR THE FOURTH QUARTER

The following statement summarises the Datalogic Group's key income and financial results of fourth quarter 2023 versus the same quarter of the prior year:

	Quarter ended						
	31.12.2023	*% on Revenue*	**31.12.2022 Restated**	*% on Revenue*	**Change**	% chg.	**% chg. Net FX**
Revenue	**119,592**	*100.0%*	**178,136**	*100.0%*	**(58,544)**	-32.9%	-30.9%
Adjusted EBITDA	**6,159**	*5.2%*	**23,998**	*13.5%*	**(17,839)**	-74.3%	-71.9%
Adjusted EBIT	**(2,582)**	*-2.2%*	**15,833**	*8.9%*	**(18,415)**	-116.3%	-113.0%
EBIT	**(4,025)**	*-3.4%*	**13,475**	*7.6%*	**(17,500)**	-129.9%	-126.0%
Profit/(Loss) for the period	**(1,269)**	*-1.1%*	**14,799**	*8.3%*	**(16,068)**	-108.6%	-105.0%

In fourth quarter 2023, revenue decreased by €58.5 million in absolute terms and by 32.9% in percentage terms to €119.6 million.

The breakdown of Group revenue by **geographical area** in fourth quarter 2023 versus the same quarter of 2022 is shown below:

	Quarter ended						
	31.12.2023	**%**	**31.12.2022**	**%**	**Change**	**% chg.**	**% chg. Net FX**
Italy	*10,793*	*9.0%*	*15,492*	*8.7%*	*(4,699)*	*-30.3%*	*-30.3%*
EMEAI (excluding Italy)	*52,970*	*44.3%*	*83,507*	*46.9%*	*(30,537)*	*-36.6%*	*-36.2%*
Total EMEAI	63,763	53.3%	98,998	55.6%	(35,235)	-35.6%	-35.3%
Americas	42,958	35.9%	51,732	29.0%	(8,774)	-17.0%	-12.6%
APAC	12,871	10.8%	27,406	15.4%	(14,535)	-53.0%	-49.9%
Total revenue	**119,592**	**100.0%**	**178,136**	**100.0%**	**(58,544)**	**-32.9%**	**-30.9%**

Sales in the fourth quarter dropped across all geographical areas, especially in APAC and EMEAI.

Adjusted EBITDA in the quarter came to €6.2 million with a revenue margin of 5.2% (13.5% in fourth quarter 2022).

In the quarter, the Group posted a net loss of €1.3 million (-1.1% of sales) versus a profit of €14.8 million in fourth quarter 2022 (8.3% of sales).

DIVISIONAL INCOME RESULTS FOR THE FOURTH QUARTER

The tables below show the trend in Revenue and Adjusted EBITDA by division in fourth quarter 2023 versus the same quarter of 2022:

REVENUE BY DIVISION

	Quarter ended						
	31.12.2023	%	31.12.2022	%	Change	%	% chg. Net FX
Datalogic	115,407	96.5%	174,078	97.7%	(58,671)	-33.7%	-31.9%
Informatics	4,343	3.6%	4,464	2.5%	(121)	-2.7%	2.1%
Intersegment adjustments	(158)		(406)		248		
Total revenue	**119,592**	**100.0%**	**178,136**	**100.0%**	**(58,544)**	**-32.9%**	**-30.9%**

ADJUSTED EBITDA BY DIVISION

	Quarter ended					
	31.12.2023	% on Revenue	31.12.2022	% on Revenue	Change	% chg.
Datalogic	4,932	4.3%	23,146	13.3%	(18,214)	-78.7%
Informatics	1,211	27.9%	859	19.2%	352	41.0%
Adjustments	16		(7)		23	
Total Adjusted EBITDA	**6,159**	**5.2%**	**23,998**	**13.5%**	**(17,839)**	**-74.3%**

DATALOGIC DIVISION

In fourth quarter 2023, the Datalogic division reported sales of €115.4 million, down by 33.7% versus the same quarter of 2022.

The division’s adjusted EBITDA amounted to €4.9 million, or 4.3% of sales, a deterioration from the 13.3% recorded in fourth quarter 2022.

The breakdown of Datalogic Division revenue by the new segments is shown below:

	Quarter ended						
	31.12.2023	%	31.12.2022	%	Change	%	% chg. Net FX
Data Capture	69,724	60.4%	109,494	62.9%	(39,770)	-36.3%	-34.3%
Industrial Automation	45,682	39.6%	64,584	37.1%	(18,902)	-29.3%	-27.8%
Total revenue	**115,407**	**100.0%**	**174,078**	**100.0%**	**(58,671)**	**-33.7%**	**-31.9%**

- **Data Capture**

  The Data Capture segment, with 60.4% of divisional sales (62.9% in fourth quarter 2022), fell by 36.3% versus fourth quarter 2022. The decline is witnessed across all geographical areas.

- **Industrial Automation**

  The Industrial Automation segment recorded a 29.3% decline in fourth quarter 2023, dropping across all geographical areas, APAC in particular.

INFORMATICS DIVISION

In fourth quarter 2023, the Informatics Division’s revenue dropped by 2.7%. EBITDA amounted to €1.2 million, accounting for 27.9% of revenue (€0.9 million in fourth quarter 2022, 19.2% of revenue).

GROUP RECLASSIFIED FINANCIAL POSITION FOR THE YEAR

The following table shows the main financial and equity items at December 31, 2023 versus December 31, 2022.

	31.12.2023	31.12.2022	Change	% chg.
Intangible fixed assets	88,845	91,971	(3,126)	-3.4%
Goodwill	205,352	212,043	(6,691)	-3.2%
Tangible fixed assets	105,486	114,557	(9,071)	-7.9%
Financial assets and investments in associates	5,418	8,679	(3,261)	-37.6%
Other fixed assets	58,103	56,975	1,128	2.0%
Fixed Assets	**463,204**	**484,225**	**(21,021)**	**-4.3%**
Trade receivables	52,093	91,299	(39,206)	-42.9%
Trade payables	(83,515)	(112,054)	28,539	-25.5%
Inventory	102,462	129,824	(27,362)	-21.1%
Net Trade Working Capital	**71,040**	**109,069**	**(38,029)**	**-34.9%**
Other current assets	31,115	32,681	(1,566)	-4.8%
Other liabilities and provisions for current risks	(61,624)	(71,605)	9,981	-13.9%
Net Working Capital	**40,531**	**70,145**	**(29,614)**	**-42.2%**
Other non-current liabilities	(46,327)	(49,440)	3,113	-6.3%
Post-employment benefits	(5,759)	(6,163)	404	-6.6%
Provisions for non-current risks	(5,197)	(5,193)	(4)	0.1%
Net Invested Capital	**446,452**	**493,574**	**(47,122)**	**-9.5%**
Equity	**(411,131)**	**(451,567)**	**40,436**	**-9.0%**
Net financial position (NFP)	**(35,321)**	**(42,007)**	**6,686**	**-15.9%**

Net Invested Capital, at €446.5 million (€493.6 million at December 31, 2022), shows an overall decrease of €47.1 million, of which €29.6 million on Net Working Capital and €21.0 million on Fixed Assets.

Fixed Assets, amounting to €463.2 million (€484.2 million at December 31, 2022), dropped by €21.0 million, due mainly to the decrease in Tangible and Intangible Fixed Assets from amortisation and depreciation in the year, and to negative translation differences for €9.0 million.

Net Trade Working Capital at December 31, 2023 amounted to €71.0 million and decreased by €38.0 million versus December 31, 2022. Through meticulous management of working capital components, the percentage as a proportion of sales decreased from 16.7% at December 31, 2022 to 13.2% at December 31, 2023.

The **Net Financial Position** at December 31, 2023 stood at a negative €35.3 million.
The cash flows that led to the change in the consolidated Net Financial Position versus December 31, 2022 are detailed below.

	31.12.2023	31.12.2022	Change
Net Financial Position (Net Financial Debt) at beginning of year	**(42,007)**	**(26,060)**	**(15,947)**
Adjusted EBITDA	49,456	80,286	(30,830)
Change in net trade working capital	38,029	(24,190)	62,219
Other changes in net working capital and special items	(20,248)	(5,949)	(14,299)
Net expenditure	(26,387)	(26,289)	(98)
Tax paid	(6,052)	(7,338)	1,286
Net financial income (expense)	(2,281)	(6,679)	4,398
Cash Flow from Operations	**32,517**	**9,841**	**22,676**
Dividend distribution	(17,034)	(16,934)	(100)
Sale (Purchase) of treasury shares	(19,771)	-	(19,771)
Net disposals (acquisitions) of financial assets	6,532	5,719	813
Acquisitions	-	(15,994)	15,994
Other changes	4,442	1,421	3,021
Change in Net Financial Position	**6,686**	**(15,947)**	**22,633**
Net Financial Position (Net Financial Debt) at year end	**(35,321)**	**(42,007)**	**6,686**

Cash Flow from Operations closed at a positive €32.5 million at December 31, 2023, improving by €22.7 million versus €9.8 million at December 31, 2022. The positive change is attributable mainly to the cash generation of Net Working Capital and to a positive effect from lower outlays of financial expense.
Financial debt stood at €35.3 million, improving by €6.7 million.

At December 31, 2023, the Net Financial Debt is broken down as follows:

	31.12.2023	31.12.2022
A. Cash funds	70,629	107,469
B. Cash equivalents	-	13
C. Other current financial assets	-	-
D. Liquid assets (A) + (B) + (C)	**70,629**	**107,482**
E. Current financial debt	5,421	36,612
E1. Of which lease payables	*3,863*	*4,164*
F. Current portion of non-current financial debt	*14,428*	*33,810*
G. Current Financial Debt (E) + (F)	**19,849**	**70,422**
H. Current Net Financial Debt (Financial Position) (G) - (D)	**(50,780)**	**(37,060)**
I. Non-current financial debt	86,101	79,067
I1. of which lease payables	*7,767*	*11,962*
J. Debt instruments	-	-
K. Trade and other non-current payables	-	-
L. Non-Current Financial Debt (I) + (J) + (K)	**86,101**	**79,067**
M. Total Net Financial Debt/(Net Financial Position) (H) + (L)	**35,321**	**42,007**

At December 31, 2023, the Group had outstanding financial credit lines of approximately €281.0 million, of which approximately €193.0 million committed. Undrawn and readily available financial lines amounted to €188.0 million.

Indirect and conditional debt at December 31, 2023 is represented exclusively by the Group's provision for post-employment benefits of €5.8 million.

RESEARCH AND DEVELOPMENT

In the Group's market of operation, one of the key competitive factors is the ability to generate and implement innovative solutions.
Innovation at Datalogic is about developing resources, skills, technologies and processes within our community. Innovation is concurrently nurtured by a fertile network of partnerships with strategic players who share an Open Innovation path aimed at generating ideas, developing innovative solutions and transferring them to products.
In recent years, Datalogic's market of operation has undergone sweeping changes, especially in the retail and logistics segments. Digital Transformation and e-commerce are trends that have gained strong momentum in the pandemic period, thanks also to the rapid advancement of technology, artificial intelligence in particular.
The wide diversification of Datalogic products equipped with state-of-the-art industrial and mobile connectivity solutions and with broad configuration flexibility has enabled it to intercept and drive these changes by anticipating latent customer needs. Constantly investing in research and innovation is crucial to preserve competitiveness and expand in this rapidly evolving landscape, keeping the Customer at the heart of the innovation process.
The processes of innovation and product development are based on the "Technology Roadmap" and the *"Product Roadmap*" stemming from accurate medium and long-term planning and annually updated by Group Management. The R&D department employs over 400 resources in Datalogic. The results of the innovation processes are protected through patents, with the Group's portfolio consisting of approximately 1,200 patents and patent applications at end 2022.
Throughout 2023, R&D completed the final redesigns related to electronic component shortages and focused on developing new product lines.

The following is a brief description of the main new product rollouts in the year.

HANDHELD SCANNERS

- **Quickscan 2200 Series:** Quickscan family of linear scanners for data identification and tracing in the Retail market at the checkout point. Data tracing is performed through recognition and reading of 1D Symbologies, even on damaged or poorly printed labels.
- **Powerscan 9600 Series XLR and DPX:** three new models in the Powerscan family of scanners already revamped last year, for data identification and tracing in the Retail, Transportation & Logistics and Manufacturing markets, available in Corded and Cordless models, both with and without Display. Data tracing is performed through recognition and reading of 1D and 2D symbologies now even remotely with the Extra Long Range model or on marked parts with the special model for Direct Part Marking.
- **Gryphon 4500 Fixed:** family of compact scanning modules for the Retail market and as OEM barcode reader or document scanning, available in USB-only version, RS-232 version and USB+RS-232 version. Data tracing is performed through recognition and reading of 1D and 2D symbologies.

MOBILE COMPUTING

- **Memor 11:** handheld terminal for 1D and 2D code reading for retail operations and inventory management, inbound and outbound warehouse management logistics, production tracing, quality control, and transportation and logistics applications, available in Wi-Fi only or Wi-Fi/Cellular models.

STATIONARY RETAIL SCANNERS

- **Magellan 9600i and 9900i** are a unique solution to make self-checkout lanes unmanned, addressing problems such as operational errors and theft. The Magellan 9600i and 9900i, boasting an innovative design, advanced ergonomics, and exceptional scanning performance, also integrate AI capabilities aimed at improving the checkout process and preventing loss.

STATIONARY INDUSTRIAL SCANNERS

- **Blade Short Range**: new generation of compact industrial 1D barcode readers, including Blade 100 and Blade 200, for factory and warehouse automation operations, easily integrated and installed. Data tracing is performed through recognition and reading of 1D symbologies.

SENSORS, SAFETY DEVICES AND ARTIFICIAL VISION

- **P3x Smart cameras** offer higher performance with 5MP resolution models, twice the speed of the previous series, and full compatibility with accessories and support for the latest IMPACT 13.3.0 software release.
- **S3N Series** includes miniature photoelectric sensors that offer state-of-the-art detection functions, solid mechanics, and cutting-edge parameterization options such as Teach-in button and intelligent IO-Link. Featuring state-of-the-art mechanical features and superior optical performance, the S3N sensor is the perfect solution for a variety of industrial applications, from automotive to food and beverage packaging. The S3N line is enhanced with T5x models for the detection of transparent objects, equipped with coaxial optical architecture, based on TIR (Total Internal Reflection) lens, and an innovative received signal processing system.
- **Smart-VS+** improves detection performance and image management capabilities. With up to 20 learning dataset images, higher accuracy and faster response time, Smart-VS+ offers better machine learning assistance, increased speed, versatility and flexibility for various automation applications.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The HR Management is located in Bologna at the Lippo di Calderara HQ. The *Chief People Officer* is assisted by the HR unit that comprises the *Centre of Expertise (COE)*, *HR Business Partners and Regional Heads of HR*, each with well-defined responsibilities.

The *Centres of Expertise* are tasked with defining and overseeing the policies, functional processes and technical components within their remit, defining processes and related KPIs: *Talent Development* involving staff engagement, development and training, performance appraisal management; *Organization & HR Systems* focused on organizational development issues, role and position definition, and management of relevant information systems; *Total Rewards* involving company compensation and benefit systems.

The *HR Business Partners*, to whom the *HR Business Managers* report, owing to their function, represent the point of reference on HR issues related to organization and workforce planning, HR management and enhancement, ensuring the implementation of all business processes designed to ensure the operation and achievement of set established business results.

Lastly, the *Regional Heads of HR* are the local point of reference to ensure any operational and transactional adjustments that may be required to the individual countries from a regulatory, contractual and cultural perspective for the timely implementation of HR guidelines, policies and processes.

Staff recruitment

The *Employer Branding & Talent Acquisition team* fosters the development of activities aimed at identifying Datalogic as a company of value to potential candidates, with the intent of strengthening the active search for specific profiles for sustainable growth in the field of innovation. With this in mind, the company has further enhanced both the global *Talent Acquisition* process to achieve faster talent hiring and the onboarding procedures to ensure effective integration of new hires into the company. Relationships with the main Universities in the area (e.g. University of Bologna, University of Modena and Reggio Emilia) continued and further strengthened, in order to enhance the wealth of know-how and attract the best talents with updated and strategic skills for the Group. Lastly, great importance is also attached to the strong external communication activity through *Social Media (LinkedIn, Instagram)* on Datalogic people initiatives to continue to give exposure to the Datalogic Brand as an employer of choice for potential candidates.

Training

The pursuit of excellence that sets Datalogic apart also embraces the impact the company has on its people, with a focus on enhancing their skills. To continue supporting functional skills and behaviours aimed at achieving business goals in 2023, several initiatives were launched as part of the training architecture, which was already initiated in 2022 and is based on 4 pillars:

- Datalogic DNA, aimed at spreading corporate culture from the earliest moments in the company through a dedicated onboarding program;
- *Talent & Leadership*, with the launch of the *Datalogic Talent Program*, engaged a pool of talent and people in key positions in a premium leadership empowerment journey;
- *Technical Fab*, for the continuous updating of key technical skills with specific focus on R&D and Operations functions;
- *Soft skills*, a digital library with over 1000 pieces of content accessible to all employees to promote ongoing learning and the improvement of soft skills: each employee can use the library to take advantage of self-learning content based on suggestions offered by their direct senior or based on development needs identified by each person to support professional growth.

Assessment of Performance

At Datalogic, the performance assessment process is deeply rooted in goal orientation, harnessing a culture of performance excellence and sustainability to consistently achieve robust business objectives.

The performance management process engages both the employee and their direct senior in a collaborative appraisal, fostering alignment of performance expectations and recognising each individual's commitment and contributions. Individuals are assessed based on their performance at year end, focusing on two aspects: achievement of goals and compliance of behaviour with company values. Specifically, this process is divided into the phases of Goal Assignment, Half-Year Review, Self-Assessment, Manager's Assessment, Assessment Calibration, and Feedback. The performance assessment process is also an important moment for gathering people's professional aspirations and building individual development plans aimed at supporting the performance over time and professional growth of the Group's people.

Relations with Trade Unions

Positive trade union relations resulted in a new agreement between the company and the RSU, supported by FIOM-CGIL Bologna and Teramo, UGLM Bologna, and FIM-CISL Bologna Metropolitan Area, regarding the 2023-2025 Results Bonus, maintaining the ***Corporate Welfare,*** which allows and encourages the use of the Bonus for the purchase of recreational goods and services and, above all, of so-called "social utility", that is, dedicated to the employee's personal care (understood both as health and wellness in a broad sense) and family care. The incentive is for those who opt for full conversion of the Performance Bonus into credit, expendable on the IT platform specially purchased by Datalogic, and consists of the disbursement of an additional sum equal to 10% of the converted amount.

Furthermore, in 2023, the **Solidarity Leave Fund**, established in October 2022 in agreement with RSUs and trade unions, remained operational. This fund enables employees to anonymously donate hours of their leave and vacation time at no cost, which can then be allocated to colleagues facing objective hardship. The Fund, besides intervening in the situations already envisaged in the National Collective Labour Agreement (care of minor children in need of constant care and personal conditions of pathology), also offers support in situations that are currently less or not at all covered by current regulations, such as serious family disruptions, involving the need to assist oneself or one's family members (e.g., separations and litigation) external traumatic events, such as wars, criminal acts or natural disasters, with critical repercussions on oneself or one's family; bereavement due to death of cohabiting family members (additional to what is already envisaged in the company bargaining in force).

Employee engagement

Throughout 2023, the company continued its journey of mutual listening and dialogue with employees, aiming to enhance their work experience to align more closely with their preferences. This ongoing effort underscores the commitment to employee satisfaction, which is considered essential for the company's success.

The listening activity was conducted using an innovative methodology known as Virtual Focus Groups (VFGs). This approach enabled all participants to engage in anonymous discussions within a virtual environment, facilitating the exchange of viewpoints and the capture of qualitative insights. The comments and suggestions provided by participants proved to be invaluable in gaining a deeper understanding of what truly matters to individuals.

In particular, this initiative enabled us to grasp the significance that each employee places on the components constituting the Employee Value Proposition (EVP). The EVP encompasses both tangible and intangible elements provided by the company to ensure a fulfilling work experience for its employees. Following each Virtual Focus Group, a workshop was conducted with employees involved to share the findings as well as the tailored action plan for each geographical context.

This approach enables the company to implement initiatives that genuinely resonate with employees, whether they pertain to employee benefits and support for their families, the work environment, and development and training opportunities.

RECONCILIATION STATEMENT OF THE RESULT FOR THE YEAR AND EQUITY OF THE PARENT COMPANY AND OF THE GROUP

The Reconciliation Statements of equity and net profit of Datalogic S.p.A. and the corresponding consolidated amounts at December 31, 2023 and December 31, 2022, as envisaged in CONSOB Communication no. DEM/6064293 of July 28, 2006, are shown below.

	December 31, 2023		December 31, 2022	
	Total Equity	Profit/(loss) for the year	Total Equity	Profit/(loss) for the year
Parent Company equity and profit	**340,492**	**17,087**	**361,137**	**30,418**
Equity and result of consolidated companies	126,928	(2,533)	148,629	40,606
Elimination of dividends		(6,977)		(29,971)
Amortisation of intangible fixed assets "business combination"	(12,516)	(2,864)	(9,651)	(2,518)
Effect of acquisition “under common control”	(31,733)		(31,733)	
Elimination of capital gain on sale of business unit	(17,067)		(17,067)	
Effect on elimination of intercompany transactions	(8,272)	3,981	(12,253)	(12,711)
Adjustment of write-downs and capital gains on investments	5,517		5,517	
Goodwill impairment	(1,395)		(1,395)	
Other	615		615	
Tax effect	8,563	793	7,770	4,301
Group equity and profit	**411,131**	**9,486**	**451,567**	**30,126**

PARENT COMPANY RECLASSIFIED FINANCIAL POSITION, RESULTS AND CASH FLOWS FOR THE YEAR

The following table shows the main reclassified financial and equity items for the Parent Company Datalogic S.p.A. at December 31, 2023 versus December 31, 2022.

	31.12.2023	31.12.2022	Change	% chg.
Intangible fixed assets	6,598	7,760	(1,162)	-15.0%
Tangible fixed assets	20,350	21,174	(824)	-3.9%
Financial assets and investments in associates	193,029	197,283	(4,254)	-2.2%
Other fixed assets	1,543	1,739	(196)	-11.3%
Fixed Assets	**221,520**	**227,956**	**(6,436)**	**-2.8%**
Trade receivables	17,131	15,417	1,714	11.1%
Trade payables	(5,855)	(5,605)	(250)	4.5%
Net Trade Working Capital	**11,276**	**9,812**	**1,464**	**14.9%**
Other current assets	5,045	5,416	(371)	-6.9%
Other liabilities and provisions for current risks	(18,970)	(22,439)	3,469	-15.5%
Net Working Capital	**(2,649)**	**(7,211)**	**4,562**	**-63.3%**
Other non-current liabilities	(2,438)	(2,235)	(203)	9.1%
Post-employment benefits	(788)	(716)	(72)	10.1%
Net Invested Capital	**215,645**	**217,794**	**(2,149)**	**-1.0%**
Equity	**(340,492)**	**(361,137)**	**20,645**	**-5.7%**
Net financial position (NFP)	**124,847**	**143,342**	**(18,495)**	**-12.9%**

The following table shows the main reclassified income items of the year versus the prior year:

	31.12.2023		31.12.2022		Change	% chg.
Revenue	**32,492**	**100.0%**	**35,943**	**100.0%**	**(3,451)**	**-9.6%**
Cost of goods sold	(1,703)	-5.2%	(1,817)	-5.1%	114	-6.3%
Gross Operating Margin	**30,789**	**94.8%**	**34,126**	**94.9%**	**(3,337)**	**-9.8%**
Research and Development expense	(830)	-2.6%	(829)	-2.3%	(1)	0.1%
Distribution expense	(2,145)	-6.6%	(2,379)	-6.6%	234	-9.8%
Administrative and General expense	(26,458)	-81.4%	(29,835)	-83.0%	3,377	-11.3%
Other (expense) income	429	1.3%	584	1.6%	(155)	-26.5%
Total operating costs and other expense	**(29,004)**	**-89.3%**	**(32,459)**	**-90.3%**	**3,455**	**-10.6%**
EBIT	**1,785**	**5.5%**	**1,667**	**4.6%**	**118**	**7.1%**
Net Financials	17,890	55.1%	29,432	81.9%	(11,542)	-39.2%
Foreign exchange gains/(losses)	1,105	3.4%	1,406	3.9%	(301)	-21.4%
EBT	**20,780**	**64.0%**	**32,505**	**90.4%**	**(11,725)**	**-36.1%**
Tax	3,693	11.4%	2,087	5.8%	1,606	77.0%
Profit/(Loss) for the year	**17,087**	52.6%	**30,418**	84.6%	(13,331)	-43.8%

SHARE PERFORMANCE

Datalogic S.p.A. has been listed on the Italian Stock Exchange since 2001 - Euronext STAR Milan segment (High Requirements Shares Segment) of the Euronext Milan Market of Borsa Italiana, which includes medium-sized companies with a capitalisation between €40 million and €1 billion that are committed to meeting standards of excellence. Starting in 2023, Datalogic S.p.A. became part of Euronext Tech Leaders, a segment comprising over 120 European companies listed on Euronext's high-growth markets and recognised leaders in the technology sector.

In 2023, the share was down by 18.8%. It reached a high of €9.840 per share on January 18, 2023 and a low of €5.255 on October 25, 2023. Average daily volumes traded in 2023 were approximately 112,000 shares, in line with the average of 110,000 in the prior year.

STOCK EXCHANGE 2023

Segment	EURONEXT STAR MILAN - EURONEXT MILAN
Bloomberg Code	DAL.IM
Reuters Code	DAL.MI
Number of shares	58,446,491 (of which 4,800,000 treasury shares)
2023 min	€5.255 (October 25, 2023)
2023 high	€9.840 (January 18, 2023)
Capitalisation	€395.10 million at December 31, 2023

RELATIONS WITH INSTITUTIONAL INVESTORS AND SHAREHOLDERS

Datalogic actively strives to maintain an ongoing dialogue with shareholders and institutional investors, periodically arranging meetings with representatives of the Italian and international financial community, including annual roadshows organised by Borsa Italiana for companies listed in the Euronext STAR Milan segment.

In 2023, the Company met 115 institutional investors in one to one, lunch meetings and corporate events.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time. In this regard, as part of the Corporate Governance system, Datalogic has defined an Internal Control and Risk Management System compliant with the principles set forth in Article 6 of the Corporate Governance Code related to the Internal Control and Risk Management System and, more generally, to national and international best practices.

This system represents the set of organizational structures, rules and procedures aimed at allowing the identification, measurement, management and monitoring of the main business risks within the Group, contributing to a sound and correct management of the company and consistent with the objectives defined by the Board of Directors and encouraging the making of informed decisions consistent with the risk appetite, as well as the dissemination of a correct knowledge of risks, legality and company values.

The Board of Directors is responsible for defining the guidelines so that the main risks relating to Datalogic S.p.A. and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored.

The Board of Directors identifies the following corporate functions responsible for risk management, defining their respective tasks and responsibilities within the Internal Control and Risk Management System:

- Executive Board, which identifies and assesses operational risks, directly expressed by the strategy and related to the achievement of strategic goals in line with the execution responsibilities assigned to them.
- Control, Risks, Remuneration and Appointments Committee (composed, in line with the provisions of the Corporate Governance Code, of 3 independent and non-executive Directors) has the task of supporting, with adequate preliminary activities, the assessments and decisions of the Board of Directors relating to the internal control and risk management system.

The general principles of risk management and the bodies entrusted with their assessment and monitoring are contained in the Corporate Governance Report, in the Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001 and in the accounting and administrative control model (pursuant to Article 154 bis of the TUF).

In order to allow the organization to define the risk categories on which to focus its attention, the Datalogic Group has adopted a risk identification and classification model, starting from risk classes divided by type, in relation to the managerial level or to the company department in which they originate or which has the responsibility for their monitoring and management.

The Internal Audit department assesses, based on an annual plan approved by the Board of Directors and the Control, Risks, Remuneration and Appointments Committee, the effectiveness and efficiency of the Internal Control and Risk Management System as a whole, reporting the results of its activities to the Chairman, the Chief Executive Officer, the Board of Statutory Auditors and the Control, Risks, Remuneration and Appointments Committee and to the Supervisory Body for the specific risks related to the obligations of Legislative Decree no. 231/2001 and at least once a year to the Board of Directors.

The main risks for each of the risk families listed above are shown below. The order in which they are shown does not imply any classification, either in terms of likelihood of their occurrence, or in terms of possible impact.

The first-level risk families identified on the basis of the Risk Management Policy are as follows:

- External risks;
- Strategic risks;
- Operational risks;
- Financial risks.

EXTERNAL RISKS

Country Risk

With regard to its international footprint, Datalogic is exposed to country risk, in any case mitigated by the adoption of a business diversification policy by product and geographical area, in order to allow the balancing of this risk at Group level.

STRATEGIC RISKS

Technological Innovation

The Group's core market is characterized by the design and production of high-tech products, with the resulting risk that the technologies might be subject to obsolescence or copied and used by other industry players. With regard to this risk, the Group has developed an innovation and product development strategy updated annually and constantly monitored by Management also with regard to the competitive scenario. The Group has set up a unit dedicated to the management and protection of intellectual property, which operates by implementing all the tools required to mitigate the risk of infringement. For further information, reference is made to the "Research and Development" section of this Report on Operations.

Market

The Group operates in a market that is extremely dynamic and potentially attractive for new players with financial resources greater than those of the Group. To mitigate the risk associated with these events, the Group maintains a high level of investment in research and development and a large portfolio of patents that represents a significant barrier to the entry of new competitors. The Datalogic Group also has a strong commercial structure (direct presence in the key countries where the Group operates) and a solid network of commercial partners, which allow it to ensure a high level of customer service and a high loyalty rate.

Corporate Social Responsibility

In 2023, the Datalogic Group continued to enhance the reporting process, with a view to the evolution of the Non-Financial Statement and to meeting the regulatory requirements introduced by Legislative Decree 254/2016.

Firstly, by redefining and improving the Materiality Analysis process to integrate feedback and insights from our key stakeholders in identifying material topics and their priorities; and secondly, by establishing the foundation for defining medium- to long-term strategic sustainability targets, aligned with the evolving legislation on Sustainability Reporting.

The refinement of a more concise list of material topics has enabled a sharper focus on the key sustainability targets for the Datalogic Group, along with the establishment of indicators collaboratively defined with the business to provide more quantitative reporting on the identified topics.

To conclude, Datalogic's commitment to sustainable and responsible growth permeates every facet of its operations. The Group believes that business solutions can drive the development of sustainable practices across various industries and is actively involved in monitoring the impacts of manufacturing activities by implementing Environmental Management Systems at our sites.

OPERATIONAL RISKS

The main operational risks intrinsic to the nature of the business are those related to the supply chain, the unavailability of production sites, product marketing, information technology, health, safety in the workplace, and the environment.

Supply Chain

The risk related to the supply chain can materialise with the volatility of the prices of raw materials and with the dependence on strategic suppliers that, if they were to suddenly interrupt their supply relationships, could jeopardise the production processes and the ability to fill customer orders in time. To cope with this risk, the Purchasing department constantly monitors the market in order to identify alternative suppliers, providing where possible potential replacements for supplies deemed strategic (supplier risk management program). The supplier selection process also includes the assessment of their financial strength. Any fluctuations in the main cost factors are neutralised through their partial transfer to the sales prices and a continuous process of improving production, purchase and distribution efficiency.

Business Interruption

Natural or accidental events (such as earthquakes or fires), malicious behaviour (vandalism) or plant malfunctions can cause damage to assets, unavailability of production sites and their operational discontinuity. Datalogic has therefore strengthened the mitigation process with the planning of loss prevention engineering activities on the basis of internationally recognised standards, aimed at reducing the risk of such events as much as possible, as well as implementing protections aimed at limiting their impacts, with the continuous consolidation of the current operational continuity in the Group’s production sites.

Information Technology

Datalogic considers the operational continuity of IT systems to be crucial and has implemented risk mitigation measures to ensure network connectivity, data availability and security, while ensuring the processing of personal data in relation to the European GDPR and the national regulations applicable in the individual EU member countries. To this end, Datalogic has implemented an Information Security Management System (ISMS) and obtained two ISO 27001 certificates.
Datalogic also signed a memorandum of understanding with the Postal Police for the purpose of combating cybercrime and sharing information and set up an interdepartmental committee (Cybersecurity Committee), composed of representatives of various company functions, for analysis and management of cyber risks linked to products and business areas. Additionally, to ensure compliance with the data and information protection requirements along the entire value chain, Datalogic has adopted a supplementary document (SAA - Security Access Agreement) for supply contracts, with the security requirements for guaranteeing company resources, to ensure proper management of IT risks associated with critical suppliers.

Environment, Safety and Health

The Group is exposed to risks related to health, safety in the workplace, and the environment, which can fall into the following cases:

- poor protection of the health and safety of employees, which can materialise with the occurrence of serious accidents or occupational diseases;
- environmental pollution linked, for example, to uncontrolled emissions, inadequate waste disposal or the spillage of hazardous substances on land;
- non-compliance or incomplete compliance with sector regulations and laws, also in relation to the regulatory volatility of some countries.

Any occurrence of these events may result in penal and/or administrative sanctions or financial outlays for Datalogic, the amount of which could be significant. Additionally, in particularly critical cases, the actions of the controlling public bodies may interfere with normal production activities, even potentially stopping the production lines or closing the production site itself. Datalogic addresses this type of risk with a continuous and systematic assessment of its specific risks and with the consequent reduction and elimination of those deemed unacceptable. All this is organized within a

Management System (which refers to the international standards ISO 14001 and OHSAS 18001 and is certified by an independent third party) that includes both health and safety in the workplace and environmental matters.

With regard to other compliance risks, reference is made to the Datalogic Report on Corporate Governance and Ownership Structure available on the Datalogic website.

FINANCIAL RISKS

The Group is exposed to various types of corporate risk in carrying out its business, such as:

- market risk;
- credit risk;
- liquidity risk.

The management of these risks is the responsibility of the Treasury and Credit department of the Parent Company Datalogic S.p.A., in agreement with the Group's Administration and Finance department, as described in the Explanatory Notes to this Consolidated Annual Financial Report in the section "Financial Risk Management".
Datalogic has adequate insurance coverage to reduce exposure to intrinsic risks associated with the activity carried out. All Group companies are now insured against the main risks considered strategic such as: property all risks, third party liability, product liability, product recall. The analysis and insurance transfer of risks affecting the Group is carried out in association with brokers of primary standing.

INFORMATION ON OWNERSHIP STRUCTURE/CORPORATE GOVERNANCE REPORT

Pursuant to and for the purposes of Article 123-bis, paragraph 3, of Legislative Decree 58 of February 24, 1998 (as subsequently amended and supplemented), the Board of Directors of Datalogic S.p.A. approved a Report on Corporate Governance and Ownership Structure for the year ended December 31, 2023, separate from the Report on Operations, containing information pursuant to paragraphs 1 and 2 of Article 123-bis above. This report is publicly available on the Company website www.datalogic.com.

OTHER INFORMATION

Datalogic S.p.A. indirectly controls a number of companies established and governed by the law of non-European Union countries, that have relevant importance under Article 15 of CONSOB Regulation 20249/2017 (former Article 36 of CONSOB Regulation 16191/2007) on market regulation ("Market Regulation").

Also pursuant to the above regulation, the Company has implemented in-house procedures to monitor the compliance with provisions set out by the CONSOB regulations. Specifically, the relevant corporate departments ensure the timely and periodic identification of relevant "non-EU" companies and, with the cooperation of the companies concerned, ensure the collection of data, information and ascertainment of the circumstances referred to in Article 15 above.

It is, therefore, acknowledged that Datalogic has fully complied with the provisions of Article 15 of the above CONSOB Regulation 20249/2017 and that the conditions required have been met.

The Company adopted the opt-out system set forth in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Issuer Regulation (adopted by CONSOB with resolution no. 11971 of May 14, 1999 as subsequently amended), by making use of the right to depart from the obligation to publish information documents required on the occasion of significant mergers, demergers, capital increase by non-cash contributions, acquisitions and disposals.

Pursuant to the provisions set out by Article 5, paragraph 3, letter b, of Legislative Decree 254/2016, the Group has separately prepared the Consolidated Non-Financial Statement. The 2023 Consolidated Non-Financial Statement, prepared according to the “GRI Standards” reporting (or based on the “GRI G4 Sustainability Reporting Guidelines”) is available on the Group website.

NUMBER AND VALUE OF TREASURY SHARES

At December 31, 2023, the total number of ordinary shares was 58,446,491, including 4,800,000 held as treasury shares, equal to 8.2% of the share capital; hence, the number of outstanding shares at that date is 53,646,491. The shares have a unit par value of €0.52 and are fully paid up.

RELATED-PARTY TRANSACTIONS

Related-party transactions, as disclosed in the reporting formats and described in detail in the related notes to the Income Statement items, to which reference is made, cannot be qualified as atypical or unusual, given that they are part of the normal business of the Group companies, and are governed at arm’s length.

With resolution no. 17221 of March 12, 2010, also pursuant to and for the purposes of Article 2391-bis of the Italian Civil Code, CONSOB adopted the Regulation with provisions on related-party transactions, later updated with the amendments made by Resolution no. 22144 of December 22, 2021 (“CONSOB Regulations").

Following the adoption of the CONSOB Regulations, in order to ensure transparency as well as substantive and procedural fairness of any transactions entered into by Datalogic with parties qualified as "related parties" under the above CONSOB Regulations, on November 4, 2010, the Company approved a specific and structured procedure for related-party transactions. Subsequently, on July 24, 2015 and June 23, 2021, the governing body made a few changes to it (the document is available in the *Corporate Governance* section of the website www.datalogic.com.

Pursuant to Article 5, paragraph 8, of the CONSOB Regulations, it should be noted that, over the period 01.01.2023 – 31.12.2023, the Company's Board of Directors did not approve any transaction of greater significance, as set out by Article 3, paragraph 1, letter b) of the CONSOB Regulations, or any related-party transactions of a lesser significance that had a significant impact on the Group’s equity position or results.

TAX CONSOLIDATION

The parent company Datalogic S.p.A., as Consolidating Company, and the subsidiaries Datalogic S.r.l. and Datasensing S.r.l., as Consolidated Companies, have opted for the "national tax consolidation" for the three-year period 2022-2024, as governed by Article 117 et seq. of the TUIR. This optional system results in the transfer of the respective individual taxable income, as well as receivables, advances and other tax attributes, from each consolidated company to the consolidating parent company Datalogic S.p.A. The latter will therefore settle the overall tax, valuing the credit or debit position vis-à-vis the tax authorities. The subsidiary IP Tech S.r.l., on the other hand, has opted, as of 2021, for the transparency tax regime pursuant to Article 115 TUIR for the three-year period 2021-2023 with the participating companies Datalogic S.p.A and Datalogic S.r.l.

SIGNIFICANT EVENTS DURING THE YEAR

On April 3, 2023, a transaction was finalized to transfer the 15% minority interest still held in Solution Net Systems LLC (SNS) by the subsidiary Datalogic USA Inc.

RECLASSIFICATION OF INCOME STATEMENT ITEMS

Starting from the first quarter of the current year, to provide a clearer picture of Group performance, certain costs related mainly to installations, previously shown in distribution expense, have been classified in cost of goods sold; additionally, certain quality-related expense has been itemized and allocated based on the intended purpose.
Comparative figures have been consistently restated; reference is made to the table in Annex 4 of this document for details of the amounts.

GOVERNANCE

On April 27, 2023, the Shareholders' Meeting approved the Financial Statements at December 31, 2022, and reviewed the Group's Consolidated Financial Statements at December 31, 2022, and resolved to distribute an ordinary unit dividend, gross of tax, of 30 Euro cents per share, for a maximum total amount of €17.0 million.

The same Meeting also resolved to:

- set, pursuant to and for the purposes of Article 20 of the Bylaws, in the amount of €2.5 million, the maximum global annual compensation to be granted to all the members of the Board of Directors, including those holding strategic responsibilities for the current year (2023) and for the portion of the following year (2024), until the date of approval of the Company's 2023 financial statements, with the explicit exclusion of compensation plans based on financial instruments approved by the Shareholders' Meeting, leaving to the discretion of the Board itself any decision regarding the allocation of the above maximum global amount among the different Directors;
- approve the 2023 remuneration policy set out in section one of the Report on Remuneration Policy and on Compensation Paid and to vote in favour of compensation paid in 2022 set out in section two of the Report;
- authorize the Board of Directors, pursuant to and in accordance with Article 2357 et seq. of the Italian Civil Code and Article 132 of Legislative Decree no. 58 of February 24, 1998, to carry out transactions involving the purchase of the Company's treasury shares, on one or more occasions, within 18 months from the date of this resolution, concurrently revoking, for the portion unexecuted as of the date of the Shareholders' Meeting, the authorization to the Board of Directors to purchase the Company's treasury shares resolved by the Shareholders' Meeting on April 29, 2022.

MACROECONOMIC AND GEOPOLITICAL RISKS

The socio-political tensions that escalated into conflict between Russia and Ukraine starting from February 2022, the developments of which remain unpredictable, have prompted Western countries to implement economic sanctions against Russia. The Group has no offices in the countries currently affected by the conflict, nor do they represent significant outlet or supply markets for it. The potential effects of this situation on the Company and Group's income and financial results are however constantly monitored.

Since the outbreak of the conflict and the adoption of sanctions by the EU against Russia, a cross-functional working group has been established to assess and ascertain (including monitoring of "Denied Parties"), from a technical point of view, which Datalogic products and which business partner relationships could potentially be subject to sanctions. Following entry into force of the IX European sanctions package, the Group companies have suspended all sales and post-sales activities with Russia (trade with Belarus had already been blocked) and have implemented control systems in order to prevent business transactions with sanctioned countries. Additionally, in response to the enactment of the XII package at end 2023, Datalogic has adjusted its contractual framework to align with the regulations.

Moreover, starting from October 2023, tensions between Israel and Hamas have escalated into a conflict. While the Group lacks a sphere of influence or operational headquarters in Israel, it remains vigilant regarding potential negative effects stemming from heightened instability in this region.

SUBSEQUENT EVENTS

On March 7, 2024 Datalogic S.p.A. completed the disposal of 100% of its non-strategic stake in Informatics Holdings, Inc. (Informatics), a company active in the marketing and distribution of software products and solutions tailored to small and medium-sized companies, headquartered in Plano (Texas, USA).

The transaction involved the sale by Datalogic S.p.A. of its 100% stake in Informatics to a subsidiary of U.S. private equity firm Renovo Capital LLC. The disposal value was agreed upon at USD 34 million. The signing and closing of the transaction, which was defined in the first months of 2024, took place simultaneously on March 7, 2024.

Additionally, effective January 1, 2024, the Board of Directors approved the transfer of the subsidiary Datalogic S.r.l.'s R&D division business unit to the subsidiary Datalogic IP Tech S.r.l. As a result, the ownership structure of Datalogic IP Tech S.r.l. changed: Datalogic S.r.l.'s stake increased from 50% to 67.16%, whereas the parent company Datalogic S.p.A.'s stake decreased from 50% to 32.84%.

BUSINESS OUTLOOK

In 2023, the Group’s industry of operation faced significant challenges, marked by heightened uncertainty and a substantial decrease in demand. Persistent geopolitical tensions, coupled with high inflationary pressures and restrictive monetary policies, significantly dampened investment activities in the Group’s major markets. This consequently led to a drop in orders and sales for the Group.

Demand remains stagnant in the short term. All of the Group's main end markets are still feeling the effects of low levels of investment, with sales projections for the current quarter significantly lower than in first quarter 2023.

Overall, we expect a return to growth in the second half of the year, as a result of a gradual improvement in booking to date already seen in the Data Capture segment.

Despite uncertainty, the Group remains committed to advancing both its innovation and business strategy. This ensures readiness to offer increasingly innovative solutions to customers as markets normalize. Additionally, to mitigate the short-term impacts of declining volumes on profitability, it remains focused on implementing continuous efficiency and cost optimization measures.

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

The Chairman of the Board of Directors

(*Romano Volta*)

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	**Notes**	**31.12.2023**	**31.12.2022**
A) Non-current assets (1+2+3+4+5+6+7)		**463,204**	**484,225**
1) Tangible fixed assets		**94,040**	**98,799**
Land	1	12,597	12,740
Buildings	1	51,520	52,449
Other assets	1	26,892	29,825
Fixed assets under construction and advances	1	3,031	3,785
2) Intangible fixed assets		**294,197**	**304,014**
Goodwill	2	205,352	212,043
Development costs	2	42,034	27,209
Other	2	36,075	43,206
Fixed assets under construction and advances	2	10,736	21,556
3) Right of use fixed assets	3	**11,446**	**15,758**
4) Investments in associates	4	**640**	**560**
5) Non-current financial assets	6	**4,778**	**8,119**
6) Trade and other receivables	7	**784**	**768**
7) Deferred tax assets	12	**57,319**	**56,207**
B) Current assets (8+9+10+11)		**256,299**	**361,286**
8) Inventory		**102,462**	**129,824**
Raw and ancillary materials and consumables	8	51,002	62,503
Work in progress and semi-finished products	8	18,690	25,864
Finished products and goods	8	32,770	41,457
9) Trade and other receivables		**70,546**	**109,845**
Trade receivables	7	**52,093**	**91,299**
of which associates	*7*	*1,346*	*2,861*
of which related parties	*7*	*8*	*11*
Other receivables, accrued income and prepaid expense	7	**18,453**	**18,546**
10) Tax receivables	9	**12,662**	**14,135**
of which Parent Company		-	*1,807*
11) Cash and cash equivalents	5	**70,629**	**107,482**
Total Assets (A+B)		**719,503**	**845,511**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (Euro/000)	**Notes**	**31.12.2023**	**31.12.2022**
A) Total equity (5+6)	10	**411,131**	**451,567**
1) Share capital	10	30,392	30,392
2) Reserves	10	98,212	132,266
3) Retained earnings (losses)	10	269,731	255,840
4) Profit (loss) for the year	10	9,859	29,550
5) Group equity (1+2+3+4)	10	**408,194**	**448,048**
Profit (loss) for the year attributable to non-controlling interests	10	(373)	576
Share capital attributable to non-controlling interests	10	3,310	2,943
6) Equity attributable to non-controlling interests		**2,937**	**3,519**
B) Non-current liabilities (7+8+9+10+11)		**143,384**	**139,863**
7) Non-current financial payables	11	**86,101**	**79,067**
8) Deferred tax liabilities	12	**26,334**	**28,680**
9) Provisions for post-employment and retirement benefits	13	**5,759**	**6,163**
10) Provisions for non-current risks and charges	14	**5,197**	**5,193**
11) Other liabilities	15	**19,993**	**20,760**
C) Current liabilities (12+13+14+15)		**164,988**	**254,081**
12) Trade and other payables		**133,030**	**166,713**
Trade payables	15	**83,515**	**112,054**
of which associates	15	*92*	*101*
of which related parties		*21*	*24*
Other payables, accrued expense and deferred income	15	**49,515**	**54,659**
13) Tax payables	9	**9,388**	**13,478**
of which Parent Company		-	*2,013*
14) Provisions for current risks and charges	14	**2,721**	**3,468**
15) Current financial payables	11	**19,849**	**70,422**
Total Liabilities (A+B+C)		**719,503**	**845,511**

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Notes	31.12.2023	31.12.2022 Restated
1) Revenue	16	**536,617**	**654,632**
Revenue from sale of products		489,293	607,524
Revenue from services		47,324	47,108
of which related parties and associates		*7,176*	*13,119*
2) Cost of goods sold	17	**312,370**	**392,536**
of which related parties and associates		*314*	*304*
Gross Operating Margin (1-2)		**224,247**	**262,096**
3) Other revenue	18	**4,623**	**4,612**
4) Research and development expense	17	**67,435**	**62,303**
of which related parties and associates		*721*	*655*
5) Distribution expense	17	**95,791**	**102,092**
of which related parties and associates		*223*	*235*
6) Administrative and general expense	17	**53,599**	**58,764**
of which related parties and associates		*194*	*213*
of which Parent Company		*-*	*90*
7) Other operating expense	17	**2,437**	**2,614**
Total operating costs		**219,262**	**225,773**
EBIT		**9,608**	**40,935**
8) Financial income	19	**24,329**	**28,203**
9) Financial expense	19	**22,518**	**34,882**
Net Financials (8-9)		**1,811**	**(6,679)**
Profit/(Loss) before tax from continuing operations		**11,419**	**34,256**
Income tax	20	1,933	4,130
Net Profit/(Loss) for the year		**9,486**	**30,126**
Basic earnings/(loss) per share (€)	21	0.18	0.52
Diluted earnings/(loss) per share (€)	21	0.18	0.52

Attributable to:		
Shareholders of the Parent	*9,859*	*29,550*
Non-controlling interests	*(373)*	*576*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)	Notes	31.12.2023	31.12.2022
Net Profit/(Loss) for the year		**9,486**	**30,126**
Other items of the statement of comprehensive income:			
Other items of the statement of comprehensive income that will later be reclassified to Profit/(Loss) for the year			
Profit/(Loss) on cash flow hedges (CFH)	10	74	90
Profit (loss) from the translation of financial statements of foreign companies	10	(12,058)	16,497
Total other items of the statement of comprehensive income that will later be reclassified to Profit/(Loss) for the year		**(11,984)**	**16,587**
Other items of the statement of comprehensive income that will not be later reclassified to Profit/(Loss) for the year			
Actuarial gains (losses) on defined-benefit plans		-	558
of which tax effect		-	*(216)*
Profit/(Loss) from financial assets at FVOCI	10	(675)	(298)
of which tax effect		*8*	*2*
Total other items of the statement of comprehensive income that will not be later reclassified to Profit/(Loss) for the year		**(675)**	**260**
Total profit/(loss) of the statement of comprehensive income		**(12,659)**	**16,847**
Net Profit/(Loss) for the year		**(3,173)**	**46,973**
Attributable to:			
Shareholders of the Parent Company		(2,591)	46,485
Non-controlling interests		(582)	488

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/000)	Notes	31.12.2023	31.12.2022
Profit/(Loss) before tax		**11,419**	**34,256**
Depreciation of tangible fixed assets and write-downs	1, 2	11,915	13,395
Amortisation of intangible fixed assets and write-downs	1, 2	20,963	18,518
Depreciation of right of use fixed assets	3	4,178	4,517
Losses (Gains) from sale of fixed assets	17, 18	(146)	(34)
Change in provisions for risks and charges	14	(387)	854
Change in provision for obsolescence		3,095	1,542
Net Financials	19	(1,811)	6,679
Monetary effect foreign exchange gains (losses)		(1,176)	(2,304)
Other non-monetary changes		(2,270)	(294)
Cash flow generated (absorbed) from operations before changes in working capital		**45,780**	**77,129**
Change in trade receivables	7	39,068	(2,549)
Change in final inventory	8	23,017	8,357
Change in trade payables	15	(27,228)	(30,187)
Change in other current assets	7	(142)	(65)
Change in other current liabilities	15	(4,353)	2,012
Change in other non-current assets	6	(30)	48
Change in other non-current liabilities	5	(440)	2,046
Cash flow generated (absorbed) from operations after changes in working capital		**75,672**	**56,792**
Change in tax assets and liabilities		(8,640)	(11,111)
Interest paid		(3,739)	(3,263)
Interest collected		570	140
Dividends collected		327	255
Cash flow generated (absorbed) from operations (A)		**64,190**	**42,813**
Increase in intangible fixed assets	2	(18,630)	(17,376)
Decrease in intangible fixed assets	2	-	27
Increase in tangible fixed assets	1	(8,154)	(9,032)
Decrease in tangible fixed assets	1	281	92
Cash flow from business combinations, net of cash acquired		-	(15,994)
Change in investments and current and non-current financial assets	5	6,672	5,487
Cash flow generated (absorbed) from investments (B)		**(19,831)**	**(36,796)**
Payment of financial payables	11	(63,189)	(52,579)
New financial payables	11	25,000	70,000
Other changes in financial payables	11	(805)	(558)
Payments of financial liabilities from leases		(4,416)	(4,758)
(Purchase) sale of treasury shares	10	(19,771)	-
Dividend payment	10	(17,034)	(16,934)
Effect of change in cash and cash funds		(997)	390
Other changes		-	(176)
Cash flow generated (absorbed) from financing activities (C)		**(81,212)**	**(4,615)**
Net increase (decrease) in cash (A+B+C)		**(36,853)**	**1,402**
Net cash and cash equivalents at beginning of year		**107,482**	**106,080**
Net cash and cash equivalents at year end		**70,629**	**107,482**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Description	Share capital	Share premium res.	Treasury shares	Translation reserve	Other Reserves	Retained earnings	Group Profit (Loss)	Group Equity	Profit (Loss) of non-controlling interests	Share capital and reserves of non-controlling interests	Equity attributable to non-controlling interests	Profit (Loss)	Equity
01.01.2023	**30,392**	**111,779**	**(22,191)**	**39,331**	**3,347**	**255,840**	**29,550**	**448,048**	**576**	**2,943**	**3,519**	**30,126**	**451,567**
Allocation of profit	-	-	-	-	-	29,550	(29,550)	-	(576)	576	-	**(30,126)**	-
Dividends	-	-	-	-	-	(17,034)	-	(17,034)	-	-	-	-	(17,034)
Treasury shares	-	-	(19,771)	-	-	-	-	(19,771)	-	-	-	-	(19,771)
Share-based incentive plan	-	-	-	-	(351)	-	-	(351)	-	-	-	-	(351)
Other changes	-	-	-	-	(1,482)	1,375	-	(107)	-	-	-	-	(107)
Profit/(Loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**9,859**	**9,859**	**(373)**	**-**	**(373)**	**9,486**	**9,486**
Other items of the statement of comprehensive income	-	-	-	(11,849)	(601)	-	-	(12,450)	-	(209)	(209)	-	(12,659)
Total comprehensive Profit (Loss)	**-**	**-**	**-**	**(11,849)**	**(601)**	**-**	**9,859**	**(2,591)**	**(373)**	**(209)**	**(582)**	**9,486**	**(3,173)**
31.12.2023	**30,392**	**111,779**	**(41,962)**	**27,482**	**913**	**269,731**	**9,859**	**408,194**	**(373)**	**3,310**	**2,937**	**9,486**	**411,131**

Description	Share capital	Share premium res.	Treasury shares	Translation reserve	Other Reserves	Retained earnings	Group Profit (Loss)	Group Equity	Profit (Loss) of non-controlling interests	Share capital and reserves of non-controlling interests	Equity attributable to non-controlling interests	Profit (Loss)	Equity
01.01.2022	**30,392**	**111,779**	**(26,096)**	**22,746**	**11,239**	**229,692**	**38,913**	**418,665**	**627**	**2,432**	**3,060**	**39,540**	**421,724**
Allocation of profit	-	-	-	-	-	38,913	(38,913)	-	(627)	627	-	**(39,540)**	-
Dividends	-	-	-	-	-	(16,934)	-	(16,934)	-	-	-	-	(16,934)
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based incentive plan	-	-	3,905	-	(4,582)	219	-	(458)	-	-	-	-	(458)
Other changes	-	-	-	-	(3,660)	3,950	-	290	-	(28)	(28)	-	262
Profit/(Loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**29,550**	**29,550**	**576**	**-**	**576**	**30,126**	**30,126**
Other items of the statement of comprehensive income	-	-	-	16,585	350	-	-	16,935	-	(88)	(88)	-	16,847
Total comprehensive Profit (Loss)	**-**	**-**	**-**	**16,585**	**350**	**-**	**29,550**	**46,485**	**576**	**(88)**	**488**	**30,126**	**46,973**
31.12.2022	**30,392**	**111,779**	**(22,191)**	**39,331**	**3,347**	**255,840**	**29,550**	**448,048**	**576**	**2,943**	**3,519**	**30,126**	**451,567**

Explanatory Notes

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Datalogic is a global technological leader in the automatic data capture and process automation markets. The Company is specialised in the design and production of barcode readers, mobile computers, detection, measurement and safety sensors, vision and laser marking systems and RFID.

Its pioneering solutions help increase efficiency and quality of processes in the areas of Retail, Manufacturing, Transportation & 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 Euronext STAR Milan of Borsa Italiana S.p.A. and is headquartered in Italy. The registered office is in Via Candini 2, Lippo di Calderara (BO).

This Consolidated Annual Financial Report for the year ended December 31, 2023 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as “Group”) and the relevant shares in associates.

The publication of this Consolidated Annual Financial Report at December 31, 2023 of the Datalogic Group was authorized by resolution of the Board of Directors dated March 14, 2024.

BASIS OF PRESENTATION

1) General criteria

In compliance with European Regulation no. 1606/2002, the Consolidated Annual Financial Report was prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the IASB - International Accounting Standard Board and endorsed by the European Union pursuant to European Regulation 1725/2003 and subsequent updates, with all the interpretations of the International Financial Reporting Standard Interpretations Committee ("IFRS-IC"), formerly known as the Standing Interpretations Committee ("SIC") endorsed by the European Commission at the date of approval of the draft Financial Statements by the Parent Company's Board of Directors and contained in the relevant E.U. Regulations published on that date and in compliance with the provisions set forth in CONSOB Regulation 11971 of 14/05/99 and subsequent updates.

2) Reporting formats

The reporting formats adopted are compliant with those required by IAS 1 and were used in the Consolidated Annual Financial Report for the year ended December 31, 2022, in particular:

- current and non-current assets, as well as current and non-current liabilities are shown separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those intended to be realized, sold or used during the Group’s normal operating cycle; current liabilities are those expected to be settled in the Group's normal operating cycle or in the twelve months following the end of the year;
- with regard to the Income Statement, cost and revenue items are disclosed based on grouping by function, as this classification was deemed more explanatory for understanding the Group's economic result;
- the Statement of Comprehensive Income presents the items that determine profit/(loss) for the period and the costs and revenue recognised directly under equity;

- the Statement of Cash Flows is presented using the "indirect method".

The Consolidated Annual Financial Report was prepared based on the draft Financial Statements at December 31, 2023, drawn up by the Boards of Directors or, if available, based on the Financial Statements approved by the Shareholders' Meetings of the related consolidated companies, duly adjusted, if applicable, to align them to the classification and accounting criteria adopted by the Group.

The Consolidated Annual Financial Report was prepared in compliance with the general criterion of reliable and truthful presentation of the Group's financial position, results of operations and cash flows, on a going concern and on an accrual basis, in compliance with the general principles of consistency of presentation, materiality and aggregation, prohibition of offsetting and comparability of information.

The Statement of Changes in Equity analytically details the changes occurring in the year and in the prior year.

In preparing the Consolidated Annual Financial Report, the historic cost principle was adopted for all assets and liabilities, except for certain financial assets for which the fair value principle was applied.

The preparation of IFRS-compliant financial statements requires the use of certain estimates. Reference is made to the section describing the main estimates made in these Consolidated financial statements.

The Accounting Standards were uniformly applied to all Group companies and for all periods presented.

This Consolidated Annual Financial Report is drawn up in Euro thousands, which is the Group's "functional" and "presentation" currency as envisaged by IAS 21.

3) Consolidation standards and policies

Subsidiaries

Control is obtained when the Group is exposed or entitled to variable returns, arising from its relationship with the investee and, concurrently, has the ability to affect those returns by exercising its power over that entity, as envisaged by IFRS 10. Specifically, the Group controls an investee if, and only if the Group has:

- power over the investee (i.e., holds valid rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of its returns.

There is generally the assumption that a majority of voting rights involves control. To corroborate this assumption, and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all relevant facts and circumstances in order to define whether it controls the investee, including:

- contractual arrangements with other vote holders;
- rights arising from contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control over an investee if the facts and circumstances show that changes occurred in one or more of the three elements used for the definition of control. An investee is consolidated when the Group obtains its control and the consolidation ends when the Group loses control. Assets, liabilities, revenue and costs of the investee acquired or sold during the year are included in the Consolidated Financial Statements at the date on which the Group obtains control until the date on which the Group no longer exercises control over the entity.

In order to ensure consistency with the Group accounting criteria, when necessary, the financial statements of the investees are adequately adjusted. All assets and liabilities, Equity, revenue, costs and intercompany cash flows related to transactions between Group entities are entirely derecognised when consolidated.

Changes in interests in a subsidiary that do not result in loss of control are accounted for in Equity.

If the Group loses control over an investee, all related assets (including goodwill), liabilities, non-controlling interests and other items in Equity must be derecognised, while any possible profit or loss will be recognised in the Income Statement. Any retained interest must be recognised at fair value.

Mutual debt and credit and cost and revenue transactions, between companies within the consolidation scope, as well as the effects of all significant transactions between them, are derecognised. Specifically, unrealized gains with third parties from transactions between Group companies, including those arising from the valuation at the balance sheet date of inventory, were derecognised, if any.

Business combinations

Business combinations are accounted through the acquisition method. The cost of an acquisition is the acquisition-date fair value of the consideration transferred, plus the amount of the non-controlling interest held. For each business combination, the Group assesses whether to measure any non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. The acquisition costs are recognised in the year and classified under administrative expense.
If the business combination is carried out in more than one step, the investment previously held is recalculated at fair value at the acquisition date and any resulting profit or loss is recognised in the Income Statement.
Any contingent consideration, to be recognised, is measured by the purchaser at fair value on the acquisition date. The change in fair value of the contingent consideration classified as financial asset or liability must be recognised in the Income Statement.
Goodwill is initially measured at cost, which is the excess of the consideration paid, as compared to the fair value of the net identifiable assets acquired and the liabilities undertaken by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group checks again whether it has correctly identified all the assets acquired and liabilities incurred and reviews the procedures adopted to determine the amounts to be recorded at the acquisition date. If the new measurement still shows a fair value of the net assets acquired that is higher than the consideration, the difference (profit) is recognised in the Income Statement.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the target company are assigned to those units.

Associates

Associates are those companies in which the Group has significant influence, but over which, however, it does not exercise management control. Significant influence is presumed to apply when the Group holds 20% to 50% of voting rights at Shareholders’ Meetings. Failing so, the Group assesses specific facts and circumstances to verify the presence of significant influence.
Investments in associates are measured at equity. Under this method, the investment in an associate is initially recognised according to the above acquisition method and the book value is increased or decreased to recognise the

investor's share of the profit and loss of the investee after the date of acquisition. Goodwill related to the associate is included in the book value of the investment and is not subject to amortisation.
The Group's share of associates' post-acquisition profits or losses is recognised in the Income Statement, whereas its post-acquisition share of changes in reserves is recognised in reserves. Cumulative post-acquisition changes are included in the book value of the investment.
Unrealized profits relating to transactions between the Group and its associates are derecognised in proportion to the Group's interests in such associates. Unrealized losses are also derecognised unless the loss is considered to represent impairment of the assets transferred. The accounting standards adopted by associates are adapted when necessary to ensure consistency with the policies adopted by the Group.
Upon losing significant influence over an associate, the Group measures and recognises the residual investment at fair value. Any difference between the carrying amount of the investment on the date that significant influence is lost, as well as the fair value of the residual investment and the consideration received must be recognised in the Income Statement.

4) Translation criteria of foreign currency financial statements

Financial statements prepared in currencies other than the currency in which the Group's consolidated financial statements are presented, i.e. the Euro, are consolidated using the method described above, subject to translation into Euro. The translation is carried out as follows:

- The assets and liabilities are translated using the exchange rates in force at the consolidated balance sheet date;
- Costs and revenue are translated at the average exchange rate for the year;
- Exchange rate differences generated from the translation of income statement items at a rate different from the closing rate and from the translation of opening equity at an exchange rate different from the closing rate of the reporting year, are recognised as an item of comprehensive income under "Translation Reserve"; this reserve is recognised in full in the income statement in the year in which the Group relinquishes or loses control of the investee;
- Goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate for the year.

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

Currency (ISO Code)	Quantity of currency for 1 Euro			
	December 2023	December 2023	December 2022	December 2022
	Actual exchange rate	Average exchange rate for the year	Actual exchange rate	Average exchange rate for the year
US Dollar (USD)	1.11	1.08	1.07	1.05
British Pound Sterling (GBP)	0.87	0.87	0.89	0.85
Swedish Krona (SEK)	11.10	11.48	11.12	10.63
Singapore Dollar (SGD)	1.46	1.45	1.43	1.45
Japanese Yen (JPY)	156.33	151.99	140.66	138.03
Australian Dollar (AUD)	1.63	1.63	1.57	1.52
Hong Kong Dollar (HKD)	8.63	8.47	8.32	8.25
Chinese Renminbi (CNY)	7.85	7.66	7.36	7.08
Brazilian Real (BRL)	5.36	5.40	5.64	5.44
Mexican Peso (MXN)	18.72	19.18	20.86	21.19
Hungarian Forint (HUF)	382.80	381.85	400.87	391.29
Czech Crown (CZK)	24.72	24.00	24.12	24.57

5) Accounting policies and standards applied

The following are the policies adopted in the preparation of the Group's Consolidated Financial Statements at December 31, 2023; the Accounting Standards below have been consistently applied by all Group entities.

Tangible fixed assets

Owned tangible fixed assets are recognised at the cost of contribution, purchase, or internal construction. The cost includes all directly attributable costs required to make the asset available for use (including, when relevant and where there are present obligations, the present value of estimated costs for decommissioning, asset removal, and site remediation), net of trade discounts and rebates.

Certain tangible fixed assets in the “Land and buildings” categories were measured at fair value (market value) at January 1, 2004 (IFRS transition date) and this value was used as the deemed cost. The cost of buildings is depreciated net of the residual value estimated as the realization value obtainable through sale at the end of the useful life of the building.

Costs incurred after purchase are accounted for in the book value of the asset, or are recognised as a separate asset, only if it is believed likely that the future economic benefits associated with the asset will flow to the entity and the asset’s cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the income statement in the year in which they are incurred.

Fixed assets are systematically depreciated in each year from the time the fixed asset is available for use, or is potentially able to provide the associated economic benefits, based on economic-technical rates determined with regard to the remaining possibility of use of the assets and taking account of the month of availability for the first year.
Land is considered to be an asset with indefinite useful life and therefore not subject to depreciation.

The depreciation rates applied by the Group are as follows:

Asset category	Rates
Property:	
Buildings	2% - 3.3%
Land	0%
Plant and equipment:	
Automatic operating machines	20% - 14.29%
Furnaces and appurtenances	14%
Generic/specific production plant	20% - 10%
Other assets:	
Plants pertaining to buildings	8.33% - 10% - 6.67%
Lightweight constructions	6.67% - 4% - 33.3%
Production equipment & electronic instruments	20% - 10%
Moulds	20%
Electronic office machinery	33% - 20% - 10%
Office furniture and fittings	10% - 6.67% - 5%
Cars	25%
Freight vehicles	14%
Trade show & exhibition equipment	11% - 20%
Leasehold improvements	Contract duration

If a fixed asset suffers an impairment loss, then, regardless of the depreciation already recognised, the value of the fixed asset is accordingly written down; if the reasons for the impairment loss no longer apply in subsequent years, the original value is restored. The residual value and useful life of assets are reviewed at least at each year-end in order to assess any significant changes in value.

Fixed assets held under leases

Assets held by the Group under lease contracts, including operating leases, in accordance with IFRS 16, effective January 1, 2019, are recognised as assets with a financial payable as a balancing entry. Specifically, assets are recognised at a value equal to the present value of future payments at the date of signing of the contract, discounted using the applicable incremental borrowing rate for each contract, and depreciated over the duration of the underlying contract, taking account of the effects of any extension or early termination clauses whose exercise was deemed reasonably certain.

In compliance with the provisions of IFRS 16, starting from January 1, 2019, the Group identifies contracts for which it obtains the right to use an identifiable asset for a period of time in exchange for a consideration as leases.
For each lease contract, starting from the commencement date, the Group recognises an asset (right of use of the asset) under tangible assets as a balancing entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low-value lease contracts applied to situations in which the leased asset has a value not exceeding €5 thousand (new value).
For short-term and low-value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognised, but the lease payments are recognised in the income statement on a straight-line basis for the duration of the respective contracts.
In the case of a complex contract that includes a lease component, the latter is always managed separately from the other services included in the contract.
Rights of use are shown in a specific item of the financial statements. At the time of initial recognition of the lease contract, the right of use is recognised at a value corresponding to the lease payable, determined as described above, increased by the instalments paid in advance and the ancillary expense and net of any incentives received. Where applicable, the initial value of the rights of use also includes the related costs of dismantling and restoring the area.
The situations involving the recalculation of the lease payable imply a corresponding change in the value of the right of use.
After initial recognition, the right of use is depreciated on a straight-line basis, starting from the commencement date, and subject to write-downs in the event of impairment. Depreciation is carried out over the shorter of the lease term and the useful life of the underlying asset; however, in cases where the lease contract envisages the transfer of ownership, possibly also as a result of the use of redemption options included in the value of the right of use, depreciation is carried out over the useful life of the asset.

Lease payables are shown in the financial statements under current and non-current financial liabilities, together with the other financial payables of the Group. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be settled determined using the implicit interest rate of the contract (i.e. the interest rate that forms the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Group); if this rate is not indicated in the contract or easily determinable, the present value is determined using the “incremental borrowing rate”, i.e. the incremental interest rate that, in a similar economic context and in order to obtain an amount equal to the value of the right of use, the Group would have paid for a loan with similar duration and collateral.

The lease payments subject to discounting include fixed payments; variable fees due to an index or a rate; the redemption price, if any and if the Group is reasonably certain to use it; the amount of payment envisaged for any issue of collateral on the residual value of the asset; the amount of penalties to be paid in the event of the exercise of options for early termination of the contract, where the Group is reasonably certain to exercise them.
After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortised cost, and decreased against the lease payments paid.
Additionally, the lease payable is subject to restatement, upward or downward, in the event of changes to the contracts or other situations envisaged by IFRS 16 that involve a change in the amount of the instalments and/or the duration of the lease. Specifically, in the presence of situations that involve a change in the estimate of the probability of exercise (or non-exercise) of the options for renewal or early termination of the contract or in the redemption (or not) provisions of the asset upon expiry of the contract, the lease payable is restated by discounting the new value of the instalments to be paid on the basis of a new discount rate.

Intangible fixed assets

Intangible assets are recognised under assets in the statement of financial position when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably determined. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary expense.
If tangible and intangible fixed assets are sold, the date of disposal will be the date when the purchaser obtains the control of the assets, pursuant to requirements set forth on performance obligations by IFRS 15. The profit or loss generated by the consideration is accounted for in the Income Statement and is determined according to requirements to determine the transaction price envisaged by IFRS 15. Subsequent changes to the estimated amount of consideration used to determine profit or loss must be accounted for in accordance with the requirements for changes in transaction pricing in IFRS 15.

Goodwill

Goodwill is recognised in accordance with what was stated above with regard to business combinations in Note 3) Consolidation standards and policies. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Goodwill is allocated to the cash generating units (CGUs) and is tested for impairment annually or more frequently, if specific events or changes in circumstances suggest possible impairment, pursuant to IAS 36 – "Impairment of Assets".
If goodwill has been allocated to a cash generating unit (CGU) and the entity disposes of part of this unit, goodwill associated with the sold unit must be included in the book value of the asset when the profit or loss on disposal is determined. Goodwill associated with the discontinued operation must be calculated on the basis of the relating values of the discontinued operation and the retained portion of the cash-generating unit. The same criterion of related values is applied also when the format of the internal reporting is changed and affects the composition of the cash generating units that received the goodwill, in order to define its new allocation.

Research and Development expense

Under IAS 38, research expense is charged to the Income Statement at the time the cost is incurred.
Development costs for projects concerning significantly innovative products or processes are capitalised only if the following can be shown:

- the technical possibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- the ability to reliably measure the cost attributable to the intangible asset during its development;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.

In the absence of any of the above requirements, the costs in question are fully recognised in the Income Statement at the time they are incurred.
Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they refer.

Other intangible fixed assets

Other intangible fixed assets include specific intangible assets purchased by the Group, also as part of business combinations, and therefore identified and recognised at fair value at the acquisition date according to the purchase method of accounting mentioned above.
These assets are considered to be intangible assets with finite life and are amortised over their presumable useful life (see the next table).

Amortisation

Intangible fixed assets with finite useful life are amortised systematically in accordance with their expected future use, so that the net value at the end of the year corresponds to their remaining use or the amount recoverable according to the company's plans for carrying out production activities. Amortisation starts when the asset is available for use.
The useful life for each category is detailed below:

DESCRIPTION	Years
Goodwill	Indefinite useful life
Development costs	3/5
Other intangible assets:	
- Software licences	3/5
- Patents (formerly PSC)	20
- Patents	10
- Know-how	8/10
- Customer portfolio	15
- SAP licences	10
- User licences	Contract duration

Intangible assets with indefinite useful life are not amortised but tested to identify any impairment annually, or more frequently when there is evidence that the asset may have suffered impairment. The residual values, the useful lives and the amortisation of intangible fixed assets are reviewed at each year end and, where appropriate, adjusted prospectively. The useful lives shown remained unchanged versus the prior year.

Impairment

When there are specific indicators of impairment, and at least annually, with regard to intangible fixed assets and goodwill, tangible and intangible fixed assets are subject to an impairment test.
The aim of this impairment test is to ensure that tangible and intangible fixed assets are not carried at a value exceeding their recoverable value, consisting of the higher of fair value, less costs to sell and the value in use.

Value in use is determined based on the future cash flows expected to originate from the asset or cash-generating unit (hereafter also CGU) to which the asset belongs. Expected cash flows are discounted using a discount rate that reflects the current market estimate referring to the time-related cost of money and the risks specific to the asset or cash generating unit to which the assumed realizable value refers.

If the recoverable value of the asset or CGU, to which it belongs, is less than the net book value, the asset in question is written down to reflect its impairment, with recognition of the latter in the Income Statement for the year.

Impairment losses relating to CGUs are allocated firstly to goodwill and, for the remaining amount, to the other assets on a proportional basis.

An impairment loss, in the event that the assumptions that generated it no longer apply, is reinstated, up to the amount corresponding to the book value that would have been determined, net of amortisation calculated on the historical cost, if no impairment loss had ever been recognised.

Any reinstatements are recognised in the Income Statement. The value of goodwill previously written down cannot be reinstated, as required by International Accounting Standards.

Financial assets and liabilities

The Group measures certain financial assets and liabilities at fair value. Fair value is the price that would be received for the sale of an asset or that would be paid for transfer of a liability in a normal transaction between market participants at the date of measurement.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market of the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or most advantageous market must be accessible for the Group. The fair value of an asset or liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their economic best interest. A fair value measurement of a non-financial asset takes account of a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses measurement methods that are appropriate to the circumstances, and for which data available to measure fair value are sufficient, maximising the use of relevant observable inputs and minimising the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy and described hereunder:

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

The fair value measurement is classified in its entirety in the same level of the fair value hierarchy as the lowest level input used for the measurement.

As regards assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the

Group determines whether transfers between hierarchy levels occurred while revising the classification at each annual reporting date.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Financial assets are initially recognised at their fair value plus, in the case of a financial asset not at fair value through profit or loss, any ancillary expense. Exceptions are trade receivables that do not contain a significant financing component for which the Group applies the practical expedient by measuring them at the transaction price determined in accordance with IFRS 15.

Upon recognition, for subsequent measurement purposes, financial assets are classified according to the four possible measurement methods described below:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI with reclassification of cumulative gains and losses;
- Financial assets at fair value through OCI without reversal of cumulative gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The selection of the classification of financial assets depends on the following:

- nature of financial assets, determined primarily by the characteristics of expected contractual cash flows;
- business model that the Group applies to the management of the financial assets in order to generate cash flows, which may result from the collection of contractual cash flows, as well as from the sale of financial assets or from both.

For a financial asset to be classified and measured at amortised cost or at fair value through OCI, it must generate cash flows that depend solely on the principal and interest on the amount of principal to be repaid (so-called *solely payments of principal and interest* - SPPI). This measurement is referred to as a SPPI test and is performed at the level of each instrument.

Financial assets are derecognised from the financial statements when the right to receive cash ceases, the Group has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and (1) has transferred essentially all the risks and benefits of ownership of the financial asset or (2) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.

In the cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an arrangement based on which it retains the contractual rights to receive the cash flows of the financial asset, but takes on a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and benefits pertaining to ownership.

Valuations are regularly carried out in order to verify whether there is objective evidence that a financial asset or a group of assets may have suffered impairment. If there is objective evidence, the impairment is recognised as a cost in the income statement for the year.

For trade receivables and contract assets, the Group applies a simplified approach to the calculation of expected losses. Therefore, the Group does not monitor changes in credit risk, but the expected loss is fully recognised at each reporting date. The Group has established a matrix system based on historical information, reviewed to consider prospective elements with regard to the specific types of debtors and their economic environment, as a tool for determining expected losses.

Financial liabilities

Financial liabilities are measured using the amortised cost method, recognising expense through the effective interest rate method in the income statement, except for financial liabilities acquired for trading purposes or derivatives (see next paragraph), or those designated at FVTPL by Management on the date of initial recognition, which are measured at fair value with a balancing entry in the income statement.

Financial guarantees given are agreements envisaging a payment to repay the owner of a debt security against a loss incurred due to a non-payment by the debtor at the contractual maturity term. If the financial guarantees are issued by the Group, they are initially recognised as liabilities at fair value, increased by transaction costs that are directly attributable to the issue of the guarantee itself. The liability is then measured at the higher of the best estimate of the outlay required to meet the guaranteed obligation at the balance sheet date and the amount initially recognised, net of accumulated amortisation.

A financial liability is removed from the balance sheet when the obligation underlying the liability has been discharged, cancelled or satisfied. Where an existing financial liability is exchanged for another from the same lender on substantially different terms, or the terms of an existing liability are substantially changed, such an exchange or change is treated as a derecognition of the original liability and a recognition of a new liability, with any differences between the carrying amounts recognised in the Income Statement. In the event of amendments on financial liabilities defined as irrelevant, the income effects of renegotiation are recognised in the Income Statement.

Offsetting of financial instruments

A financial asset and liability can be offset and the net balance can be shown in the Statement of Financial Position if there is a current legal right to offset the amounts recognised and there is the intention to settle the net remainder, or realize the asset and at the same time settle the liability.

Financial derivatives

Derivatives, including embedded derivatives, separate from the main contract, are initially recognised at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, assessed periodically, is high.

When hedging derivatives hedge the risk of change in the fair value of the hedged instruments, they are recorded at fair value and the effects are posted to the Income Statement; accordingly, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk hedged.

When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the hedges made are designated against exposure to variability in cash flows attributable to risks that may affect the Income Statement at a later date; these risks are generally associated with an asset or liability recognised in the Financial Statements (such as future payments on debt at floating rates).

The effective portion of the change in the fair value of the portion of derivative contracts designated as hedges, in accordance with the requirements of the standard, is recognised as an item of the Statement of Comprehensive Income (Hedging Reserve); this reserve is then charged to income for the year in which the hedged transaction affects the Income Statement.

The ineffective portion of fair value change, as well as the entire fair value change in derivatives that have not been designated as hedge derivatives or that do not have the requirements envisaged in the aforesaid IFRS 9, is instead recognised directly through the Income Statement.

Inventory

Inventory is measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Finished and semi-finished product costs include the cost of raw materials, direct labour, and other directly and indirectly attributable production costs (charged back based on normal production capacity). For raw and ancillary materials and consumables, the net presumable realisable value is represented by the replacement cost. For finished and semi-finished products, the net presumable realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.
Obsolete and slow turnover inventory is written-down based on its estimated possible use or future sale, through entry in a special provision, adjusted by the value of inventory.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets held for sale as held for sale if their book value will be recovered primarily through a sale transaction, rather than through their continued use. These non-current assets held for sale classified as held for sale are measured at the lower of their book value and their fair value less costs to sell. Costs to sell are any additional costs directly attributable to the sale, excluding financial expense and tax.
The condition for classifying an asset as held for sale is considered met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. The actions required to conclude the sale should indicate that it is unlikely that significant changes in the sale will occur or that the sale will be cancelled. Management must be engaged in the sale, whose completion should be planned within one year from the date of classification.
The depreciation of property, plant and equipment and amortisation of intangible assets ceases when they are classified as available for sale.
Assets and liabilities classified as held for sale are shown separately under current items in the Financial Statements.
Income items related to assets held for sale and discontinued operations, when related to significant business lines or geographical areas of operation, are excluded from the result of continuing operations and are shown in the income statement in a single line as net profit/(loss) from assets held for sale or discontinued operations net of the related tax effect.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Equity

Share capital consists of the outstanding ordinary shares recorded at par value.

Costs related to the issuance of new shares or options are classified in Equity (net of the associated tax benefit) as a deduction from the proceeds arising from the issuance of these instruments.

Treasury shares

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable ancillary expense, is deducted from the Group's Equity until such shares are cancelled, re-issued, or sold. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable ancillary expense and related tax effect, are accounted for as Group Equity.
Consequently, no profit or loss is recognised in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

Liabilities from employee benefits

Post-employment benefits are defined on the basis of plans, which according to their characteristics are divided into "defined-contribution" and "defined-benefit" plans.
Employee benefits substantially include the provisions for severance indemnities of the Group's Italian companies and of retirement provisions.

Defined-contribution plans

Defined-contribution plans are formalised post-employment benefit plans under which a company makes payments to an insurance company or pension fund and will have no legal or implied obligation to pay further contributions if the fund does not have sufficient assets at vesting to pay all employee benefits related to employment in the current and prior years. These contributions, paid in exchange for employee service, are recorded as an expense in the period incurred.

Defined-benefit plans and other long-term benefits

Defined-benefit plans are formalised post-employment benefit plans that constitute a future obligation for the Group. The entity is underwriting the actuarial and investment risks associated with the plan.
The Group uses the projected unit credit method to determine the present value of liabilities of the plan and the cost of services.
This actuarial calculation method requires the use of objective actuarial hypotheses, compatible and based on demographic variables (mortality rate, personnel turnover) and financial variables (discount rate, future increases of salaries and wages and benefits). When a defined-benefit plan is entirely or partly financed by contributions paid to a fund, legally separate from the company, or to an insurance company, the plan assets are measured at fair value. The amount of the obligation is thus accounted for, net of the fair value of the plan assets that will be used to settle that obligation directly.
Revaluations, which include actuarial gains and losses, changes in the effect of the asset ceiling (excluding net interest), and the return on plan assets (excluding net interest), are recognised immediately in the Statement of Financial Position by debiting or crediting retained earnings through the other items of the Statement of Comprehensive Income in the year in which they arise. Revaluations are not reclassified in the Income Statement in subsequent years. Other long-term benefits are employee benefits other than post-employment benefits. Accounting is similar to defined-benefit plans.

Provisions for risks and charges

Provisions for risks and charges are set aside to cover liabilities of uncertain amount or due date that must be recognised in the financial statements when the following concurrent conditions are met:

- the entity has a present obligation (legal or constructive), i.e. under way at the reporting date, as a result of a past event;
- it is likely that economic resources will be required to fulfill the obligation;
- the amount needed to fulfil the obligation can be reliably estimated;
- risks for which the onset of a liability is merely potential are shown in the notes to the financial statements, in the commentary part of the provisions, without making a provision.

In the case of events that are only remote, i.e., events that have minor chances of occurring, no provision is accounted for, nor is additional or supplementary information provided.
Allocations are booked at the amount representing the best estimate of the amount that the company would pay to pay the obligation or to transfer it to third parties at the reporting date. If the effect of discounting the value of money is significant, allocations are determined by discounting expected future cash flows at a pre-tax discount rate that reflects the current market valuation of the time value of money. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial expense.

Provisions are recorded at the present value of the expected financial resources to be used against the obligation. Provisions are periodically updated to reflect changes in cost estimates, timing of implementation, and discounted value, if any; revisions in provision estimates are charged to the same line item in the Income Statement that previously included the allocation and to the Income Statement for the year in which the change occurred.
The Group recognises restructuring provisions if there is an implied obligation to restructure and there is a formal plan for restructuring, which has raised a valid expectation in those affected that it will carry out the restructuring either by starting to implement that plan or because it has announced its main features to those affected by it.

Share-based incentive plan - Equity-settled payment transactions

A number of Group employees receive part of the remuneration as share-based payments, therefore the employees provide services in exchange for shares ("equity settled transactions").
The cost of equity-settled transactions is determined by the fair value on the date the assignment is made using an appropriate valuation method.
This cost is recognised under labour costs for the period in which the conditions related to the achievement of targets and/or the performance of the services are fulfilled, with a corresponding increase in equity as a balancing entry. The cumulative costs recorded for such transactions at the end of each year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the grant date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Arm’s length conditions are reflected in the fair value at the grant date. Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

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

If the conditions of the plan are changed, the minimum cost to be recognised is the fair value at the grant date in the absence of the plan change, assuming that the original conditions of the plan are met. Additionally, a cost is recognised for any change that results in an increase in the total fair value of the payment plan, or is otherwise favourable to employees; this cost is measured by reference to the date of change. When a plan is cancelled by the entity or the counterpart, any remaining fair value element in the plan is immediately transferred to the income statement.

Income tax

Income tax includes current and deferred tax. Income tax is generally charged to the Income Statement, except when it relates to cases recognised directly in Equity, in which case the tax effect is recognised directly in Equity.
Current income tax is calculated by applying to taxable income the tax rate in force at the reporting date and includes the adjustments to tax related to prior periods.

Deferred tax is calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding amounts recognised for tax purposes.

Deferred tax assets are recognised against all deductible temporary differences and unused tax receivables and losses carried forward, to the extent that it is probable that there will be adequate future taxable profits that may make the use of deductible temporary differences and tax receivables and losses carried forward applicable.

Deferred tax is calculated at the tax rate expected to be in force at the time the asset is sold or the liability is settled.

Datalogic S.r.l. and Datasensing S.r.l. participate in the "national tax consolidation" governed by Article 117 et seq. of the TUIR of Datalogic S.p.A. for the three-year period 2022-2024. This optional regime determines the transfer by each consolidated company of the respective individual taxable income, whether positive or negative, to Datalogic S.p.A., which consolidates an overall tax result by aggregating the individual tax results, including its own, valuing the unitary credit or payable position vis-à-vis the tax authorities. The subsidiary IP Tech S.r.l., on the other hand, has opted, as of 2021-2023, for the transparency tax regime pursuant to Article 115 TUIR with the participating companies Datalogic S.p.A and Datalogic S.r.l.

Revenue recognition

Revenue is measured at fair value of the amount collected or collectable from the sale of goods or provision of services within the scope of the Group's ordinary business activity. Revenue is shown net of VAT, returns, discounts and rebates and after eliminating sales with Group companies.

Pursuant to IFRS 15, the Group recognises revenue after identifying the contracts with its customers, as well as performance obligations to be fulfilled, determining the consideration it expects to be entitled to in exchange for the sale of goods or provision of services, and after evaluating the manners to satisfy such performance obligations (satisfaction at point in time or over time).

Pursuant to the provisions set out by IFRS 15, the Group recognises revenue only when the following obligations have been met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- each party's rights regarding the goods or services to be transferred can be identified;

- payment terms of transferable goods and services can be identified;
- the contract is of a commercial type;
- consideration in exchange for the goods sold or transferred services is likely to be received.

If the aforesaid requirements are met, the Group recognises revenue by applying the above rules.

Sale of goods

Revenue resulting from the sale of equipment is recognised when the control of the goods is transferred to the customer.

The Group considers whether there are other promises in the contract that represent performance obligations on which a portion of the transaction consideration is to be allocated (e.g., guarantees, customer loyalty plans). In determining the transaction price for the sale of the equipment, the Group considers the impact resulting from the existence of the variable consideration, significant financing items, non-monetary considerations and considerations to be paid to the customer (if applicable).

The Datalogic Group grants trade discounts and rebates for achieving certain targets to its customers and accepts returns from them in accordance with existing contractual agreements. These adjustments are recorded as a reduction in revenue. Specifically, the Group grants certain customers the right to return, under certain contractual conditions, goods sold and to receive a full or partial refund of any consideration paid or another product in return. Returns are accounted for in accordance with IFRS 15, recognising:

- as a reduction in revenue, the amount of consideration expected for the return;
- as an increase in liabilities, the amount of future refunds to be paid to the customer as a source of the return under the credit note to be issued;
- as an increase in assets, the amount relating to inventory (and the corresponding adjustment of the cost of sales) for the right to recover the products from the customer upon settlement of the liability for future refunds.

The processes and methods for assessing and determining the estimated portion of discounts to be paid and returns to be received after year end are based on the conditions agreed with the large distributors, as well as on accounting and management data produced internally and received from the sales network.

Provision of services

The Group provides installation, maintenance, repair and technical support services. The services are provided both separately, based on contracts signed with customers, and jointly with the sale of the goods to customers.

As regards contracts related to both the sale of goods and the provision of services, the Group recognises two separate obligations when the promises to transfer equipment and provide services can be divided and identified separately. As a result, the Group allocates the transaction price based on the related prices for the sale of goods and services.

Revenue on construction contract

Contracts that envisage the construction of an asset or the combination of closely related goods and services are recognised over time if the following conditions set out in IFRS 15 are met: *(i)* the service does not create an asset with an alternative use for the Group, *(ii)* the Group has an enforceable right to payment for performance completed until the date considered.

Revenue related to these contractual cases is recognised based on the status of performance obligations,

when control of the goods and services is transferred to the customer for an amount that reflects the consideration the Group expects to receive in exchange for them.

Their presentation in the Statement of Financial Position is as follows:

- the amount due from customers for contract works is shown as an asset under “trade receivables from third parties”, when incurred costs plus margins recognised (less losses recognised) exceed the advances received;
- the amount due to customers for contract works is shown as a liability, under “trade payables to third parties”, when advances received exceed costs incurred plus margins recognised (less losses recognised).

Government grants are recognised - regardless of the existence of a formal grant resolution - when there is reasonable certainty that the entity will comply with the conditions attached to the grant and therefore that the grant will be received.

Government grants obtainable as reimbursement for expense and costs already incurred, or for the purpose of providing immediate financial aid to the recipient company with no future related costs, are recognised as income in the period in which they become receivable.

Income from dividends and interest

Income from dividends and interest is respectively recognised as follows:

- dividends, when the right to receive payment is determined (with receivable offset at the time of the distribution resolution);
- interest, applying the effective interest rate method.

Dividends distributed

Dividends are recognised when the right for shareholders to receive payment arises, which normally corresponds to the date of the Annual Shareholders’ Meeting that resolves on the distribution of dividends.
The dividends distributable to Group Shareholders are recognised as an equity movement in the year when they are approved by the Shareholders’ Meeting.

Earnings per share

Basic

Basic EPS is calculated by dividing the Group's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted

Diluted EPS is calculated by dividing the Group's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purpose of calculating diluted EPS, the weighted average number of shares outstanding is adjusted by assuming the conversion of all potential shares with dilutive effects, while the Group's net result is adjusted for the after-tax effects of conversion.

Treatment of foreign currency transactions

Functional presentation currency

The financial statement items of each Group entity are shown in the currency of the economic environment in which the entity operates, so-called functional currency. The Consolidated Financial Statements are presented in Euro thousands, the Euro being the Parent Company’s functional and presentation currency.

Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are initially translated into the functional currency by using the exchange rate at the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in non-functional currencies are translated into the functional currency at the exchange rate in effect on the closing date. Exchange differences realised upon collection of receivables and payment of payables in foreign currencies and those arising from the translation of monetary assets and liabilities into non-functional currencies at the closing date are recorded in the Income Statement under financial income and expense. Non-monetary assets and liabilities denominated in non-functional currencies that are measured at cost are translated at the exchange rate on the date of the transaction, while those measured at fair value are translated at the exchange rate on the date such value is determined.

Segment disclosure

Operating segments are identified based on the internal reports used by senior management in order to allocate resources and assess results (internal reporting for performance analysis) for the relevant year. Based on the definition envisaged in the IFRS 8 Standard, an operating segment is a component of an entity:

- that undertakes business activities that generate costs and revenue;
- whose operating results are regularly reviewed by the top operating decision-makers of the entity for the adoption of decisions on resources to be allocated to the segment and the assessment of results;
- for which separate information is available.

In light of the above definition, the operating segments defined by the Group are represented by Business Units that report to the corporate top management and maintain periodic contacts to discuss operations, results, forecasts or plans. For the purposes of disclosures in the financial statements, the Group has therefore aggregated the following operating segments:

- Datalogic;
- Informatics.

The segments that are included in each single combination share, in fact, the following aspects:

a) the nature of products;
b) the nature of production processes;
c) the type of customers;
d) the methods used to distribute products/services;
e) the economic characteristics.

The transfer prices applied to transactions between segments and regarding the exchange of goods and services provided are governed at arm’s length.

6) IFRS accounting standards, amendments and interpretations applied by the Group from January 1, 2023

The following IFRS international accounting standards, amendments and interpretations have been applied for the first time by the Group as of January 1, 2023:

- On May 18, 2017, the IASB published **IFRS 17 – *Insurance Contracts***, intended to supersede **IFRS 4 - *Insurance Contracts***. The standard was applied as of January 1, 2023. The aim of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts issued.

  The adoption of this standard and its amendment had no effects on the Group's consolidated financial statements.

- On May 7, 2021, the IASB published ***"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"***. The document clarifies how entities should account for deferred tax on certain transactions that can generate assets and liabilities of equal amounts at the date of first recognition, such as leases and decommissioning provisions. The amendments were applied as of January 1, 2023.
  The adoption of this amendment had no effects on the Group's consolidated financial statements.

- On February 12, 2021, the IASB published **"*Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2*"** and ***"Definition of Accounting Estimates-Amendments to IAS 8".*** The amendments regarding IAS 1 require an entity to disclose relevant information about the accounting standards applied by the Group. The changes are intended to improve disclosures about the accounting standards applied by the Group so that they provide more useful information to investors and other primary users of financial statements, as well as to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments were applied as of January 1, 2023. The adoption of these amendments had no effects on the Group's consolidated financial statements.

- On May 23, 2023, the IASB published ***"Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules".*** The document provides temporary relief from the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (rule effective in Italy as of December 31, 2023, but applicable as of January 1, 2024) and envisages specific disclosure requirements for entities affected by the related International Tax Reform.
  The document envisages the immediate application of temporary relief, while the disclosure requirements apply only to annual financial statements that began on or after January 1, 2023, but not to interim financial statements with a closing date prior to December 31, 2023.

7) IFRS accounting standards, amendments and interpretations endorsed by the European Union at December 31, 2023, but not yet applicable on a compulsory basis and not adopted in advance by the Group at December 31, 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union, but are not yet mandatorily applicable and have not been adopted in advance by the Group at December 31, 2023:

- On January 23, 2020, the IASB published "***Amendments to IAS 1 Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current"*** and on October 31, 2022 published ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants".*** These changes aim to clarify how to classify payables and other short-term or long-term liabilities. Additionally, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to meeting certain parameters (i.e., covenants). The amendments come into force on January 1, 2024, but early application is permitted. The Directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.

- On September 22, 2022, the IASB published "**Amendments to IFRS 16 Leases**: ***Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction in a way that it does not recognise the gain or loss that relates to the right of use it retains. The amendments will apply as of January 1, 2024, but early application is permitted. The Directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.

8) IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union at December 31, 2023

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and the standards described below.

- On May 25, 2023, the IASB published ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements".*** The document requires an entity to provide additional information on reverse factoring arrangements that will enable financial statement users to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will apply as of January 1, 2024, but early application is permitted. The Directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.

- On August 15, 2023, the IASB published ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".*** The document requires an entity to apply a methodology to be applied consistently in order to ascertain whether one currency can be converted into another and, when this is not feasible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment will apply as of January 1, 2025, but early application is permitted. The Directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.

9) Consolidation scope

This Consolidated Annual Financial Report at December 31, 2023 includes the income statement and balance sheet data of Datalogic S.p.A. and all the companies that it directly or indirectly controls.

The list of investments included in the consolidation area appears in Annex 2 of the Explanatory Notes, with an indication of the methodology used.

10) Use of estimates and assumptions

The preparation of the Consolidated Annual Financial Report requires the Directors to apply accounting standards and methods that, in certain cases, are based on valuations and estimates based on historical experience and assumptions that are evaluated from time to time according to the specific cases. The application of these estimates and assumptions affects the amounts of revenue, expense, assets and liabilities and their disclosure, as well as the disclosure of contingent liabilities. The results of financial statement items for which the above estimates and assumptions were used may differ from those shown owing to the uncertainty surrounding the assumptions and conditions on which the estimates are based.
Following are the assumptions regarding the future and other main causes of uncertainty in estimates that, at the reporting date, show a risk of resulting in adjustments to the carrying amounts of assets and liabilities within the next year. The Group has based its assumptions and estimates on parameters available when preparing the Consolidated Financial Statements. The current circumstances and assumptions on future developments may however change upon occurrence of market changes or events beyond the Group’s control. Upon their occurrence, these changes are reflected in the assumptions.

Impairment of non-financial assets (Goodwill, Tangible and Intangible Fixed Assets and Rights of Use)

An impairment occurs when the book value of an asset or CGU exceeds its recoverable value, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs to sell. The value in use is calculated by using a discounted cash-flow model. Cash flows result from plans. The recoverable value depends significantly on the discounting rate used in the discounted cash flow model, as well as on expected future cash flows and the growth rate used for extrapolation. Key assumptions used to determine the recoverable value for the various cash generating units, including a sensitivity analysis, are described in Note 2.

Tax

Deferred tax assets are recognised to the extent that it is probable that there will be a taxed profit in the future such that they can be used. Significant estimates by Management are required to determine the amount of tax assets that can be recognised based on the level of future taxable profits, the timing of their occurrence, and tax planning strategies. Deferred tax liabilities for tax on retained earnings of subsidiaries, affiliates or joint ventures are not recognised to the extent that it is probable that their distribution will not occur in the foreseeable future. Therefore, estimates by Management are required to determine the amount of tax assets that may be recognised and tax liabilities that may not be recognised based on the level of future taxable profits, the timing of their occurrence, and tax planning strategies. The long-term nature, as well as the complexity of regulations in various jurisdictions, differences arising between actual results and the assumptions made, or future changes in those assumptions, may require future adjustments to income tax and costs and benefits already recorded.

Fair value of financial instruments

When the fair value of a financial asset or liability recognised in the statement of financial position cannot be measured by relying on quotations in an active market, fair value is determined using various valuation techniques. Inputs included in this model are taken from observable markets where possible, otherwise, some degree of estimation is required to define fair values.

Development costs

The Group capitalises costs related to projects for the development of products. The initial cost capitalisation is based on the confirmation by Management of the technical and economic feasibility of the project. In order to determine the amounts to be capitalised, the Directors assess the expected future cash flows related to the project, as well as the discount rates to be applied and the periods when the expected benefits arise.

Share-based incentive plan - Equity-settled payment transactions

Certain employees of the Group receive a portion of their compensation as share-based payments. The cost of equity-settled transactions is determined by the fair value of instruments at the date of the assignment. The cumulative costs recorded for such transactions at the end of each year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. Evaluation processes and manners, as well as the determination of the abovementioned estimates, are based on assumptions that, for their nature, involve reliance on the judgement of the Directors.

Other (Provisions for risks and charges, doubtful accounts, inventory write-down, revenue, discounts and returns)

Provisions for risks are based on assessments and estimates based on historical experience and assumptions that are deemed reasonable and realistic from time to time depending on the relevant circumstances.

The recognition process of Group revenue includes estimates related to both the amount of revenue, based on the criterion of completion percentage, and the determination of discounts and returns granted to customers, but still unclaimed. Evaluation processes and manners, as well as the determination of such estimates, are based on assumptions that, for their nature, involve reliance on the judgement of the Directors.

MANAGEMENT OF FINANCIAL RISKS

Risk factors

The Group is exposed to various types of financial risks in carrying out its business, including:

- market risk, specifically:
  - foreign exchange risk, relating to operations in currency areas other than the currency of denomination;
  - interest rate risk, connected with the Group’s level of exposure to financial instruments, generating interest and recognised in the Statement of Financial Position;
- credit risk, deriving from trade transactions or from financing activities;
- liquidity risk, referring to the availability of financial resources and access to the credit market.

Financial risk management is an integral part of management of the Datalogic Group’s business activities. Market and liquidity risk management is carried out centrally by the Parent Company through the central treasury, which acts directly on the market possibly also on behalf of subsidiaries and investees. Credit risk management is instead assigned to the Group’s operating units.

MARKET RISK

Foreign exchange risk

Datalogic operates internationally and is exposed to translational and transactional foreign exchange risk. **Translational risk** refers to the translation into Euro during consolidation of the financial statements of foreign companies that have not adopted the Euro as functional and presentation currency. The key currencies are the US dollar, the Chinese Renminbi and the British pound. **Transactional risk** refers to trade transactions (foreign currency receivables/payables) and financial transactions (foreign currency borrowings or loans) of Group companies in currencies other than their functional and presentation currency. The currency to which the Group is most exposed is the US dollar.
To enable full understanding of the impact of foreign exchange risk on the Group's consolidated financial statements, a sensitivity analysis of foreign exchange balances to changes in the exchange rate was conducted. The variability parameters applied were identified among the foreign exchange rate differences considered reasonably possible, with all other variables remaining equal.

The following table shows the results of the analysis at December 31, 2023:

USD	Nominal value	Portion exposed to exchange rate risk	5%	-5%
Exchange rates		**1.1050**	**1.1603**	**1.0498**
Financial assets				
Cash and cash funds	70,629	23,353	(1,112)	1,229
Trade and other receivables	71,330	31,080	(1,480)	1,636
Financial liabilities				
Loans	105,950	731	35	(38)
Trade and other payables	133,030	64,614	3,077	(3,401)
Net impact on Income Statement			**520**	**(574)**

CNY	Nominal value	Portion exposed to exchange rate risk	5%	-5%
Exchange rates		**7.8509**	**8.2434**	**7.4584**
Financial assets				
Cash and cash funds	70,629	5,156	(246)	271
Trade and other receivables	71,330	5,633	(268)	296
Financial liabilities				
Loans	105,950	1,515	72	(80)
Trade and other payables	133,030	1,959	93	(103)
Net impact on Income Statement			**(348)**	**385**

At December 31, 2023, the Group has no financial instruments to hedge changes in foreign exchange rates.

Interest rate risk

The Datalogic Group is exposed to interest rate risk associated with the financial assets and liabilities in place. The aim of interest rate risk management is to limit and stabilize the negative effects on cash flows subject to changes in interest rates. At December 31, 2023, the Group has no financial instruments to hedge changes in interest rates.

To enable full understanding of the potential effects of rate fluctuations the Group is subject to, a sensitivity analysis was carried out on the items most subject to risk, assuming a change in the interest rate for Euro and USD underlyings of 75 basis points and the interest rate for CNY underlyings of 10 basis points. It should be noted that the Group's main bank loan is fixed-rate. The analysis was carried out on reasonable assumptions, and the results are shown below with regard to the date of December 31, 2023:

EUR	Nominal value	Portion exposed to interest rate risk	+75bp	-75bp
Financial assets				
Cash and cash funds	107,482	33,890	254	(254)
Financial liabilities				
Loans	149,489	10,553	(79)	79
Net impact on Income Statement			**175**	**(175)**

USD	Nominal value	Portion exposed to interest rate risk	+75bp	-75bp
Financial assets				
Cash and cash funds	107,482	23,353	175	(175)
Financial liabilities				
Loans	149,489	731	(5)	5
Net impact on Income Statement			**170**	**(170)**

CNY	Nominal value	Portion exposed to interest rate risk	+10bp	-10bp
Financial assets				
Cash and cash funds	107,482	5,156	5	(5)
Financial liabilities				
Loans	149,489	1,515	(2)	2
Net impact on Income Statement			**3**	**(3)**

Credit risk

The Group is exposed to the credit risk associated with commercial transactions and has therefore put in place risk protection measures to minimize non-performing amounts through timely monitoring of overdue receivables, management of customer credit limits, and collection of financial information of companies with higher exposure. Much of Datalogic's business is conveyed on a network of well-known customers/distributors, who statistically have no credit recoverability issues. Customers requesting deferred conditions of payment are subject to screening procedures concerning their creditworthiness (degree of solvency and reliability). Trade receivables are subject to individual impairment testing if they show potential and significant impairment indicators.
The Group protects itself against credit risk also through factoring instruments without recourse. At December 31, 2023, factored trade receivables amounted to €30,218 thousand (€29,877 thousand at end 2022).
The maximum exposure to credit risk on the balance sheet date is the book value of each class of financial asset presented in Note 5.

Liquidity risk

The Datalogic Group's liquidity risk is minimized by the timely management by the Parent Company's treasury department. Bank debt and liquidity are managed centrally through financial resource optimization tools, including cash pooling. The Parent Company manages and negotiates medium/long-term loans and credit lines to meet the Group's requirements. Centralized negotiation of credit lines and loans, together with management of the Group's cash resources, are aimed at optimizing financing costs.
It should be noted that at December 31, 2023, the Group's liquidity reserve – which includes uncommitted but undrawn credit lines - amounts to €188 million and is considered adequate to meet commitments existing as of the date the financial statements were drawn up.

The following table shows financial liabilities by maturity:

	December 31, 2023			
	0 - 1 year	**1 - 5 years**	**over 5 years**	**Total**
Loans	14,428	78,334		**92,762**
Financial payables from leases	3,863	5,856	1,911	**11,630**
Bank overdrafts	149			**149**
Other financial payables	817			**817**
Payables to factoring companies	592			**592**
Trade and other payables	133,030	19,993		**153,023**
Total	**152,879**	**104,183**	**1,911**	**258,973**

Changes in liabilities resulting from cash flows

The change in financial liabilities is shown below with a distinction between the current (C) and non-current (NC) portions.

Financial liabilities - Loans	**Bank loans**		**Factoring payables**	**Lease payables**		**Other financial payables**	**Bank overdrafts**	**Total**
	C	**NC**	**C**	**C**	**NC**	**C**	**C**	
01.01.2023	**63,810**	**67,105**	**2,229**	**4,164**	**11,962**	**53**	**166**	**149,489**
New loans		25,000		1,845	4,503	764		**32,112**
Repayments	(63,189)		(1,637)	(4,416)			(17)	**(69,259)**
Transfers	13,771	(13,771)		4,171	(4,171)			**0**
Chg. Consolidation scope								**0**
Exchange differences				(46)				**(46)**
Chg. Amort. Cost	36							**36**
Other movements				(1,855)	(4,527)			**(6,382)**
31.12.2023	**14,428**	**78,334**	**592**	**3,863**	**7,767**	**817**	**149**	**105,950**

The Group manages capital with the intention of protecting its own continuity and optimizing shareholder value, maintaining an optimal capital structure while reducing its cost. In line with sector practice, the Group monitors capital based on the gearing ratio. This is expressed by the ratio between net debt and total capital as explained below.

	31.12.2023	**31.12.2022**
Net debt (A)	35,321	42,007
Equity (B)	411,131	451,567
Total capital [(A)+(B)]=C	446,452	493,574
“Gearing ratio” (A)/(C)	**7.91%**	**8.51%**

SEGMENT DISCLOSURE

Operating segments are identified based on operating reports used at the highest decision-making level to allocate resources and assess results. Transfers amongst the operating segments indicated hereunder are executed at arm's length conditions, based on the Group transfer pricing policies.

- **Datalogic**, the Group's core business, designs and produces barcode readers, mobile computers, detection, measurement and safety sensors, vision and laser marking systems and RFID that help increase the efficiency and quality of processes in the *Data Capture* and *Industrial Automation* areas in which it operates.

- **Informatics** sells and distributes products and solutions for the management of inventories and mobile assets tailored to small and medium-sized companies.

The **income information related to the operating segments** at December 31, 2023 and at December 31, 2022 is the following:

Divisional income position	Datalogic Business	Informatics	Adjustments	Total Group 31.12.2023
Revenue	520,207	16,977	(567)	536,617
Adjusted EBITDA	45,929	3,355	172	49,456
% Revenue	*8.83%*	*19.76%*		*9.22%*
EBIT	6,320	3,116	172	9,608

Divisional income position	Datalogic Business	Informatics	Adjustments	Total Group 31.12.2022
Revenue	638,273	18,198	(1,839)	654,632
Adjusted EBITDA	77,862	2,672	(248)	80,286
% Revenue	*12.20%*	*14.68%*		*12.26%*
EBIT	38,831	2,348	(244)	40,935

The **equity information related to the operating segments** at December 31, 2023 and at December 31, 2022 is the following.

Divisional financial position	Datalogic Business	Informatics	Adjustments	Total Group 31.12.2023
Total Assets	726,392	29,433	(36,322)	719,503
Total Liabilities	308,764	8,099	(8,491)	308,372
Equity	417,628	21,334	(27,831)	411,131

Divisional financial position	Datalogic Business	Informatics	Adjustments	Total Group 31.12.2022
Total Assets	848,979	28,416	(31,884)	845,511
Total Liabilities	392,016	8,666	(6,738)	393,944
Equity	456,963	19,750	(25,146)	451,567

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible fixed assets

Tangible fixed assets at December 31, 2023 amounted to €94,040 thousand. During the year, net expenditure of €8,019 thousand and depreciation of €11,915 thousand were recognised, while exchange rate effects closed with a negative €972 thousand. The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below.

	31.12.2023	31.12.2022	Change
Land	12,597	12,740	(143)
Buildings	51,520	52,449	(929)
Other assets	26,892	29,825	(2,933)
Fixed assets under construction and advances	3,031	3,785	(754)
Total	**94,040**	**98,799**	**(4,759)**

"Other assets" at December 31, 2023 includes the following categories: industrial equipment and moulds (€12,267 thousand, of which expenditure for €932 thousand), plant and machinery (€6,448 thousand, of which expenditure for €3,638 thousand), office furniture and machinery (€4,646 thousand, of which expenditure for €784 thousand), generic plant related to buildings (€2,365 thousand), lightweight constructions (€237 thousand), commercial equipment and demo rooms (€518 thousand), leasehold improvements (€313 thousand) and motor vehicles (€98 thousand).

The balance of “Fixed assets under construction and advances”, equal to €3,031 thousand, is composed primarily of moulds under construction and equipment and production lines built in house, and of improvements to owned buildings.

Details of changes at December 31, 2023 and at December 31, 2022 are as follows:

	Land	Buildings	Other assets	Fixed assets under construction and advances	Total
Historical cost	12,740	63,515	171,586	3,785	251,626
Accumulated depreciation	-	(11,066)	(141,761)	-	(152,827)
Net book value at 01.01.2023	**12,740**	**52,449**	**29,825**	**3,785**	**98,799**
Increases 31.12.2023					
Capital expenditure	-	743	5,714	1,806	8,263
Total	**-**	**743**	**5,714**	**1,806**	**8,263**
Decreases 31.12.2023					
Disposals, historical cost	-	-	(5,222)	(6)	(5,228)
Disposals, accum. depreciation		-	5,093		5,093
Depreciation		(1,174)	(10,741)		(11,915)
Total	**-**	**(1,174)**	**(10,870)**	**(6)**	**(12,050)**
Other changes 31.12.2023					
Incoming transfers at historical cost	-	-	2,116	(2,568)	(452)
(Outgoing transfers, accum. depreciation)			452		452
Exchange diff. in historical cost	(143)	(591)	(1,459)	14	(2,179)
Exchange diff. in accum. depreciation		93	1,114		1,207
Total	**(143)**	**(498)**	**2,223**	**(2,554)**	**(972)**
Historical cost	12,597	63,744	172,809	3,031	252,181
Accumulated depreciation	-	(12,224)	(145,917)	-	(158,141)
Net book value at 31.12.2023	**12,597**	**51,520**	**26,892**	**3,031**	**94,040**

	Land	Buildings	Other assets	Fixed assets under construction and advances	Total
Historical cost	12,524	62,352	163,492	4,007	242,375
Accumulated depreciation	-	(9,703)	(130,892)	-	(140,595)
Net book value at 01.01.2022	**12,524**	**52,649**	**32,600**	**4,007**	**101,780**
Increases 31.12.2022					
Capital expenditure	-	157	6,661	2,214	9,032
Change in consolidation scope	-	-	14	3	17
Total	**-**	**157**	**6,675**	**2,217**	**9,049**
Decreases 31.12.2022					
Disposals, historical cost	-	(34)	(6,257)		(6,291)
Disposals, accumulated depreciation		33	6,200		6,233
Change in consolidation scope		0	(10)		(10)
Depreciation		(1,202)	(12,193)		(13,395)
Total	**-**	**(1,203)**	**(12,260)**	**-**	**(13,463)**
Other changes 31.12.2022					
Incoming transfers at historical cost	-	54	5,674	(2,418)	3,310
(Outgoing transfers, accum. depreciation)			(3,310)		(3,310)
Exchange diff. in historical cost	216	986	2,002	(21)	3,183
Exchange diff. in accum. depreciation		(194)	(1,556)		(1,750)
Total	**216**	**846**	**2,810**	**(2,439)**	**1,433**
Historical cost	12,740	63,515	171,586	3,785	251,626
Accumulated depreciation	-	(11,066)	(141,761)	-	(152,827)
Net book value at 31.12.2022	**12,740**	**52,449**	**29,825**	**3,785**	**98,799**

Note 2. Intangible fixed assets

Intangible fixed assets at December 31, 2023 amounted to €294,197 thousand. During the year, net expenditure of €18,404 thousand and amortisation of €20,963 thousand was recognised, while exchange rate effects closed with a negative €7,258 thousand. The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below:

	31.12.2023	31.12.2022	Change
Goodwill	205,352	212,043	(6,691)
Development costs	42,034	27,209	14,825
Other	36,075	43,206	(7,131)
Fixed assets under construction and advances	10,736	21,556	(10,820)
Total	**294,197**	**304,014**	**(9,817)**

Details of changes at December 31, 2023 and at December 31, 2022 are as follows:

	Goodwill	Development costs	Other	Fixed assets under construction and advances	Total
Historical cost	212,043	68,407	190,716	21,556	492,722
Accumulated amortisation		(41,198)	(147,510)		(188,708)
Net book value at 01.01.2023	**212,043**	**27,209**	**43,206**	**21,556**	**304,014**
Increases 31.12.2023					
Capital expenditure		7,236	1,713	9,681	18,630
Total		**7,236**	**1,713**	**9,681**	**18,630**
Decreases 31.12.2023					
Disposals, historical cost			(2,872)	(225)	(3,097)
Disposals, accum. amortisation			2,871		2,871
Amortisation		(12,662)	(8,301)		(20,963)
Total		**(12,662)**	**(8,302)**	**(225)**	**(21,189)**
Other changes 31.12.2023					
Incoming transfers at historical cost		21,011	(786)	(20,225)	
(Outgoing transfers, accum. amortisation)		(729)	729		
Exchange diff. in historical cost	(6,691)	(349)	(3,749)	(51)	(10,840)
Exchange diff. in accum. amortisation		318	3,264		3,582
Total	**(6,691)**	**20,251**	**(542)**	**(20,276)**	**(7,258)**
Historical cost	205,352	96,305	185,022	10,736	497,415
Accumulated amortisation		(54,271)	(148,947)		(203,218)
Net book value at 31.12.2023	**205,352**	**42,034**	**36,075**	**10,736**	**294,197**

	Goodwill	Development costs	Other	Fixed assets under construction and advances	Total
Historical cost	193,497	54,055	175,382	20,142	443,076
Accumulated amortisation		(32,269)	(135,679)		(167,948)
Net book value at 01.01.2022	**193,497**	**21,786**	**39,703**	**20,142**	**275,128**
Increases 31.12.2022					
Capital expenditure		3,770	1,357	12,249	17,376
Change in consolidation scope	7,607		10,761	44	18,412
Total	**7,607**	**3,770**	**12,118**	**12,293**	**35,788**
Decreases 31.12.2022					
Disposals, historical cost		(7)	(2,417)		(2,424)
Disposals, accum. amortisation			2,397		2,397
Change in consolidation scope			(331)		(331)
Amortisation		(8,879)	(9,639)		(18,518)
Total		**(8,886)**	**(9,990)**		**(18,876)**
Other changes 31.12.2022					
Incoming transfers at historical cost		10,111	(722)	(10,876)	(1,487)
(Outgoing transfers, accum. amortisation)		425	1,062		1,487
Exchange diff. in historical cost	10,939	478	6,355	(3)	17,769
Exchange diff. in accum. amortisation		(475)	(5,320)		(5,795)
Total	**10,939**	**10,539**	**1,375**	**(10,879)**	**11,974**
Historical cost	212,043	68,407	190,716	21,556	492,722
Accumulated amortisation		(41,198)	(147,510)		(188,708)
Net book value at 31.12.2022	**212,043**	**27,209**	**43,206**	**21,556**	**304,014**

Goodwill

"Goodwill", equal to €205,352 thousand, is allocated to the CGUs identified by Management as shown below.

	31.12.2023	31.12.2022	Change
Datalogic CGU	191,690	197,989	(6,299)
Informatics CGU	13,662	14,054	(392)
Total	**205,352**	**212,043**	**(6,691)**

The change from the end of the prior year is attributable to translation differences.

Goodwill is allocated to the CGUs *(Cash Generating Units)* represented by the individual companies and/or sub-groups to which they refer.

The estimated recoverable value of each CGU, associated with each Goodwill item measured, consists of its corresponding value in use. Value in use was calculated by discounting at a given discount rate the future cash flows expected to be generated by the CGU, in the production phase and at the time of its disposal, based on the Discounted Cash Flow method.

The cash flows of the individual CGUs are estimated based on forward-looking plans prepared by Management. These plans represent the best estimate of the foreseeable outlook, based on the business strategies and growth indicators of the relevant industry and markets.

The assumptions used for the purposes of impairment were approved by the Board of Directors and the Control, Risks, Remuneration and Appointments Committee of Datalogic S.p.A. on February 13, 2024.

Based on an Unlevered approach, the Group used, through the DCF method, Unlevered Free Cash Flows from Operations (FCFO). The flows expected for the period 2024 - 2028, subject to an explicit forecast, are complemented by the flows related to so-called Perpetuity, which is representative of the Terminal Value. This was calculated using a 3% growth rate *g*, which represents the long-term expectations for growth.

The discount rate, consisting of the weighted average cost of invested capital (WACC), was estimated before tax and based on the financial structure of the Datalogic Group's industry. The WACC used, ranging from 8.41% to 9.01% for the respective CGUs measured, reflects the return-opportunity for all capital contributions, in whatever capacity made.

The following table shows the values of Goodwill and the discount (WACC) and long-term growth (g) rates used for testing purposes at year-end:

	Datalogic CGU	**Informatics**
Goodwill	**191,690**	**13,662**
Weighted average cost of capital (WACC)	**8.41%**	**9.01%**
Long-term growth rate (G)	**3%**	**3%**

The impairment tests carried out according to the above methods did not indicate any impairment losses, as the recoverable value of the CGUs at December 31, 2023 was higher than the corresponding net invested capital (carrying amount).

While the market capitalisation of Datalogic S.p.A. is lower than the consolidated equity of the Group, the Directors did not deem it necessary to prepare a second level impairment test on the entire Datalogic Group.

DATALOGIC CGU

The recoverable amount of the Datalogic CGU was determined on the basis of the calculation of the value in use, adopting the cash flow projections from the plan prepared by Management based on the assumptions approved by the Board of Directors. The discount rate applied to cash flow projections is 8.41% (9.55% in 2022), and cash flows beyond five years were estimated using a 3% growth rate (in line with 2022). During testing for impairment, goodwill of the Datalogic CGU confirmed its carrying amount.

With regard to this CGU, an alternative scenario was also prepared, reducing cash flows from operations by 25% compared to the base scenario and keeping WACC and g unchanged, without showing impairment situations.

Informatics CGU

Goodwill attributed to the Informatics CGU results from the acquisition of the investee Informatics Inc. in 2005. The recoverable amount of the Informatics CGU was determined on the basis of the calculation of the value in use, adopting the cash flow projections from the plan prepared by Management based on the assumptions approved by the Board of Directors. The discount rate applied to cash flow projections is 9.01% (9.78% in 2022), and cash flows beyond five years were drawn using a 3% growth rate (in line with 2022). During testing for impairment, goodwill of the Informatics CGU confirmed its carrying amount.

<u>**Sensitivity to changes in assumptions**</u>

The calculation of value in use for selected CGUs is related to the following assumptions:

- gross margin;
- discount rates;
- growth rate used to calculate cash flows after the forecast period.

Gross margin - The forecast of gross margin over the plan years was prepared by the Directors based on historical data of the Group's CGUs and taking account of expectations of trends in the relevant markets and the effects of planned strategies. A decrease in demand and deteriorating economic conditions, for example due to inflationary effects, can lead to a reduction in gross margin, and impairment.

Discount rates – Discount rates reflect the market assessment of the specific risk of each cash-generating unit, considering the time value of money and the specific risks of the underlying assets that have not already been included in the cash flow estimate. The calculation of the discount rate is based on Group specific circumstances and its operating segments, and it derives from its weighted average cost of capital (WACC).

Estimates of growth rates – The rates are based on business sector analyses. Management acknowledges that the speed of technological development and the possible entry of new players in the market may have a significant impact on the growth rate.

The sensitivity analyses were carried out assuming changes in the abovementioned key assumptions. Sensitivity analyses were based on the changes occurring in certain key assumptions, keeping all other assumptions unchanged.

Specifically, the Directors point out that the sensitivity analyses carried out did not show any critical situations.

Development costs, Other intangible fixed assets and fixed assets under construction and advances

"Development costs", amounting to €42,034 thousand at December 31, 2023 (€27,209 thousand at December 31, 2022), consists of product development projects. The increase for the year was due mainly to the completion of a number of major projects that were recorded at December 31, 2022 as fixed assets under construction (refer to the comments in the "research and development" section of the Report with regard to the main new product launches that took place during the year).

"Other", amounting to €36,075 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, and software licences as detailed below:

	31.12.2023	31.12.2022	Change
Patents	3,681	5,710	(2,029)
Know-how	12,533	14,483	(1,950)
Customer portfolio	10,943	11,842	(899)
Licences	880	1,662	(783)
Software	8,038	9,508	(1,470)
Total	**36,075**	**43,206**	**(7,131)**

"Fixed assets under construction and advances", amounting to €10,736 thousand (€21,556 thousand at December 31, 2022), is attributable mainly to the capitalisation of costs for product development projects currently under way.

Note 3. Right of use fixed assets

Net negative changes of €23 thousand were recorded during the year and depreciation of €4,178 thousand, while exchange rate effects closed with a negative €111 thousand. The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below.

	31.12.2023	31.12.2022	Change
Buildings	9,181	13,590	(4,409)
Vehicles	2,122	1,997	125
Office equipment	143	171	(28)
Total	**11,446**	**15,758**	**(4,312)**

Details of changes at December 31, 2023 and at December 31, 2022 are as follows:

	Buildings	Vehicles	Office equipment	Total
Historical cost	20,748	4,785	374	25,907
Accumulated depreciation	(7,158)	(2,788)	(203)	(10,149)
Net book value at 01.01.2023	**13,590**	**1,997**	**171**	**15,758**
Increases 31.12.2023				
Increases from changes in contracts	7,534	1,392	51	8,977
Total	**7,534**	**1,392**	**51**	**8,977**
Decreases 31.12.2023				
Decreases in historical cost from changes in contracts	(10,086)	(1,161)	-	(11,247)
Decreases in accumulated depreciation from changes in contracts	1,234	1,013	-	2,247
Depreciation	(2,972)	(1,130)	(76)	(4,178)
Total	**(11,824)**	**(1,278)**	**(76)**	**(13,178)**
Other changes 31.12.2023				
Exchange diff. in historical cost	(319)	15	(6)	(310)
Exchange diff. in accum. depreciation	200	(4)	3	199
Total	**(119)**	**11**	**(3)**	**(111)**
Historical cost	17,877	5,031	419	23,327
Accumulated depreciation	(8,696)	(2,909)	(276)	(11,881)
Net book value at 31.12.2023	**9,181**	**2,122**	**143**	**11,446**

	Buildings	Vehicles	Office equipment	Total
Historical cost	20,143	4,537	309	24,989
Accumulated depreciation	(5,154)	(2,563)	(134)	(7,851)
Net book value at 01.01.2022	**14,989**	**1,974**	**175**	**17,138**
Increases 31.12.2022				
Increases from changes in contracts	2,096	1,367	74	3,537
Total	**2,096**	**1,367**	**74**	**3,537**
Decreases 31.12.2022				
Decreases in historical cost from changes in contracts	(1,451)	(1,124)	(14)	(2,589)

Decreases in accumulated depreciation from changes in contracts	1,174	982	14	2,170
Depreciation	(3,230)	(1,206)	(81)	(4,517)
Total	**(3,507)**	**(1,348)**	**(81)**	**(4,936)**
Other changes 31.12.2022				
Exchange diff. in historical cost	(40)	5	5	(30)
Exchange diff. in accum. depreciation	52	(1)	(2)	49
Total	**12**	**4**	**3**	**19**
Historical cost	20,748	4,785	374	25,907
Accumulated depreciation	(7,158)	(2,788)	(203)	(10,149)
Net book value at 31.12.2022	**13,590**	**1,997**	**171**	**15,758**

Note 4. Investments in associates

Non-controlling investments held by the Group, details of which can be found in Annex 2, amounted to €640 thousand December 31, 2023 (€560 thousand at December 31, 2022).

Note 5. Financial assets and liabilities by category

The table below provides a breakdown of "Financial assets and liabilities" under IFRS 9.

Financial assets

	Financial assets at amortised cost	Financial assets at FV through profit and loss	Financial assets at FV through OCI	31.12.2023
Non-current financial assets	**2,839**	**2,624**	**99**	**5,562**
Non-current financial assets and investments	2,055	2,624	99	4,778
Other receivables	784	-	-	784
Current financial assets	**141,175**	**-**	**-**	**141,175**
Trade receivables	52,093	-	-	52,093
Other receivables	18,453	-	-	18,453
Cash and cash equivalents	70,629	-	-	70,629
Total	**144,014**	**2,624**	**99**	**146,737**

	Financial assets at amortised cost	Financial assets at FV through profit and loss	Financial assets at FV through OCI	31.12.2022
Non-current financial assets	**2,975**	**1,611**	**4,301**	**8,887**
Non-current financial assets and investments	2,207	1,611	4,301	8,119
Other receivables	768	-	-	768
Current financial assets	**217,327**	**-**	**-**	**217,327**
Trade receivables	91,299	-	-	91,299
Other receivables	18,546	-	-	18,546
Cash and cash equivalents	107,482	-	-	107,482
Total	**220,302**	**1,611**	**4,301**	**226,214**

"Cash and cash equivalents" amounted to €70,629 thousand. Details are found in the Net Financial Debt schedule in the Report on Operations.

Financial liabilities

	Derivatives	Financial liabilities at amortised cost	31.12.2023
Non-current financial liabilities	**-**	**106,094**	**106,094**
Financial payables	-	86,101	86,101
Other payables	-	19,993	19,993
Current financial liabilities	**-**	**152,879**	**152,879**
Trade payables	-	83,515	83,515
Other payables	-	49,515	49,515
Current financial payables	-	19,849	19,849
Total	**-**	**258,973**	**258,973**

	Derivatives	Financial liabilities at amortised cost	31.12.2022
Non-current financial liabilities	**-**	**99,827**	**99,827**
Financial payables	-	79,067	79,067
Other payables	-	20,760	20,760
Current financial liabilities	**-**	**237,135**	**237,135**
Trade payables	-	112,054	112,054
Other payables	-	54,659	54,659
Current financial payables	-	70,422	70,422
Total	**-**	**336,962**	**336,962**

The fair value of financial assets and financial liabilities is determined according to methods classifiable in the various levels of the fair value hierarchy as envisaged by IFRS 13. Specifically, the Group uses internal valuation models generally used in financial practice, based on prices provided by market participants or quotations recorded on active markets.

Fair value - hierarchy

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

Level 1: market prices;

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

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

Assets measured at fair value	Level 1	Level 2	Level 3	31.12.2023
Non-current financial assets and investments	99	-	2,624	2,723
Total	**99**	**-**	**2,624**	**2,723**

Note 6. Financial assets and current financial receivables

Financial assets include the following:

	31.12.2023	31.12.2022	Change
Non-current financial assets	4,778	8,119	(3,341)
Total	**4,778**	**8,119**	**(3,341)**

Non-current financial assets amounted to €4,778 thousand. The main changes during the year refer to a 2.13% investment in the capital of Oversonic Robotics S.r.l. for the amount of €1,000 thousand, to the disposal of the 15% stake still held in Solution Net Systems LLC (SNS) by the subsidiary Datalogic USA Inc., and to the divestment of part of the capital held in the Japanese company Idec Corporation.

The change in "Non-current financial assets" is detailed below:

	2023	2022
At January 1	**8,119**	**11,805**
Acquisitions (Disposals)	(2,591)	(5,594)
Reclassification	-	2,207
Gains (Losses) recognised in OCI	(683)	(124)
Gains/(Losses) recognised in the income statement	(34)	(224)
Exchange rate adjustments	(33)	49
At December 31	**4,778**	**8,119**

Note 7. Trade and other receivables

The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below:

	31.12.2023	31.12.2022	Change
Trade receivables	46,065	84,880	(38,814)
Contract assets - Invoices to be issued	6,145	6,385	(241)
Bad debt provisions	(1,471)	(2,838)	1,367
Net trade receivables	**50,739**	**88,427**	**(37,688)**
Receivables from associates	**1,346**	**2,861**	**(1,515)**
Receivables from related parties	**8**	**11**	**(3)**
Sub-total - Trade receivables	**52,093**	**91,299**	**(39,206)**
Other receivables - current accrued income and prepaid expense	18,453	18,546	(93)
Other receivables - non-current accrued income and prepaid expense	784	768	16
Sub-total - Other receivables - accrued income and prepaid expense	**19,237**	**19,314**	**(77)**
Less: non-current portion	784	768	16
Trade and other receivables - current	**70,546**	**109,845**	**(39,299)**

Trade receivables

"Trade receivables", amounting to €52,093 thousand at December 31, 2023, is shown net of the estimated portion of credit notes to be issued for discounts to be granted to distributors amounting to €11,242 thousand (versus €24,349 thousand at December 31, 2022). The decrease in receivables of €39,206 thousand is in line with the revenue performance for the year, with particular regard to the second half of 2023. At December 31, 2023, trade receivables factored without recourse amounted to €30,218 thousand (versus €29,877 thousand at December 31, 2022). Trade receivables from associates arise from commercial transactions carried out at normal market conditions.

At December 31, 2023, the breakdown of the item by maturity, versus the prior year, was as follows:

	31.12.2023	31.12.2022
Not overdue	41,506	75,051
Past due by 30 days	8,220	13,172
Past due by 31 - 90 days	3,129	3,523
Past due by more than 90 days	709	2,391
Bad debt provisions	(1,471)	(2,838)
Total	**52,093**	**91,299**

The following table shows the breakdown of trade receivables by currency at December 31, 2023 and at December 31, 2022:

	31.12.2023	31.12.2022
US Dollar (USD)	24,292	32,697
Euro (EUR)	18,944	39,375
Chinese Renminbi (CNY)	5,039	11,215
British Pound Sterling (GBP)	1,968	4,150
Japanese Yen (JPY)	1,083	2,379
Australian Dollar (AUD)	562	1,273
Vietnam Dong (VND)	115	92
Czech Crown (CZK)	85	113
Swedish Krona (SEK)	4	5
Hungarian Forint (HUF)	1	1
Total	**52,093**	**91,299**

Receivables from customers are entered net of bad debt provisions totalling €1,471 thousand (€2,838 thousand at December 31, 2022). Changes in bad debt provisions during the year were as follows:

	2023	2022	Change
At January 1	**2,838**	**2,657**	**181**
Exchange difference	(9)	17	(26)
Allocations	116	818	(702)
Releases	(1,389)	(267)	(1,122)
Utilisations	(85)	(387)	302
At December 31	**1,471**	**2,838**	**(1,367)**

Other receivables - accrued income and prepaid expense

The details of "Other receivables - accrued income and prepaid expense" are shown below.

	31.12.2023	31.12.2022	Change
Other current receivables	3,232	1,639	1,593
Other non-current receivables	784	768	16
VAT receivables	11,889	12,972	(1,083)
Accrued income and prepaid expense	3,332	3,935	(603)
Total	**19,237**	**19,314**	**(77)**

The "VAT receivable" of €11,889 thousand refers to normal commercial transactions.

The "Accrued income and prepaid expense" item is composed mainly of the recognition of insurance contracts and hardware and software licenses.

Note 8. Inventory

Inventory amounted to €102,462 thousand at December 31, 2023, down by €27,362 thousand, due partly to decreased inventory levels and partly to the diminishing impact of inflationary effects seen in prior years.

	31.12.2023	31.12.2022	Change
Raw and ancillary materials and consumables	51,002	62,503	(11,501)
Work in progress and semi-finished products	18,690	25,864	(7,174)
Finished products and goods	32,770	41,457	(8,687)
Total	**102,462**	**129,824**	**(27,362)**

Inventory is shown net of an obsolescence provision totalling €15,482 thousand at December 31, 2023 (€12,387 thousand at December 31, 2022).

Changes in the obsolescence provision at December 31, 2023 and at December 31, 2022 are shown below:

	2023	2022
At January 1	**12,387**	**10,777**
Exchange differences	(97)	68
Allocations	4,810	3,001
Releases/Utilisations	(1,618)	(1,459)
At December 31	**15,482**	**12,387**

Note 9. Tax receivables and payables

	31.12.2023	31.12.2022	Change
Tax receivables	12,662	14,135	(1,473)
of which Parent Company	-	*1,807*	*(1,807)*
Tax payables	(9,388)	(13,478)	4,090
of which Parent Company	-	*(2,013)*	*2,013*
Total	**3,274**	**657**	**2,617**

At December 31, 2023, the net balance of "Tax Receivables and Payables" was positive and equal to €3,274 thousand versus a positive 657 thousand at December 31, 2022, marking a positive change of €2,617 thousand.

LIABILITIES AND EQUITY

Note 10. Equity

Equity at December 31, 2023 is broken down as follows.

	31.12.2023	31.12.2022	Change
Share capital	30,392	30,392	-
Share premium reserve	111,779	111,779	-
Treasury shares held in portfolio	(41,962)	(22,191)	(19,771)
Share capital and reserves	**100,209**	**119,980**	**(19,771)**
Translation reserve	27,482	39,331	(11,849)
Other reserves	913	3,347	(2,434)
Retained earnings	269,731	255,840	13,891
Profit for the year	**9,859**	**29,550**	**(19,691)**
Total Group equity	**408,194**	**448,048**	**(39,854)**
Profit (loss) for the year attributable to non-controlling interests	(373)	576	(949)
Share capital attributable to non-controlling interests	3,310	2,943	367
Total equity attributable to non-controlling interests	**2,937**	**3,519**	**(582)**
Total consolidated equity	**411,131**	**451,567**	**(40,436)**

Share capital

At December 31, 2023, the share capital of €30,392 thousand represents the fully subscribed and paid-up share capital of the Parent Company Datalogic S.p.A.. It comprises ordinary shares for a total of 58,446,491, of which 4,800,000 held as treasury shares for a value of €41,962 thousand, therefore the outstanding shares at that date amounted to 53,646,491.

	Number of shares	Share capital	Share cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
01.01.2023	**56,779,438**	**30,392**	**2,813**	**(22,191)**	**29,651**	**79,315**	**119,980**
Purchase of treasury shares	(3,132,947)			(19,766)	19,766	(19,766)	**(19,766)**
Purchase/sale expense				(5)			**(5)**
31.12.2023	**53,646,491**	**30,392**	**2,813**	**(41,962)**	**49,417**	**59,549**	**100,209**

Other Reserves

At December 31, 2023, the "Reserve for treasury shares held in portfolio" decreased by €19,766 thousand, due to the purchase of treasury shares (net of purchase costs).

The "Translation reserve" decreased by €11,849 thousand, due mainly to the effects of the trend of the U.S. dollar, the functional currency of a number of the Group's main investees; part of the change is attributable to the gains/losses generated by the monetary elements that are an integral part of the net investment in foreign operations, and refers to the effect of year-end foreign exchange valuation related to receivables for loans in U.S. dollars granted by the parent company Datalogic S.p.A. to the Group company Datalogic Hungary; there is no specified settlement or repayment plan, and the repayment is not expected to occur in the foreseeable future.

At December 31, 2023, "Other reserves", including the "Share-based incentive plan reserve", amounted to €913 thousand (€3,347 thousand at December 31, 2022). The change is related mainly to the reclassification to retained earnings from the sale of financial instruments.

Note 11. Financial payables

"Financial payables" at December 31, 2023 amounted to €105,950 thousand, down by €43,539 thousand as detailed below.

	31.12.2023	31.12.2022	Change
Bank loans	92,762	130,915	(38,153)
Financial payables from leases	11,630	16,126	(4,496)
Payables to factoring companies	592	2,229	(1,637)
Other financial payables	817	53	764
Bank overdrafts	149	166	(17)
Total	**105,950**	**149,489**	**(43,539)**

The change in "Bank loans" for the year is a result of the payment of instalments falling due and the repayment of credit lines totalling €63,189 thousand and the granting of the last portion of the credit line of €25,000 thousand under the long-term loan named "Roller Coaster".
The movements are shown below:

	2023	2022
At January 1	**130,915**	**113,206**
Increases	25,000	70,000
Decreases from borrowing repayments	(63,189)	(52,579)
Other changes	36	288
At December 31	**92,762**	**130,915**

"Financial payables from leases" decreased by €4,496 thousand.

The breakdown of financial payables, divided into current and non-current portions, is shown below:

	31.12.2023	31.12.2022	Change
Non-current financial payables	86,101	79,067	7,034
Current financial payables	19,849	70,422	(50,573)
Total	**105,950**	**149,489**	**(43,539)**

At December 31, 2023, the Group had credit lines in place for a total of approximately €281 million, of which approximately €188.0 million undrawn, including €100.0 million long-term and €88.0 million short-term.

Covenants

Certain loan agreements require the Group to comply with financial covenants, measured on a half-year basis at June 30 and December 31, summarized in the following table:

Loan	Company	Covenants	Frequency	Reference financial statements
RCF	Datalogic S.p.A.	NFP/EBITDA 4.5x; 4.0x *	half-year	Consolidated
Roller Coaster	Datalogic S.p.A.	NFP/EBITDA 3.0x	half-year	Consolidated

* 4.5x at June and 4.0x at December

At December 31, 2023, all covenants were complied with.

Note 12. Net deferred tax

Deferred tax assets and deferred tax 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 recorded assets and liabilities and their relevant taxable value.

Deferred tax assets are accounted for in accordance with the assumptions of future recoverability of the temporary differences they originated from, i.e., on the basis of strategic economic and tax plans.

Temporary differences generating deferred tax assets consist mainly of tax losses and tax paid abroad, provisions for risks and charges, and foreign exchange adjustments. Deferred tax liabilities are attributable mainly to temporary differences in exchange rate adjustments and statutory and tax differences in the amortisation/depreciation schedules of tangible and intangible fixed assets and fair value measurements of assets as part of business combinations carried out by the Group.

	31.12.2023	31.12.2022	Change
Deferred tax assets	57,319	56,207	1,112
Deferred tax liabilities	(26,334)	(28,680)	2,346
Net deferred tax	**30,985**	**27,527**	**3,458**

Deferred tax assets amounted to €57,319 thousand and included foreign tax credits attributable mainly to the subsidiary Datalogic USA Inc. The increase in deferred tax assets is attributable to tax losses generated during the year net of decreases associated with tax effects related to consolidation processes, as well as temporary tax differences of a different nature that are expected to allow benefits in later years.

The Provision for deferred tax liabilities at December 31, 2023 amounted to €26,334 thousand and refers mainly to temporary differences related to asset depreciation/amortisation schedules, as well as tax adjustments resulting from the consolidation processes of recent acquisitions made by the Group.

The main items composing deferred tax assets and deferred tax liabilities and changes during the year are shown below:

Deferred tax assets	31.12.2022	Allocated (released) to Income Statement	Allocated (released) to Equity	Exchange differences	31.12.2023
Receivables, foreign tax	20,151	(1,627)	-	(430)	**18,094**
Exchange differences	1,437	(116)	-	(29)	**1,292**
Differences Depreciation/Amortisation	2,580	182	-	(39)	**2,723**
Asset write-downs	1,365	189	-	(5)	**1,549**
Non-deduct. temp. differences	24,078	(2,165)	(100)	(468)	**21,345**
Tax losses	-	8,073	-	-	**8,073**
Other	877	(590)	-	(42)	**245**
Adjustments	5,719	(1,671)	-	(50)	**3,998**
Total	**56,207**	**2,275**	**(100)**	**(1,063)**	**57,319**

Deferred tax liabilities	31.12.2022	Allocated (released) to Income Statement	Allocated (released) to Equity	Exchange differences	31.12.2023
Prior losses	16				**16**
Exchange differences	2,175	(599)	(34)		**1,541**
Differences Depreciation/Amortisation	14,775			(440)	**14,335**
IAS Reserves	315				**315**
Non-deduct. temp. differences	977	193		(11)	**1,159**
Other	1,092	(28)			**1,064**
Adjustments	9,331	(1,444)	17		**7,904**
Total	**28,680**	**(1,878)**	**(18)**	**(451)**	**26,334**

Note 13. Provisions for post-employment and retirement benefits

The breakdown of changes in “Provisions for post-employment and retirement benefits” at December 31, 2023 and at December 31, 2022 is shown below:

	2023	2022
At January 1	**6,163**	**7,088**
Amount allocated in the period	2,239	2,860
Utilisations	(1,958)	(2,361)
Discounting	-	(773)
Receivable from INPS	(675)	(666)
Exchange rate adjustments	(10)	15
At December 31	**5,759**	**6,163**

Note 14. Provisions for risks and charges

"**Provisions for risks and charges**" at December 31, 2023, amounted to €7,918 thousand (€8,661 thousand at December 31, 2022), represented by the best estimate of the contingent liabilities to which the Group is exposed in relation to contractual obligations for product guarantees and long-term incentive and retention plans for personnel (middle management and key people), as well as contingent liabilities of a tax, labour law and supplementary agents' indemnity nature, as shown below.

	31.12.2022	Increases	(Utilisations) (Releases)	Exchange differences	31.12.2023
Product warranty provision	7,169	-	(1,323)	(1)	5,845
Provision for staff incentive and retention plans	531	1,027	(29)	(19)	1,510
Other provisions	961	5	(403)	-	563
Total	**8,661**	**1,032**	**(1,755)**	**(20)**	**7,918**

The **"Product warranty provision"** covers the estimated cost of repairing products sold up to December 31, 2023 and covered by a warranty period; said provision amounted to €5,845 thousand (of which €3,290 thousand long-term).

"**Provision for staff incentive and retention plans**" refers to the estimated bonuses to be paid to staff based on long-term incentive and retention plans accrued at December 31, 2023.

"**Other provisions**" at December 31, 2023 amounted to €563 thousand and consisted mainly of provisions for supplementary agent's indemnity and for contingent liabilities of a fiscal and labour law nature. Mention should be made that a tax audit is underway regarding the subsidiary Datalogic S.r.l. concerning the application of the transfer pricing methodology for 2019, which is currently still in a hearing stage with the assessing body.

The breakdown of provisions for risks, divided into current and non-current portions, is shown below:

	31.12.2023	31.12.2022	Change
Provisions for risks and charges, current portion	2,721	3,468	(747)
Provisions for risks and charges, non-current portion	5,197	5,193	4
Total	**7,918**	**8,661**	**(743)**

Note 15. Trade and other payables, accrued expense and deferred income

	31.12.2023	31.12.2022	Change
Trade payables	78,859	108,363	(29,504)
Contractual liabilities - customer advances	4,543	3,566	977
Trade payables	**83,402**	**111,929**	**(28,527)**
Payables to associates	**92**	**101**	**(9)**
Payables to related parties	**21**	**24**	**(3)**
Total trade payables	**83,515**	**112,054**	**(28,539)**
Other current payables	28,310	33,603	(5,293)
Current accrued expense and deferred income	21,204	21,056	148
Non-current accrued expense and deferred income	19,993	20,760	(767)
Total Other payables - accrued expense and deferred income	**69,507**	**75,419**	**(5,912)**
Less: non-current portion	19,993	20,760	(767)
Current portion	**133,029**	**166,713**	**(33,684)**

Trade payables

"Trade payables" amounted to €83,515 thousand, down by €28,539 thousand versus the end of the prior year.

Other current payables

	31.12.2023	31.12.2022	Change
Payables to employees	18,418	21,078	(2,660)
Payables to welfare and social security entities	6,834	7,130	(296)
Other payables	2,070	2,850	(780)
VAT payables	988	2,545	(1,557)
Total	**28,310**	**33,603**	**(5,293)**

"Other current payables" amounting to €28,310 thousand at December 31, 2023 consists mainly of "Payables to employees" for the fixed and variable components of salaries and holiday entitlements, as well as the related “Payables to welfare and social security entities”.

Accrued expense and deferred income

“Accrued expense and deferred income”, amounting to €41,197 thousand at December 31, 2023 (€41,816 thousand at December 31, 2022), is composed mainly of deferred revenue related to the Ease of Care long-term maintenance contracts.

INFORMATION ON THE INCOME STATEMENT

Note 16. Revenue

Revenue classified by type is shown in the following table:

	31.12.2023	31.12.2022	Change
Revenue from sale of products	489,293	607,524	(118,231)
Revenue from services	47,324	47,108	216
Total revenue	**536,617**	**654,632**	**(118,015)**

At December 31, 2023, consolidated net revenue amounted to €536,617 thousand, down by 18.0% versus €654,632 thousand in 2022. The Group's revenue, classified by recognition method and business segment, is broken down as follows:

Revenue broken down by recognition method	Datalogic	Informatics	Adjustments	31.12.2023
Revenue from sale of goods and services - point in time	454,057	8,217	(567)	461,707
Revenue from sale of goods and services - over time	66,150	8,760	-	74,910
Total	**520,207**	**16,977**	**(567)**	**536,617**

Revenue broken down by recognition method	Datalogic	Informatics	Adjustments	31.12.2022
Revenue from sale of goods and services - point in time	575,396	10,743	(1,839)	584,300
Revenue from sale of goods and services - over time	62,877	7,455	-	70,332
Total	**638,273**	**18,198**	**(1,839)**	**654,632**

The Group recognises revenue for the sale of goods and services at a specific point in time when control of the assets has been transferred to the customer, usually at the same time as the delivery of the good or provision of the service. Instead, revenue recognition takes place over time, based on the status of performance of contractual obligations, when the performance does not create an asset that has an alternative use for the Group and the Group has the collectible right to payment for the completed performance up to the date considered.

Revenue broken down by type	Datalogic	Informatics	Adjustments	31.12.2023
Sale of goods	481,426	8,434	(567)	489,293
Sale of services	38,781	8,543		47,324
Total	**520,207**	**16,977**	**(567)**	**536,617**

Revenue broken down by type	Datalogic	Informatics	Adjustments	31.12.2022
Sale of goods	598,711	10,393	(1,580)	607,524
Sale of services	39,562	7,805	(259)	47,108
Total	**638,273**	**18,198**	**(1,839)**	**654,632**

Note 17. Cost of goods sold and operating costs

The following table shows the trends of cost of goods sold and operating costs at December 31, 2023, versus the same period of the prior year, before special items.

	31.12.2023	31.12.2022 Restated	Change
Cost of goods sold	**312,370**	**392,536**	**(80,166)**
Operating costs	**219,262**	**225,773**	**(6,511)**
Research and development expense	67,435	62,303	5,132
Distribution expense	95,791	102,092	(6,301)
Administrative and General expense	53,599	58,764	(5,165)
Other operating expense	2,437	2,614	(177)
Total	**531,632**	**618,309**	**(86,677)**

Cost of goods sold

Cost of goods sold at December 31, 2023 was €312,370 thousand. The change is -20.4%; the percentage of sales shows a 1.8% improvement to 58.2% from 60.0% last year.

Operating costs

“Operating Costs”, totalling €219,262 thousand, saw the percentage of sales deteriorate by 6.4 percentage points, increasing from 34.5% to 40.9%. This change was due primarily to the increase in distribution expense and research and development costs.

“Research and development expense” at December 31, 2023 amounted to €67,435 thousand, up by 8.2% versus the prior year, representing 12.6% of sales (9.5% in the prior year). The detail items showing the largest increase are related to external consulting in connection with ongoing product development projects, and to higher amortisation and depreciation.

"Distribution expense" amounted to €95,791 thousand, down versus 2022 (-6.2%). The percentage of sales increased from 15.6% to 17.9%; the change is related mainly to increased sales initiatives, marketing and participation in trade fairs and events, and customer visits.

“Administrative and general expense” amounted to €53,599 thousand, down by 8.8% versus 2022, while the percentage of sales increased slightly from 9.0% to 10.0%.

“Other operating expense”, amounting to €2,437 thousand, decreased by €177 thousand versus the prior year and is primarily represented by non-income tax and duties and other operating costs.

Costs by nature

The following table provides the details of total costs (cost of goods sold and total operating costs) by nature:

	31.12.2023	31.12.2022	Change
Purchases	224,812	286,689	(61,877)
Personnel expense	178,059	184,192	(6,133)
Amortisation, depreciation and write-downs	37,308	36,429	879
Goods receipt and shipment expense	19,000	33,523	(14,523)
Travel and meetings expense	9,756	8,455	1,301
EDP expense	8,141	7,388	753
Consumables and R&D material	7,846	7,113	733
R&D technical consultancies	6,132	4,715	1,418
Marketing expense	5,749	5,840	(91)
Legal, tax and other consulting	4,596	5,743	(1,146)
Utilities	3,253	4,188	(935)
Building expense	2,734	2,335	399
Royalties	2,382	3,078	(696)
Telephone expense	1,920	2,031	(111)
Fees	1,845	1,899	(54)
Expense for plant and machinery and other assets	1,794	1,805	(11)
Sundry service costs	1,683	1,732	(48)
Quality certification expense	1,620	916	704
Directors' fees	1,512	2,307	(794)
Vehicle expense	1,455	1,336	118
Insurance	1,261	1,233	27
Installations	1,083	2,272	(1,189)
Recruitment fees	1,027	1,878	(852)
Non-warranty repairs	1,007	1,482	(475)
Entertainment expense	909	903	6
Audit fees	885	976	(91)
Repairs and warranty provision accrual	867	2,357	(1,490)
Subcontracted work	640	834	(194)
Other	2,356	4,661	(2,305)
Total cost of goods sold and operating costs	**531,632**	**618,309**	**(86,677)**

Purchasing costs decreased by €61,877 thousand (-21.6%) versus 2022, improving the percentage of sales by 1.9%.

Personnel expense of €178,059 thousand (€184,192 thousand in 2022) fell by €6,133 thousand (-3.3%), with the percentage of sales, however, worsening from 28.1% to 33.2%.

The detailed breakdown of personnel expense is as follows:

	31.12.2023	31.12.2022	Change
Wages and salaries	135,713	142,678	(6,965)
Social security charges	28,137	28,520	(383)
Post-employment benefits	2,338	2,630	(292)
Retirement benefits and the like	1,989	1,958	31
Other personnel costs	9,882	8,406	1,476
Total	**178,059**	**184,192**	**(6,133)**

"**Travel and meetings expense**" and "**Marketing expense**", amounting to €9,756 thousand and €5,749 thousand, respectively, were up by a total of €1,210 thousand versus the prior year, as a result of increased business initiatives and participation in trade fairs and events as well as customer visits.

The item "**Amortisation, depreciation and write-downs**", amounting to €37,308 thousand, increased by €879 thousand, due to continued increased expenditure incurred in recent years.

"**Goods receipt and shipment expense**", amounting to €19,000 thousand, fell sharply by €14,523 thousand versus the prior year; the percentage of sales was in fact 3.5% versus 5.1% in the comparison period.

"R&D technical consulting", amounting to €6,132 thousand, increased sharply (+30.1%), accounting for 1.1% of revenue versus 0.7% in 2022, due to ongoing research projects.

Note 18. Other revenue

"Other revenue" at December 31, 2023 amounted to €4,623 thousand, steady versus €4,612 thousand in 2022. Other revenue is broken down as follows:

	31.12.2023	31.12.2022	Change
Grants to Research and Development expense	2,358	2,685	(327)
Miscellaneous income and revenue	1,303	1,543	(240)
Rents	129	112	17
Gains from disposal of fixed assets	196	92	104
Contingent assets	137	149	(12)
Other	500	31	469
Total	**4,623**	**4,612**	**11**

Note 19. Net Financials

	31.12.2023	31.12.2022	Change
Financial income/(expense)	(1,515)	(1,841)	326
Foreign exchange differences	516	(3,802)	4,318
Fair Value investments	4	(193)	197
Bank expense	(1,829)	(1,471)	(358)
Dividends	327	255	72
Other	4,308	373	3,935
Total Net Financials	**1,811**	**(6,679)**	**8,490**

Net Financials ended with a positive €1,811 thousand, improving by €8,490 thousand versus a negative €6,679 thousand in the prior year, thanks to the favourable trend in exchange rate differences and to the gains earned from the transfer of the minority interest in Solution Net Systems LLC (SNS).

Note 20. Tax

The Group's tax burden at December 31, 2023 is €1,933 thousand as shown below.

	31.12.2023	31.12.2022	Change
Pre-tax profit/(loss)	**11,419**	**34,256**	**(22,837)**
Tax income (expense) – for current tax	(4,887)	(12,417)	7,530
Tax income (expense) – for deferred and prepaid tax	2,954	8,287	(5,333)
Total Tax	**(1,933)**	**(4,130)**	**2,197**
Tax rate	**-16.9%**	**-12.1%**	**-4.9%**

The tax rate at December 31, 2023 reflects the distribution of profit for the year among the Group's various geographical areas of operation.

The following table shows the reconciliation between the nominal rate in force for the consolidating company, and the effective rate:

	2023		2022	
Profit before tax	**11,418**		**34,256**	
Nominal tax rate	**(2,740)**	**-24.0%**	**(8,221)**	**-24.0%**
Effects of local tax	(651)	-5.7%	(720)	-2.1%
Effects of intercompany dividend taxation	51	0.4%	360	1.1%
Cumulative effect of different tax rates applied in foreign countries	630	5.5%	606	1.8%
Tax effects – prior years	(965)	-8.5%	(335)	-1.0%
Other effects	1,744	15.3%	4,179	12.2%
Consolidated effective tax rate	**(1,933)**	**-16.9%**	**(4,130)**	**-12.1%**

The table shows the reconciliation between the theoretical rate and the effective rate for tax year 2023. The theoretical tax calculated using the IRES tax rate for 2023 amounted to €2,740 thousand versus €8,221 thousand in the prior year; the change of €5,481 thousand is attributable to the decrease in the Group's profitability between the two years. "Tax effects – prior years" refers to tax due on notices received and agreed with the tax authorities.
Further significant changes are reported with regard to the benefits under "other effects", amounting to €1,744 thousand (decrease of €2,435 thousand), attributable mainly to movements related to temporary tax differences.

Note 21. 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 result for the year, profit and/or loss, attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the reporting year. For the purpose of calculating diluted EPS, the weighted average number of shares outstanding is adjusted by assuming the conversion of all potential shares with dilutive effects (such as the share-based incentive plan), while the Group's net result is adjusted for the after-tax effects of conversion.

	31.12.2023	31.12.2022
Profit/(Loss) for the year attributable to the shareholders of the parent	9,859	29,550
Average number of shares (thousands)	55,789	56,610
Basic earnings/(loss) per share	**0.18**	**0.52**
Profit/(Loss) for the year attributable to the shareholders of the parent	9,859	29,550
Average number of shares (thousands) – Diluted effect	55,789	56,995
Diluted earnings/(loss) per share	**0.18**	**0.52**

Note 22. Audit fees

In accordance with the provisions of Article 149-duodecies of the Issuer Regulation, implementing Legislative Decree no. 58 of February 24, 1998, the following is a table with the fees for 2023 paid to the Independent Auditors.

	2023	2022
Fees for services provided by the Independent Auditors to the Parent Company and to the subsidiaries		
Datalogic S.p.A. – auditing	211	157
Italian subsidiaries – auditing	273	225
Foreign subsidiaries – auditing	248	308
Total auditing*	**732**	**690**
Non-auditing services**	49	51
Total	**781**	**741**

* Fees relating to foreign subsidiaries include €8 thousand for auditing services provided by independent auditors outside the network of the Independent Auditors of the Parent Company (Deloitte & Touche S.p.A.).
**Non-auditing services refer to the limited audit of the consolidated non-financial statement for the year ending December 31, 2023, and the certification of expense incurred for R&D activities of Italian subsidiaries

Note 23. Fees paid to Directors

Reference for this information is made to the remuneration report that will be published pursuant to Article 123-ter of the T.U.F. and made available on the Company website.

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

For the definition of "Related Parties", reference is made not only to IAS 24, approved by EC Regulation no. 1725/2003, but also to the Procedure for Related-Party Transactions approved by the Board of Directors on November 4, 2010 (last amended on June 23, 2021) available on the Company website www.datalogic.com. The parent company of the Datalogic Group is Hydra S.p.A.

Intercompany transactions are carried out as part of the ordinary operations and at normal market conditions. Additionally, there are related-party transactions carried out again in the ordinary course of business and at normal market conditions, of an immaterial amount pursuant to and for the purposes of the "**RPT Procedure**", attributable mainly to Hydra S.p.A. or to entities subject (with Datalogic S.p.A.) to common control or to persons exercising administrative and management functions at Datalogic S.p.A. (including entities controlled by them and close family members).

Related-party transactions refer mainly to commercial and property transactions (instrumental and non-instrumental premises for the Group leased or rented out), consulting services, and participation in tax consolidation. None of them are of particular economic or strategic importance to the Group, since receivables, payables, revenue, and expense from related parties do not have a material percentage impact on the total amounts of the financial statements.
Pursuant to Article 5, paragraph 8, of the CONSOB Regulations, it should be noted that, over the period 01.01.2023 – 31.12.2023, the Company's Board of Directors did not approve any transaction of greater significance, as set out by Article 3, paragraph 1, letter b) of the CONSOB Regulations, or any related-party transactions of a lesser significance that had a significant impact on the Group's equity position or results.

	Company controlled by Chairman of B.o.D.	Companies not consolidated on a line-by-line basis	31.12.2023
Investments	-	640	640
Trade receivables – accrued income and prepaid expense	8	1,346	1,354
Trade payables – accrued expense and deferred income	21	120	141
Commercial and service costs	1,232	220	1,451
Trade revenue	-	7,176	7,176
Other revenue	8	507	515

HEADCOUNT

	31.12.2023	31.12.2022	Change
Datalogic	2,842	3,001	(159)
Informatics	68	68	0
Total	**2,910**	**3,069**	**(159)**

The Chairman of the Board of Directors

(*Romano Volta*)

Annexes

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ANNEX 1

Certification of the Consolidated Financial Statements pursuant to Article 81-ter of CONSOB Regulation no. 11971 of May 14, 1999 as subsequently amended and supplemented

1. The undersigned Valentina Volta, as CEO, and Alessandro D'Aniello, as Manager responsible for the preparation of the financial reports of Datalogic S.p.A., certify, also taking account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

- the adequacy of the characteristics of the Company and
- the actual application

of the administrative and accounting procedures in preparing the 2023 Consolidated Financial Statements.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the consolidated financial statements at December 31, 2023 was based on a specific process defined by Datalogic S.p.A. consistent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. Moreover, the following is certified:

3.1 the Consolidated Financial Statements:

a) were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002;
b) are consistent with the accounting records and books;
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 companies included in the consolidation scope;

3.2 the Report on Operations contains a reliable analysis on performance and the results of operations, as well as on the position of the Issuer and on the companies included in the consolidation scope, together with a description of the main risks and uncertainties they are exposed to.

Lippo di Calderara di Reno (BO), March 14, 2024

CEO
Valentina Volta

Manager responsible for the preparation
of the Company's financial reports
Alessandro D'Aniello

ANNEXES

ANNEX 2

CONSOLIDATION SCOPE

The Consolidated Annual Financial Report includes the interim statements of the Parent Company and of the companies in which it directly and/or indirectly has control or significant influence. The statements of the subsidiaries were duly adjusted, where necessary, to make them consistent with the Parent Company's Accounting Standards. The companies included in the consolidation scope at December 31, 2023, consolidated on a line-by-line basis, are shown hereunder:

Company name	Registered office	Share capital		Total equity (Euro/thousands)	Profit (loss) for the year (Euro/thousands)	% Ownership
Datalogic S.p.A.	Bologna – Italy	Euro	30,392,175	340,492	17,087	
Datalogic Real Estate France Sas	Courtabeuf Cedex – France	Euro	2,227,500	4,067	144	100%
Datalogic Real Estate UK Ltd.	Redbourn – United Kingdom of Great Britain	GBP	3,500,000	4,735	160	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	31,808	(4,268)	100%
Informatics Holdings, Inc.	Plano, Texas – USA	USD	1,568	21,062	2,292	100%
Wasp Barcode Technologies Ltd.	Redbourn – United Kingdom of Great Britain	GBP	0	272	14	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen – China	CNY	2,136,696	6,282	825	100%
Datalogic Hungary Kft	Balatonboglar – Hungary	HUF	3,000,000	1,841	1,811	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	126,509	(16,290)	100%
Datalogic Slovakia S.r.o.	Trnava – Slovakia	Euro	66,388	6,552	2,071	100%
Datalogic USA Inc.	Eugene OR – Usa	USD	100	260,976	10,053	100%
Datalogic do Brazil Ltda.	Sao Paulo – Brazil	BRL	20,257,000	901	158	100%
Datalogic Technologia de Mexico S.r.l.	Colonia Cuauhtemoc – Mexico	MXN	0	(464)	(11)	100%
Datalogic Scanning Eastern Europe GmbH	Langen – Germany	Euro	25,000	3,590	(237)	100%
Datalogic Australia Pty Ltd.	Mount Waverley (Melbourne) – Australia	AUD	3,188,120	1,532	134	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	29,847	3,847	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	4,098	652	100%
Datasensing S.r.l.	Modena – Italy	Euro	2,500,000	18,208	(2,409)	100%
M.D. Micro Detectors (Tianjin) Co., Ltd.	Tianjin – China	CNY	13,049,982	1,369	142	100%
Datasensing Ibérica, S.A.U.	Barcelona – Spain	Euro	120,000	1,513	137	100%
Datalogic Japan Co., Ltd.	Tokyo – Japan	JPY	9,913,000	154	25	100%
Pekat S.r.l.	Bologna – Italy	Euro	8,583.33	(991)	(1,023)	100%
Suzhou Mobydata Smart System Co. Ltd.	Suzhou, JiangSu – China	CNY	161,224	5,888	(760)	51%

Companies consolidated by the equity method at December 31, 2023 are as follows:

Company name	Registered office	Share capital		Total equity (Euro/thousands)	Profit (loss) for the year (Euro/thousands)	% Ownership
Datasensor Gmbh (*)	Otterfing – Germany	Euro	150,000	0	2	30%
CAEN RFID S.r.l. (***)	Viareggio LU – Italy	Euro	150,000	781	25	20%
R4I S.r.l. (***)	Benevento – Italy	Euro	131,171	238	(40)	20%
Datalogic Automation AB (**)	Malmö – Sweden	SEK	100,000	2,018	687	20%

(*) figures at December 31, 2021

(**) figures at June 30, 2022

(***) figures at December 31, 2022

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ANNEX 3

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (NON-GAAP MEASURES)

Below is a reconciliation of EBIT and adjusted EBIT at December 31, 2023 versus December 31, 2022.

	31.12.2023		31.12.2022		Change
Adjusted EBIT	**16,883**	**3.15%**	**49,096**	**7.50%**	**(32,213)**
Special Items – Other (Expense) and Income	2,541	0.47%	2,922	0.45%	(381)
Special Items – D&A from acquisitions	4,735	0.88%	5,239	0.80%	(504)
Total	**7,275**	**1.36%**	**8,161**	**1.25%**	**(886)**
EBIT	**9,608**	**1.8%**	**40,935**	**6.3%**	**(31,327)**

Below is a reconciliation of EBITDA and adjusted EBITDA at December 31, 2023 versus December 31, 2022.

	31.12.2023		31.12.2022		Change
Adjusted EBITDA	**49,456**	**9.22%**	**80,286**	**12.26%**	**(30,830)**
Cost of goods sold	128	0.02%	413	0.06%	(285)
Research and Development expense	231	0.04%	-	0.00%	231
Distribution expense	414	0.08%	1,450	0.22%	(1,036)
Administrative and General expense	1,768	0.33%	1,059	0.16%	709
Other (expense) income	-	0.00%	-	0.00%	-
Total	**2,541**	**0.47%**	**2,922**	**0.45%**	**(381)**
EBITDA	**46,915**	**8.74%**	**77,364**	**11.82%**	**(30,449)**

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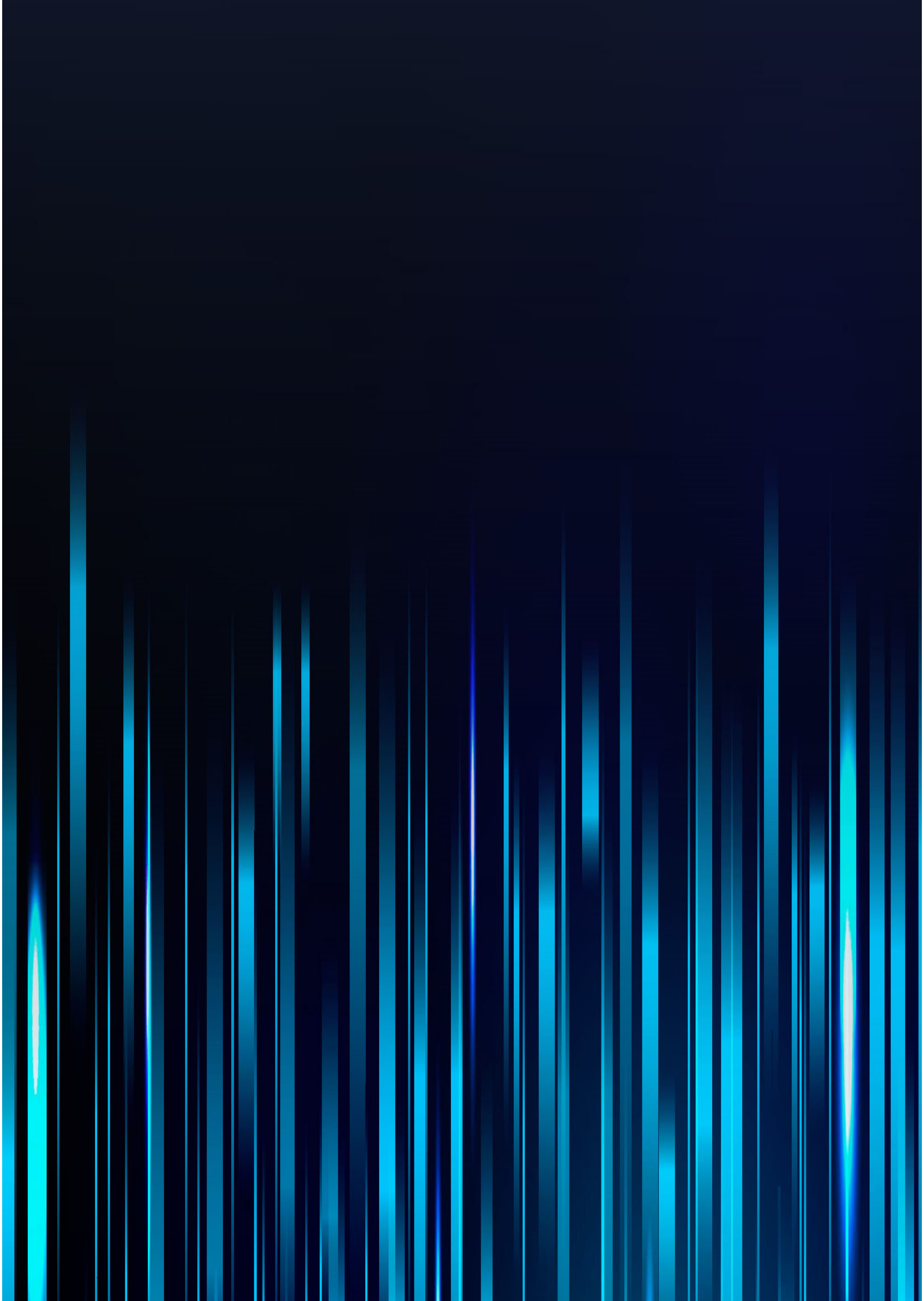
ANNEX 4

RESTATEMENT 2022

Comparative results at December 31, 2023, have been restated following reclassifications of certain items to ensure full comparability of 2022 results with 2023 results.

Restatement Income Statement 2022

(Euro/000)	31.12.2022	Restatement	31.12.22 Restated
1) Revenue	**654,632**		**654,632**
Revenue from sale of products	607,524		607,524
Revenue from services	47,108		47,108
2) Cost of goods sold	**380,525**	**12,011**	**392,536**
Gross Operating Margin (1-2)	**274,107**	**(12,011)**	**262,096**
3) Other revenue	**4,612**		**4,612**
4) Research and development expense	**63,090**	**(787)**	**62,303**
5) Distribution expense	**114,909**	**(12,817)**	**102,092**
6) Administrative and general expense	**57,171**	**1,593**	**58,764**
7) Other operating expense	**2,614**		**2,614**
Total operating costs	**237,784**	**(12,011)**	**225,773**
EBIT	**40,935**		**40,935**
8) Financial income	**28,203**		**28,203**
9) Financial expense	**34,882**		**34,882**
Net Financials (8-9)	**(6,679)**		**(6,679)**
Profit/(Loss) before tax from continuing operations	**34,256**		**34,256**
Income tax	4,130		4,130
Net Profit/(Loss) for the year	**30,126**		**30,126**
Basic earnings/(loss) per share (€)	0.52		0.52
Diluted earnings/(loss) per share (€)	0.52		0.52
Attributable to:			
Shareholders of the Parent	*29,550*		*29,550*
Non-controlling interests	*576*		*576*



Annual Statutory Financial Report at December 31, 2023

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COMPOSITION OF CORPORATE BODIES

Board of Directors (1)

Romano Volta	Executive Chairman (2)
Valentina Volta	Chief Executive Officer (2)
Angelo Manaresi	Independent Director
Chiara Giovannucci Orlandi	Independent Director
Filippo Maria Volta	Non-Executive Director
Vera Negri Zamagni	Independent Director
Maria Grazia Filippini	Independent Director
Pietro Todescato	Non-Executive Director (3)

Board of Statutory Auditors (4)

Diana Rizzo	Chairmain
Elena Lancellotti	Standing Statutory Auditor
Roberto Santagostino	Standing Statutory Auditor
Giulia De Martino	Alternate Statutory Auditor
Eugenio Burani	Alternate Statutory Auditor
Patrizia Cornale	Alternate Statutory Auditor

Control, Risks, Remuneration and Appointments Committee

Angelo Manaresi	Chairman
Chiara Giovannucci Orlandi	Independent Director
Vera Negri Zamagni	Independent Director

Independent Auditors (5)

Deloitte & Touche S.p.A.

(1) The Board of Directors will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

(2) Legal representative before third parties.

(3) On July 1, 2023, Pietro Todescato left the Group, due to age limits, while continuing to serve as a board member of Datalogic S.p.A.

(4) The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2024.

(5) Deloitte & Touche S.p.A. were appointed Independent Auditors for the nine-year period from 2019 to 2027 by the Shareholders' Meeting held on April 30, 2019 and will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2027.

Financial Statements of the Parent Company

STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	**Notes**	**31.12.2023**	**31.12.2022**
A) Non-current assets (1+2+3+4+5+6+7)		**221,520**	**227,956**
1) Tangible fixed assets	**1**	**19,046**	**19,872**
Land		2,466	2,466
Buildings		14,598	14,632
Other assets		1,982	2,774
2) Intangible fixed assets	**2**	**6,598**	**7,760**
Software		6,457	7,282
Fixed assets under construction and advances		141	478
3) Right of use fixed assets	**3**	**1,304**	**1,302**
Buildings		1,143	1,073
Vehicles		161	229
4) Investments in subsidiaries and associates	**4**	**189,256**	**189,335**
5) Non-current financial assets	**6**	**3,773**	**7,948**
6) Trade and other receivables		**209**	**194**
7) Deferred tax assets	**12**	**1,334**	**1,545**
B) Current assets (8+9+10+11)		**315,740**	**337,218**
8) Trade and other receivables		**19,967**	**20,063**
Trade receivables	**7**	**17,131**	**15,417**
of which subsidiaries		*17,101*	*15,389*
of which related parties		*-*	*9*
Other receivables, accrued income and prepaid expense	**7**	**2,836**	**4,646**
of which subsidiaries		*134*	*1,334*
9) Tax receivables	**8**	**2,209**	**770**
of which subsidiaries		*655*	**-**
10) Current financial receivables	**9**	**253,126**	**276,530**
Loans to subsidiaries		*253,126*	*276,530*
11) Cash and cash equivalents		**40,437**	**39,855**
Total Assets (A+B)		**537,260**	**565,174**

STATEMENT OF FINANCIAL POSITION

LIABILITIES (Euro/000)	**Notes**	**31.12.2023**	**31.12.2022**
A) Equity (1+2+3+4+5+6)	**10**	**340,492**	**361,137**
1) Share capital		30,392	30,392
2) Share premium reserve		111,779	111,779
3) Treasury shares held in portfolio		(41,962)	(22,191)
4) Other reserves		(259)	2,848
5) Retained earnings (losses carried forward)		223,455	207,892
6) Profit (loss) for the year		17,087	30,418
B) Non-current liabilities (7+8+9+10)		**82,545**	**70,997**
7) Non-current financial payables	**11**	**79,319**	**68,046**
8) Deferred tax liabilities	**12**	**2,280**	**2,171**
9) Provisions for post-employment and retirement benefits	**13**	**788**	**716**
10) Provisions for non-current risks and charges	**14**	**158**	**64**
C) Current liabilities (11+12+13+14)		**114,222**	**133,040**
11) Trade and other payables		**16,370**	**23,328**
Trade payables	**15**	**5,855**	**5,605**
of which subsidiaries		*2,449*	*890*
of which related parties		*2*	*2*
Other payables, accrued expense and deferred income	**15**	**10,515**	**17,723**
of which subsidiaries		*6,069*	*12,808*
of which related parties		*-*	*70*
12) Tax payables	**8**	**8,455**	**4,466**
of which Parent Company		*-*	*192*
of which subsidiaries		*6,837*	*3,185*
13) Provisions for current risks and charges	**14**	**-**	**250**
14) Current financial payables	**11**	**89,397**	**104,997**
of which subsidiaries		*74,726*	*71,061*
Total Liabilities (A+B+C)		**537,260**	**565,174**

INCOME STATEMENT

(Euro/000)	Notes	31.12.2023	31.12.2022
1) Revenue from services	**17**	**32,492**	**35,943**
2) Cost of goods sold	**18**	**1,703**	**1,817**
Gross Operating Margin (1-2)		**30,789**	**34,126**
3) Other revenue	**19**	**901**	**915**
of which subsidiaries		*640*	*631*
of which related parties		*-*	*136*
4) Research and development expense	**18**	**830**	**829**
of which subsidiaries		*-*	*122*
5) Distribution expense	**18**	**2,145**	**2,379**
of which subsidiaries		*60*	*164*
6) Administrative and general expense	**18**	**26,458**	**29,835**
of which Parent Company		*-*	*90*
of which related parties		*58*	*55*
of which subsidiaries		*(105)*	*89*
7) Other operating expense	**18**	**472**	**331**
of which related parties		*-*	*1*
of which subsidiaries		*(868)*	*(1,273)*
Total operating costs (4+5+6+7)		**29,905**	**33,374**
EBIT		**1,785**	**1,667**
8) Financial income	**20**	**30,387**	**36,630**
of which subsidiaries		*26,092*	*32,225*
9) Financial expense	**20**	**11,392**	**5,792**
of which subsidiaries		*7,254*	*1,188*
Net Financials (8-9)		**18,995**	**30,838**
Profit/(Loss) before tax from continuing operations		**20,780**	**32,505**
Income tax	**21**	3,693	2,087
Net Profit/(Loss) for the year		**17,087**	**30,418**

STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)	Notes	31.12.2023	31.12.2022
Net Profit/(Loss) for the year		**17,087**	**30,418**
Other items of the statement of comprehensive income:			
Other items of the statement of comprehensive income that will later be reclassified to Profit/(Loss) for the year:			
Profit/(Loss) on cash flow hedges (CFH)	10	74	90
Total other items of the statement of comprehensive income that will later be reclassified to Profit/(Loss) for the year		**74**	**90**
Other items of the statement of comprehensive income that will not be later reclassified to Profit/(Loss) for the year			
Actuarial gains (losses) on defined-benefit plans	10	-	(3)
of which tax effect		*-*	*1*
Profit/(Loss) from financial assets at FVOCI	10	(675)	(230)
of which tax effect		*8*	*3*
Total other items of the statement of comprehensive income that will not be later reclassified to Profit/(Loss) for the year		**(675)**	**(233)**
Total profit/(loss) of the statement of comprehensive income		**(601)**	**(143)**
Total comprehensive profit/(loss) for the year		**16,486**	**30,275**

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS (Euro/000)	**31.12.20223**	**31.12.2022**
Profit before tax	**20,780**	**32,505**
Amortisation of intangible fixed assets	2,255	2,419
Depreciation of tangible fixed assets	1,215	1,482
Depreciation of right of use fixed assets	303	243
Losses (Gains) from sale of fixed assets	(4)	(4)
Change in provisions for risks and charges	(200)	64
Change in provision for employee benefits	(24)	19
Net financial expense (income)	(18,995)	(30,838)
Allocation to the share-based incentive plan	(241)	241
Monetary effect foreign exchange losses (gains)	(201)	(1,054)
Other non-monetary changes	270	184
Cash flow generated (absorbed) from operations before changes in working capital	**5,158**	**5,261**
Change in trade receivables	(1,711)	(4,897)
Change in trade payables	251	(1,303)
Change in other current assets	1,905	705
Change in other current liabilities	(7,207)	5,908
Change in other non-current assets	(15)	(10)
Cash flow generated (absorbed) from operations after changes in working capital	**(1,619)**	**10,926**
Change in tax	(789)	(640)
Interest paid	(8,707)	(2,927)
Interest collected	19,619	5,227
Dividends collected	7,121	27,328
Cash flow generated (absorbed) from operations (A)	**15,625**	**39,914**
Increase in intangible fixed assets	(1,319)	(1,278)
Decrease in intangible fixed assets	-	4
Increase in tangible fixed assets	(431)	(733)
Decrease in tangible fixed assets	46	18
Change in financial fixed assets	3,425	5,487
Change in financial receivables and other financial assets	-	(16,000)
Cash flow generated (absorbed) from investments (B)	**1,721**	**(12,502)**
Payment of financial payables	(33,042)	(52,083)
New financial payables	25,000	50,000
Payments of financial liabilities from leases	(289)	(237)
Changes in cash pooling	28,357	(18,745)
(Purchase) sale of treasury shares	(19,771)	-
Dividends paid	(17,034)	(16,934)
Effect of change in cash and cash funds	14	(188)
Cash flow generated (absorbed) from financing activities (C)	**(16,765)**	**(38,186)**
Net increase (decrease) in cash (A+B+C)	**582**	**(16,035)**
Net cash and cash equivalents at beginning of year	**39,855**	**53,782**
Net cash and cash equivalents at year end	**40,437**	**39,855**

CHANGES IN EQUITY

	Share capital	Share premium reserve	Treasury shares held in portfolio	Share capital and reserves	Other reserves	Retained earnings	Profit for the year	Equity
01.01.2023	**30,392**	**111,779**	**(22,191)**	**119,980**	**2,848**	**207,892**	**30,418**	**361,137**
Allocation of profit						30,418	(30,418)	
Dividends						(17,034)		(17,034)
Sale/purchase of treasury shares			(19,771)	(19,771)				(19,771)
Other changes					(2,154)	2,180		26
Share-based incentive plan					(351)			(351)
Profit/(loss) at 31.12.2023							17,087	17,087
Other items of the statement of comprehensive income					(601)			(601)
Total comprehensive Profit (Loss)					(601)		17,087	16,486
31.12.2023	**30,392**	**111,779**	**(41,962)**	**100,209**	**(259)**	**223,455**	**17,087**	**340,492**

	Share capital	Share premium reserve	Treasury shares held in portfolio	Share capital and reserves	Other reserves	Retained earnings	Profit for the year	Equity
01.01.2022	**30,392**	**111,779**	**(26,096)**	**116,075**	**11,233**	**213,347**	**7,550**	**348,205**
Allocation of profit						7,550	(7,550)	
Dividends						(16,934)		(16,934)
Sale/purchase of treasury shares								
Other changes					(3,660)	3,710		50
Share-based incentive plan			3,905	3,905	(4,582)	219		(458)
Result at 31.12.2022							30,418	30,418
Other items of the statement of comprehensive income					(143)			(143)
Total comprehensive Profit (Loss)					(143)		30,418	30,275
31.12.2022	**30,392**	**111,779**	**(22,191)**	**119,980**	**2,848**	**207,892**	**30,418**	**361,137**

Explanatory Notes

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Datalogic S.p.A. (the “Company” or the “Parent Company”) is a joint-stock company listed on Euronext STAR Milan of Borsa Italiana S.p.A. and is headquartered in Italy. The registered office is in Via Candini 2, Lippo di Calderara (BO). The Company is a subsidiary of Hydra S.p.A., also based in Bologna.

Datalogic S.p.A. is the Parent Company of the Datalogic Group (“Group”), a global technological leader in the automatic data capture and process automation markets. The Company is specialised in the design and production of barcode readers, mobile computers, detection, measurement and safety sensors, vision and laser marking systems and RFID.

The publication of the Company’s Financial Statements at December 31, 2023 was authorized by resolution of the Board of Directors dated March 14, 2024.

BASIS OF PRESENTATION

1) General criteria

In compliance with European Regulation no. 1606/2002, the Financial Statements were prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the IASB - International Accounting Standard Board and endorsed by the European Union pursuant to European Regulation 1725/2003 and subsequent updates, with all the interpretations of the International Financial Reporting Standard Interpretations Committee ("IFRS-IC"), formerly known as the Standing Interpretations Committee ("SIC") endorsed by the European Commission at the date of approval of the draft Financial Statements by the Board of Directors and contained in the relevant E.U. Regulations published on that date and in compliance with the provisions set forth in CONSOB Regulation 11971 of 14/05/99 and subsequent updates.

These Financial Statements were drawn up in Euro thousands, which is the Company’s “functional” and “presentation” currency.

2) Reporting formats

The reporting formats adopted comply with those required by IAS 1 and were used in the Financial Statements for the year ended December 31, 2022, in particular:

- current and non-current assets, as well as current and non-current liabilities are shown separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realized, sold or used during the Company’s normal operational cycle; current liabilities are those whose extinction is envisaged during the normal operating cycle or in the twelve 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 explanatory for comprehension of the Company’s business result;
- the Statement of Comprehensive Income presents the items that determine profit/(loss) for the period and the costs and revenue recognised directly under equity;
- the Statement of Cash Flows is presented using the "indirect method".

The Financial Statements were prepared in accordance with the general criterion of reliable and truthful presentation of the Company's financial position, results of operations and cash flows, in compliance with the general principles of going concern, accrual basis, consistency of presentation, materiality and aggregation, prohibition of offsetting and comparability of information.

The Statement of Changes in Equity analytically details the changes occurring in the year and in the prior year.

In preparing the Financial Statements, the historic cost principle was adopted for all assets and liabilities, except for certain financial assets for which the fair value principle was applied.

The preparation of IFRS-compliant financial statements requires the use of certain estimates. Reference is made to the section describing the main estimates made in these Financial Statements.

3) Accounting policies and standards applied

The policies adopted for the preparation of the Company's financial statements at December 31, 2023 are shown below.

Tangible fixed assets

Owned tangible fixed assets are recognised at the cost of contribution, purchase, or internal construction. The cost includes all directly attributable costs required to make the asset available for use (including, when relevant and where there are present obligations, the present value of estimated costs for decommissioning, asset removal, and site remediation), net of trade discounts and rebates.

Certain tangible fixed assets in the "Land and buildings" categories were measured at fair value (market value) at January 1, 2004 (date of first-time adoption of IFRS) and this value was used as the deemed cost. The cost of buildings is depreciated net of the residual value estimated as the realization value obtainable through sale at the end of the useful life of the building.

Costs incurred after purchase are accounted for in the book value of the asset, or are recognised as a separate asset, only if it is believed likely that the future economic benefits associated with the asset will flow to the entity and the asset's cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the income statement in the year in which they are incurred.

Fixed assets are systematically depreciated in each year from the time the fixed asset is available for use, or is potentially able to provide the associated economic benefits, based on economic-technical rates determined with regard to the remaining possibility of use of the assets and taking account of the month of availability for the first year.

Land is considered to be an asset with indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Company are as follows:

Asset category	Rates
Property:	
Buildings	2% - 3.3%
Other assets:	
Plants pertaining to buildings	8.33% - 10% - 6.67%
Lightweight constructions	6.67% - 4% - 33.3%
Production equipment & electronic instruments	20% - 10%
Moulds	20%
Electronic office machinery	33% - 20% - 10%
Office furniture and fittings	10% - 6.67% - 5%
Cars	25%
Freight vehicles	14%
Trade show & exhibition equipment	11% - 20%
Leasehold improvements	Contract duration

If a fixed asset suffers an impairment loss, then, regardless of the depreciation already recognised, the value of the fixed asset is accordingly written down; if the reasons for the impairment loss no longer apply in subsequent years, the original value is restored. The residual value and useful life of assets are reviewed at least at each year-end in order to assess any significant changes in value.

Fixed assets held under leases

Assets held by the Company under lease contracts, including operating leases, in accordance with IFRS 16, in force since January 1, 2019, are recorded under assets with a financial payable as a balancing entry. Specifically, assets are recognised at a value equal to the present value of future payments at the date of signing of the contract, discounted using the applicable incremental borrowing rate for each contract, and depreciated over the duration of the underlying contract, taking account of the effects of any extension or early termination clauses whose exercise was deemed reasonably certain.

In compliance with the provisions of IFRS 16, starting from January 1, 2019, the Company identifies contracts for which it obtains the right to use an identifiable asset for a period of time in exchange for a consideration as leases.
For each lease contact, starting from the commencement date, the Company recognises an asset (right of use of the asset) under tangible fixed assets as a balancing entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low-value lease contracts applied to situations where the leased asset has a value not exceeding €5 thousand (new value).
For short-term and low-value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognised, but the lease payments are recognised in the income statement on a straight-line basis for the duration of the respective contracts.
In the case of a complex contract that includes a lease component, the latter is always managed separately from the other services included in the contract.

Rights of use are shown in a specific item of the financial statements. At the time of initial recognition of the lease contract, the right of use is recognised at a value corresponding to the lease payable, determined as described above, increased by the instalments paid in advance and the ancillary expense and net of any incentives received. Where applicable, the initial value of the rights of use also includes the related costs of dismantling and restoring the area.

The situations involving the recalculation of the lease payable imply a corresponding change in the value of the right of use.
After initial recognition, the right of use is depreciated on a straight-line basis, starting from the commencement date, and subject to write-downs in the event of impairment. Depreciation is carried out over the shorter of the lease term and the useful life of the underlying asset; however, in cases where the lease contract envisages the transfer of ownership, possibly also as a result of the use of redemption options included in the value of the right of use, depreciation is carried out over the useful life of the asset.

Lease payables are shown in the financial statements under current and non-current financial liabilities, together with the Company's other financial payables. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be settled determined using the implicit interest rate of the contract (i.e. the interest rate that forms the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Company); if this rate is not indicated in the contract or easily determinable, the present value is determined using the “incremental borrowing rate”, i.e. the incremental interest rate that, in a similar economic context and in order to obtain an amount equal to the value of the right of use, the Company would have paid for a loan with similar duration and collateral.
The lease payments subject to discounting include fixed payments; variable fees due to an index or a rate; the redemption price, if any and if the Company is reasonably certain to use it; the amount of payment envisaged for any issue of collateral on the residual value of the asset; the amount of penalties to be paid in the event of the exercise of options for early termination of the contract, where the Company is reasonably certain to exercise them.
After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortised cost, and decreased against the lease payments paid.
Additionally, the lease payable is subject to restatement, upward or downward, in the event of changes to the contracts or other situations envisaged by IFRS 16 that involve a change in the amount of the instalments and/or the duration of the lease. Specifically, in the presence of situations that involve a change in the estimate of the probability of exercise (or non-exercise) of the options for renewal or early termination of the contract or in the redemption (or not) provisions of the asset upon expiry of the contract, the lease payable is restated by discounting the new value of the instalments to be paid on the basis of a new discount rate.

Intangible fixed assets

Intangible assets are recognised under assets in the statement of financial position when it is likely that use of the asset will generate future economic benefits and when the asset’s costs can be reliably determined. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary expense.
If tangible and intangible fixed assets are sold, the date of disposal will be the date when the purchaser obtains the control of the assets, pursuant to requirements set forth on performance obligations by IFRS 15. The profit or loss generated by the consideration is accounted for in the Income Statement and is determined according to requirements to determine the transaction price envisaged by IFRS 15. Subsequent changes to the estimated amount of consideration used to determine profit or loss must be accounted for in accordance with the requirements for changes in transaction pricing in IFRS 15.

Intangible fixed assets with finite useful life are amortised systematically in accordance with their expected future use, so that the net value at the end of the year corresponds to their remaining use or the amount recoverable according to the company's plans for carrying out production activities. Amortisation starts when the asset is available for use.

The useful life for each category is detailed below:

DESCRIPTION	**Years**
Other intangible assets:	
- Software licences	3/5
- SAP licences	10
- User licences	Contract duration

The residual values, the useful lives and the amortisation of intangible fixed assets are reviewed at each year end and, where appropriate, adjusted prospectively. The useful lives shown remained unchanged versus the prior year.

Investments

Investments in subsidiaries and associates, not classified as "held for sale", are measured at cost, adjusted for impairment. Where there are indications that investments may be impaired, they are subject to impairment testing and written down if necessary. Impairment is charged to the income statement when there is objective evidence that events have occurred that impact the estimated future cash flows of the investments. Any losses, exceeding the carrying amount of investments, that may arise due to legal obligations or implicit obligations to cover losses of investees, are recognised under Provisions for risks and charges.
The original value is restored in subsequent years if the reasons for the write-downs no longer apply. The related dividends are recorded under financial income from investments at the time the right to receive them is determined, generally coinciding with the resolution taken by the Shareholders' Meeting.

Subsidiaries

Subsidiaries are all those companies over which the Company exercises control by having the power to determine, directly or indirectly, financial and operational policies and obtain benefits from their activities.

Associates

Associates are all those companies over which the Company exercises significant influence but does not have control over management or the power to determine financial and operational policies and obtain benefits from the activities of those companies.

Impairment

If there are specific indicators of impairment, tangible fixed assets, intangible fixed assets and investments are subject to an impairment test.
The aim of the impairment test is to ensure that tangible and intangible fixed assets, as well as investments, are not carried at a value exceeding their recoverable value, consisting of the higher of their fair value, less costs to sell and their value in use.
Value in use is determined based on the future cash flows expected to originate from the asset or cash-generating unit (hereafter also CGU) to which the asset belongs. Expected cash flows are discounted using a discount rate that reflects the current market estimate referring to the time-related cost of money and the risks specific to the asset or cash generating unit to which the assumed realizable value refers.
If the recoverable value of the asset or CGU, to which it belongs, is less than the net book value, the asset in question is written down to reflect its impairment, with recognition of the latter in the Income Statement for the year.

As no goodwill is recognised in the financial statements, impairment losses relating to CGUs are allocated on a proportional basis.

An impairment loss, in the event that the assumptions that generated it no longer apply, is reinstated, up to the amount corresponding to the book value that would have been determined, net of depreciation calculated on the historical cost, if no impairment loss had ever been recognised. Any reinstatements are recognised in the Income Statement.

Financial assets and liabilities

The Company measures certain financial assets and liabilities at fair value. Fair value is the price that would be received for the sale of an asset or that would be paid for transfer of a liability in a normal transaction between market participants at the date of measurement.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market of the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or most advantageous market must be accessible for the Company. The fair value of an asset or liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their economic best interest. A fair value measurement of a non-financial asset takes account of a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses measurement methods that are appropriate to the circumstances, and for which data available to measure fair value are sufficient, maximising the use of relevant observable inputs and minimising the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy and described hereunder:

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

The fair value measurement is classified in its entirety in the same level of the fair value hierarchy as the lowest level input used for the measurement.
For assets and liabilities recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels of the hierarchy by reviewing the categorisation at each annual reporting date.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Financial assets are initially recognised at their fair value plus, in the case of a financial asset not at fair value through profit or loss, any ancillary expense. Exceptions are trade receivables that do not contain a significant financing component for which the Company applies the practical expedient by measuring them at the transaction price determined in accordance with IFRS 15.

Upon recognition, for subsequent measurement purposes, financial assets are classified according to the four possible measurement methods described below:

- Financial assets at amortised cost;

- Financial assets at fair value through OCI with reclassification of cumulative gains and losses;
- Financial assets at fair value through OCI without reversal of cumulative gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The selection of the classification of financial assets depends on the following:

- nature of financial assets, determined primarily by the characteristics of expected contractual cash flows;
- business model that the Company applies to the management of the financial assets in order to generate cash flows, which may result from the collection of contractual cash flows, as well as from the sale of financial assets or from both.

In order to classify and measure a financial asset at amortised cost or at fair value through OCI, this asset must generate cash flows that depend solely on payments of principal and interest (SPPI). This measurement is referred to as a SPPI test and is performed at the level of each instrument.

Financial assets are derecognised when the right to receive cash ceases to exist, the Company has transferred to a third party the right to receive cash flows from the asset or has a contractual obligation to pay them in full and without delay, and (1) has transferred substantially all risks and rewards of ownership of the financial asset or (2) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In the cases where the Company has transferred the rights to receive cash flows from an asset or has signed an agreement based on which it retains the contractual rights to receive the cash flows of the financial asset, but undertakes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and benefits pertaining to ownership.

Valuations are regularly carried out in order to verify whether there is objective evidence that a financial asset or a group of assets may have suffered impairment. If there is objective evidence, the impairment is recognised as a cost in the income statement for the year.

As regards trade receivables, the Company applies a simplified approach in calculating the expected losses. Therefore, the Company does not monitor changes in credit risk, but the expected loss is fully recognised at each reporting date. The Company has established a matrix system based on historical information, reviewed to consider prospective elements with regard to the specific types of debtors and their economic environment, as a tool for determining expected losses.

Financial liabilities

Financial liabilities are measured using the amortised cost method, recognising expense through the effective interest rate method in the income statement, except for financial liabilities acquired for trading purposes or derivatives (see next paragraph), or those designated at FVTPL by Management on the date of initial recognition, which are measured at fair value with a balancing entry in the income statement.

Financial guarantees given are agreements envisaging a payment to repay the owner of a debt security against a loss incurred due to a non-payment by the debtor at the contractual maturity term. When issued by the Company, financial guarantee contracts are initially recognised as liabilities at fair value, increased by transaction costs directly attributable to issuance of the guarantee. The liability is then measured at the higher of the best estimate of the outlay required to meet the guaranteed obligation at the balance sheet date and the amount initially recognised, net of accumulated amortisation.

A financial liability is removed from the balance sheet when the obligation underlying the liability has been discharged, cancelled or satisfied. Where an existing financial liability is exchanged for another from the same lender on substantially different terms, or the terms of an existing liability are substantially changed, such an exchange or change is treated as a derecognition of the original liability and a recognition of a new liability, with any differences between the carrying amounts recognised in the Income Statement. In the event of amendments on financial liabilities defined as irrelevant, the income effects of renegotiation are recognised in the Income Statement.

Offsetting of financial instruments

A financial asset and liability can be offset and the net balance can be shown in the Statement of Financial Position if there is a current legal right to offset the amounts recognised and there is the intention to settle the net remainder, or realize the asset and at the same time settle the liability.

Financial derivatives

Derivatives, including embedded derivatives, separate from the main contract, are initially recognised at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, assessed periodically, is high.

When hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value, and the effects are charged to the Income Statement; accordingly, the hedged instruments are adjusted to reflect the changes in fair value, associated with the hedged risk.

When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the hedges made are designated against exposure to variability in cash flows attributable to risks that may affect the Income Statement at a later date; these risks are generally associated with an asset or liability recognised in the Financial Statements (such as future payments on debt at floating rates).

The effective portion of the change in the fair value of the portion of derivative contracts that have been designated as hedges, in accordance with the requirements of the standard, is recognised as an item of the Statement of Comprehensive Income (Hedging Reserve); this reserve is then charged to the result in the period in which the hedged transaction affects the Income Statement.

The ineffective portion of fair value change, as well as the entire fair value change in derivatives that have not been designated as hedge derivatives or that do not have the requirements envisaged in the aforesaid IFRS 9, is instead recognised directly through the Income Statement.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets held for sale as held for sale if their book value will be recovered primarily through a sale transaction, rather than through their continued use. These non-current assets held for sale classified as held for sale are measured at the lower of their book value and their fair value less costs to sell. Costs to sell are any additional costs directly attributable to the sale, excluding financial expense and tax.

The condition for classifying an asset as held for sale is considered met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. The actions required to conclude the sale should indicate that it is unlikely that significant changes in the sale will occur or that the sale will be cancelled. Management must be engaged in the sale, whose completion should be planned within one year from the date of classification.

The depreciation of property, plant and equipment and amortisation of intangible assets ceases when they are classified as available for sale.

Assets and liabilities classified as held for sale are shown separately under current items in the Financial Statements.

Income items related to assets held for sale and discontinued operations, when related to significant business lines or geographical areas of operation, are excluded from the result of continuing operations and are shown in the income statement in a single line as net profit/(loss) from assets held for sale or discontinued operations net of the related tax effect.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Equity

Share capital consists of the outstanding ordinary shares recorded at par value.

Costs related to the issuance of new shares or options are classified in Equity (net of the associated tax benefit) as a deduction from the proceeds arising from the issuance of these instruments.

Treasury shares

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable ancillary expense, is deducted from the Company's Equity until such shares are cancelled, re-issued, or sold. When these treasury shares are resold or re-issued, the proceeds, net of any directly attributable ancillary expense and related tax effect, are accounted for as Equity of the Company.

Therefore, no profit or loss is recognised in the Income Statement upon the purchase, sale or cancellation of treasury shares.

Liabilities from employee benefits

Post-employment benefits are defined on the basis of plans, which according to their characteristics are divided into "defined-contribution" and "defined-benefit" plans.
Employee benefits substantially include the provisions for severance indemnities of the Company.

Defined-contribution plans

Defined-contribution plans are formalised post-employment benefit plans under which a company makes payments to an insurance company or pension fund and will have no legal or implied obligation to pay further contributions if the fund does not have sufficient assets at vesting to pay all employee benefits related to employment in the current and prior years. These contributions, paid in exchange for employee service, are recorded as an expense in the period incurred.

Defined-benefit plans and other long-term benefits

Defined benefit plans are formalised post-employment benefit plans that constitute a future obligation for the Company. The entity is underwriting the actuarial and investment risks associated with the plan.
The Company uses the projected unit credit method to determine the present value of liabilities of the plan and the cost of services.
This actuarial calculation method requires the use of objective actuarial hypotheses, compatible and based on demographic variables (mortality rate, personnel turnover) and financial variables (discount rate, future increases of salaries and wages and benefits). When a defined-benefit plan is entirely or partly financed by contributions paid to a fund, legally separate from the company, or to an insurance company, the plan assets are measured at fair value. The amount of the obligation is thus accounted for, net of the fair value of the plan assets that will be used to settle that obligation directly.
Revaluations, which include actuarial gains and losses, changes in the effect of the asset ceiling (excluding net interest), and the return on plan assets (excluding net interest), are recognised immediately in the Statement of Financial Position

by debiting or crediting retained earnings through the other items of the Statement of Comprehensive Income in the year in which they arise. Revaluations are not reclassified in the Income Statement in subsequent years. Other long-term benefits are employee benefits other than post-employment benefits. Accounting is similar to defined-benefit plans.

Provisions for risks and charges

Provisions for risks and charges are set aside to cover liabilities of uncertain amount or due date that must be recognised in the financial statements when the following concurrent conditions are met:

- the entity has a present obligation (legal or constructive), i.e. under way at the reporting date, as a result of a past event;
- it is likely that economic resources will be required to fulfill the obligation;
- the amount needed to fulfil the obligation can be reliably estimated;
- risks for which the onset of a liability is merely potential are shown in the notes to the financial statements, in the commentary part of the provisions, without making a provision.

In the case of events that are only remote, i.e., events that have minor chances of occurring, no provision is accounted for, nor is additional or supplementary information provided.

Allocations are booked at the amount representing the best estimate of the amount that the company would pay to pay the obligation or to transfer it to third parties at the reporting date. If the effect of discounting the value of money is significant, allocations are determined by discounting expected future cash flows at a pre-tax discount rate that reflects the current market valuation of the time value of money. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial expense.

Provisions are recorded at the present value of the expected financial resources to be used against the obligation. Provisions are periodically updated to reflect changes in cost estimates, timing of implementation, and discounted value, if any; revisions in provision estimates are charged to the same line item in the Income Statement that previously included the allocation and to the Income Statement for the year in which the change occurred.
The Company recognises restructuring provisions if there is an implied obligation to restructure and there is a formal plan for restructuring, which has raised a valid expectation in those affected that it will carry out the restructuring either by starting to implement that plan or because it has announced its main features to those affected by it.

Share-based incentive plan - Equity-settled payment transactions

A number of Company employees receive part of the remuneration as share-based payments; therefore these employees provide services in exchange for shares ("equity settled transactions").
The cost of equity-settled transactions is determined by the fair value on the date the assignment is made using an appropriate valuation method.
This cost is recognised in the case of the Company's employees under personnel costs for the period in which the conditions related to the achievement of targets and/or the performance of services are fulfilled, with a corresponding increase in equity as a balancing entry, while, in the case of employees of other Group companies, directly and indirectly controlled, as an increase in the carrying amount of investments. Cumulative costs and increases in investments recognised in respect of such transactions at the reporting date of each year to the vesting date are commensurate with the maturity of the vesting period and the best estimate of the number of equity instruments that will actually vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the grant date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Arm's length conditions are reflected in the fair value at the grant date. Any other conditions attached to the plan that do not involve a service obligation are not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost or increase in investments is recognised for rights that do not ultimately vest because the performance and/or service conditions have not been met. When rights include a market condition or a non-vesting condition, they are treated as if they had vested regardless of whether the market conditions or other non-vesting conditions they are subject to are met or not, with the understanding that all other performance and/or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recognised is the fair value at the grant date in the absence of the plan change, assuming that the original conditions of the plan are met. Additionally, a cost is recognised for any change that results in an increase in the total fair value of the payment plan, or is otherwise favourable to employees; this cost is measured by reference to the date of change. When a plan is cancelled by the entity or the counterpart, any remaining fair value element in the plan is immediately transferred to the income statement.

Income tax

Income tax includes current and deferred tax. Income tax is generally charged to the Income Statement, except when it relates to cases recognised directly in Equity, in which case the tax effect is recognised directly in Equity.

Current income tax is calculated by applying to taxable income the tax rate in force at the reporting date and includes the adjustments to tax related to prior periods.

Deferred tax is calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes.

Deferred tax assets are recognised against all deductible temporary differences and unused tax receivables and losses carried forward, to the extent that it is probable that there will be adequate future taxable profits that may make the use of deductible temporary differences and tax receivables and losses carried forward applicable.

Deferred tax is calculated at the tax rate expected to be in force at the time the asset is sold or the liability is settled.

Datalogic S.p.A. acts as the consolidating company for both the direct subsidiary Datalogic S.r.l. and the indirect subsidiary Datasensing S.r.l. This consolidation involves determining the total comprehensive income attributable to all three companies by summing their respective incomes and tax losses. Additionally, the subsidiary Datalogic IP Tech S.r.l. operates under the "Tax transparency" system (pursuant to Article 115 et seq. of the TUIR) for the three-year period 2021-2023 with the investees Datalogic S.p.A. and Datalogic S.r.l by reason of the latter's 50% equal ownership of the capital of the investee IP tech S.r.l.

Revenue recognition

Revenue is measured at fair value of the amount collected or collectable from the provision of services within the scope of the Company's ordinary business activity. Revenue is shown net of VAT, discounts and rebates.

Pursuant to IFRS 15, the Company recognises revenue after identifying the contracts with its customers, as well as performance obligations to be fulfilled, determining the consideration it expects to be entitled to in exchange for the services, and after evaluating the manners to satisfy such performance obligations (satisfaction at point in time or over the time).

Pursuant to the provisions set out by IFRS 15, the Company recognises revenue only when the following obligations have been met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- each party's rights regarding the goods or services to be transferred can be identified;
- payment terms of transferable goods and services can be identified;
- the contract is of a commercial type;
- consideration in exchange for the transferred services is likely to be received.

If the aforesaid requirements are met, the Company recognises revenue by applying the following rules.

Provision of services

The Company provides services to its subsidiaries. The Company recognises revenue from services when it has fulfilled its performance obligation, transferring the promised service (i.e., asset) to the customer. An asset is transferred when the customer obtains control of that asset.

Government grants

Government grants are recognised - regardless of the existence of a formal grant resolution - when there is reasonable certainty that the entity will comply with the conditions attached to the grant and therefore that the grant will be received.

Government grants obtainable as reimbursement for expense and costs already incurred, or for the purpose of providing immediate financial aid to the recipient company with no future related costs, are recognised as income in the year in which they become receivable.

Income from dividends and interest

Income from dividends and interest is respectively recognised as follows:

- dividends, when the right to receive payment is determined (with receivable offset at the time of the distribution resolution);
- interest, applying the effective interest rate method.

Dividends distributed

Dividends are recognised when the right for shareholders to receive payment arises, which normally corresponds to the date of the Annual Shareholders' Meeting that resolves on the distribution of dividends.
The dividends distributable to Company shareholders are recognised as an equity movement in the year when they are approved by the Shareholders' Meeting.

Treatment of foreign currency transactions

Functional presentation currency

The Company's financial statement items are shown in the currency of the economic environment in which the entity operates, so-called functional currency. The Financial Statements are presented in Euro thousands, the Euro being the Company's functional and presentation currency.

Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are initially translated into the functional currency by using the exchange rate at the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in non-functional currencies are translated into the functional currency at the exchange rate in effect on the closing date. Exchange differences realised upon collection of receivables and payment of payables in foreign currencies and those arising from the translation of monetary assets and liabilities into non-functional currencies at the closing date are recorded in the Income Statement under financial income and expense. Non-monetary assets and liabilities denominated in non-functional currencies that are measured at cost are translated at the exchange rate on the date of the transaction, while those measured at fair value are translated at the exchange rate on the date such value is determined.

4) IFRS accounting standards, amendments and interpretations applied as from January 1, 2023

The following accounting standards, amendments and IFRS interpretations have been applied by the Company for the first time as from 1 January 2023:

- On May 18, 2017, the IASB published **IFRS 17 – *Insurance Contracts***, intended to supersede **IFRS 4 - *Insurance Contracts***. The standard was applied as of January 1, 2023. The aim of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts issued.
  The adoption of this standard and its amendment had no effect on the Company's financial statements.

- On May 7, 2021, the IASB published ***"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"***. The document clarifies how entities should account for deferred tax on certain transactions that can generate assets and liabilities of equal amounts at the date of first recognition, such as leases and decommissioning provisions. The amendments were applied as of January 1, 2023.
  The adoption of this amendment had no effect on the Company's financial statements.

- On February 12, 2021, the IASB published **"*Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2*"** and ***"Definition of Accounting Estimates-Amendments to IAS 8".*** The amendments regarding IAS 1 require an entity to disclose relevant information about the accounting standards applied by the Company. The changes are intended to improve disclosures about the accounting standards applied by the Company so that they provide more useful information to investors and other primary users of financial statements, as well as to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments were applied as of January 1, 2023. The adoption of these amendments had no effect on the Company's financial statements.

- On May 23, 2023, the IASB published ***"Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules".*** The document provides temporary relief from the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (rule effective in Italy as of December 31, 2023, but applicable as of January 1, 2024) and envisages specific disclosure requirements for entities affected by the related International Tax Reform.
  The document envisages the immediate application of temporary relief, while the disclosure requirements apply only to annual financial statements that began on or after January 1, 2023, but not to interim financial statements with a closing date prior to December 31, 2023.

5) IFRS accounting standards, amendments and interpretations endorsed by the European Union at December 31, 2023, but not yet applicable on a compulsory basis and not adopted in advance by the Company at December 31, 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union, but are not yet mandatorily applicable and have not been adopted in advance by the Company at December 31, 2023:

- On January 23, 2020, the IASB published "***Amendments to IAS 1 Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current"*** and on October 31, 2022 published ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants".*** These changes aim to clarify how to classify payables and other short-term or long-term liabilities. Additionally, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to meeting certain parameters (i.e., covenants). The amendments come into force on January 1, 2024, but early application is permitted. The Directors do not expect any material effect on the Company's financial statements from the adoption of this amendment.

- On September 22, 2022, the IASB published "**Amendments to IFRS 16 Leases**: ***Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction in a way that it does not recognise the gain or loss that relates to the right of use it retains. The amendments will apply as of January 1, 2024, but early application is permitted. The Directors do not expect any material effect on the Company's financial statements from the adoption of this amendment.

6) IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union at December 31, 2023

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and the standards described below.

- On May 25, 2023, the IASB published ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements".*** The document requires an entity to provide additional information on reverse factoring arrangements that will enable financial statement users to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will apply as of January 1, 2024, but early application is permitted. The Directors do not expect any material effect on the Company's financial statements from the adoption of this amendment.

- On August 15, 2023, the IASB published ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".*** The document requires an entity to apply a methodology to be applied consistently in order to ascertain whether one currency can be converted into another and, when this is not feasible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment will apply as of January 1, 2025, but early application is permitted. The Directors do not expect any material effect on the Company's financial statements from the adoption of this amendment.

7) Use of estimates and assumptions

The preparation of the IFRS-compliant Financial Statements requires the Directors to apply accounting standards and methods that, in certain cases, are based on valuations and estimates based on historical experience and assumptions that are evaluated from time to time according to the specific cases. The application of these estimates and assumptions affects the amounts of revenue, expense, assets and liabilities and their disclosure, as well as the disclosure of

contingent liabilities. The results of financial statement items for which the above estimates and assumptions were used may differ from those shown owing to the uncertainty surrounding the assumptions and conditions on which the estimates are based.
Following are the assumptions regarding the future and other main causes of uncertainty in estimates that, at the reporting date, show a risk of resulting in adjustments to the carrying amounts of assets and liabilities within the next year. The Company has based its assumptions and estimates on parameters available when preparing the Financial Statements. The current circumstances and assumptions on future developments may however change upon occurrence of market changes or events beyond the Company's control. Upon their occurrence, these changes are reflected in the assumptions.

Tax

Deferred tax assets are recognised to the extent that it is probable that there will be a taxed profit in the future such that they can be used. Significant estimates by Management are required to determine the amount of tax assets that can be recognised based on the level of future taxable profits, the timing of their occurrence, and tax planning strategies. Deferred tax liabilities for tax on retained earnings of subsidiaries, affiliates or joint ventures are not recognised to the extent that it is probable that their distribution will not occur in the foreseeable future. Therefore, estimates by Management are required to determine the amount of tax assets that may be recognised and tax liabilities that may not be recognised based on the level of future taxable profits, the timing of their occurrence, and tax planning strategies. The long-term nature, as well as the complexity of regulations in various jurisdictions, differences arising between actual results and the assumptions made, or future changes in those assumptions, may require future adjustments to income tax and costs and benefits already recorded.

Fair value of financial instruments

When the fair value of a financial asset or liability recognised in the statement of financial position cannot be measured by relying on quotations in an active market, fair value is determined using various valuation techniques. Inputs included in this model are taken from observable markets where possible, otherwise, some degree of estimation is required to define fair values.

Share-based incentive plan - Equity-settled payment transactions

Certain employees of the Company receive a portion of their compensation as share-based payments. The cost of equity-settled transactions is determined by the fair value of instruments at the date of the assignment. The cumulative costs recorded for such transactions at the end of each year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. Evaluation processes and manners, as well as the determination of the abovementioned estimates, are based on assumptions that, for their nature, involve reliance on the judgement of the Directors.

MANAGEMENT OF FINANCIAL RISKS

Risk factors

The Company is exposed to various types of financial risks in carrying out its business, including:

- **market risk,** specifically:
  - foreign exchange risk, relating to operations in currency areas other than the currency of denomination;
  - interest rate risk, connected with the Company's level of exposure to financial instruments, generating interest and recognised in the Statement of Financial Position;
- **credit risk**, deriving from trade transactions or from financing activities;
- **liquidity risk**, referring to the availability of financial resources and access to the credit market.

The Company specifically monitors each of the abovementioned financial risks, taking prompt action in order to minimize such risks. The sensitivity analysis then shows the potential impact on final results from hypothetical fluctuations in the relevant parameters. Under IFRS 7, the analyses are based on simplified scenarios applied to the figures and, by their very nature, cannot be considered indicators of the actual effects of future changes.

MARKET RISK

Foreign exchange risk

The Company operates internationally and is exposed to transactional foreign exchange risk. Transactional risk relates to the trade (receivables/payables in foreign currencies) and financial (loans drawn or granted in foreign currencies) transactions of the Company in currencies other than the functional and presentation currency. The foreign currency to which the Company is most exposed is the US dollar.

To enable full understanding of the impact of foreign exchange risk on the Company's financial statements, a sensitivity analysis of foreign exchange balances to changes in the exchange rate was conducted. The variability parameters applied were identified among the foreign exchange rate differences considered reasonably possible, with all other variables remaining equal. The following table shows the results of the analysis at December 31, 2023:

USD	Nominal value	Portion exposed to exchange rate risk	5%	-5%
Exchange rates		**1.1050**	**1.1603**	**1.0498**
Financial assets				
Cash and cash funds	40,437	15,726	(749)	828
Trade and other receivables	20,176	1,440	(69)	76
Financial assets and loans	253,126	(6,985)	333	(368)
Financial liabilities				
Loans	168,716	50,851	2,421	(2,676)
Trade and other payables	16,370	1,547	74	(81)
Net impact on Income Statement			**2,010**	**(2,222)**

At December 31, 2023, the Company has no financial instruments to hedge changes in foreign exchange rates.

Interest rate risk

The Company is exposed to interest rate risk associated with the financial assets and liabilities in place. The aim of interest rate risk management is to limit and stabilize the negative effects on cash flows subject to changes in interest rates. At December 31, 2023, the Company has no financial instruments to hedge interest rate changes.

To enable full understanding of the potential effects of rate fluctuations the Company is subject to, a sensitivity analysis was carried out on the items most subject to risk, assuming a change in the interest rate for Euro and USD underlyings of 75 basis points. The analysis was carried out on reasonable assumptions, and the results are shown below with regard to the date of December 31, 2023:

EUR	Nominal value	Portion exposed to interest rate risk	+75bp	-75bp
Financial assets				
Cash and cash funds	40,437	24,711	185	(185)
Financial assets and loans	253,126	260,111	1,951	(1,951)
Financial liabilities				
Loans	168,716	25,211	(189)	189
Net impact on Income Statement			**1,947**	**(1,947)**

USD	Nominal value	Portion exposed to interest rate risk	+75bp	-75bp
Financial assets				
Cash and cash funds	40,437	15,726	118	(118)
Financial assets and loans	253,126	(6,985)	(52)	52
Financial liabilities				
Loans	168,716	50,851	(381)	381
Net impact on Income Statement			**(316)**	**316**

Credit risk

Since the Company has no trade or financial relations with customers outside the Datalogic Group, but only with Group Companies, it is not significantly exposed to this risk.

Liquidity risk

The Company's liquidity risk is minimized by the timely management by the Treasury department. Bank debt and liquidity are managed through financial resource optimization tools, including cash pooling. The Company manages and negotiates medium/long-term loans and credit lines to meet the Group's requirements. Centralized negotiation of credit lines and loans, together with the management of the Group's cash resources are aimed at optimizing financing costs.

The following table shows financial liabilities by maturity:

Financial liabilities by maturity	0 - 1 year	1 - 5 years	over 5 years	Total
Loans	14,392	78,263		92,655
Financial payables from leases	279	956	100	1,335
Financial payables to Group companies	74,726			74,726
Trade and other payables	16,370			16,370
Total	**105,767**	**79,219**	**100**	**185,086**

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible fixed assets

Tangible fixed assets at December 31, 2023 amounted to €19,046 thousand; net expenditure of €389 thousand and depreciation of €1,215 thousand were recognised during the year. The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below.

	31.12.2023	31.12.2022	Change
Land	2,466	2,466	-
Buildings	14,598	14,632	(34)
Other assets	1,982	2,774	(792)
Total	**19,046**	**19,872**	**(826)**

"Other assets" at December 31, 2023 includes: office furniture and equipment (€1,485 thousand), generic plant related to buildings (€456 thousand), lightweight constructions (€36 thousand) and motor vehicles (€5 thousand).
Expenditure made during the year relates mainly to office equipment and refers both to their normal replacement and to upgrades and improvements to the Company's infrastructure.

Details of changes at December 31, 2023 and at December 31, 2022 are as follows:

	Land	Buildings	Other assets	Total
Historical cost	2,466	18,177	16,945	37,588
Accumulated depreciation	-	(3,545)	(14,171)	(17,716)
Net book value at 01.01.2023	**2,466**	**14,632**	**2,774**	**19,872**
Increases 31.12.2023				
Capital expenditure	-	201	230	431
Total	**-**	**201**	**230**	**431**
Decreases 31.12.2023				
Disposals, historical cost	-	-	(753)	(753)
Disposals, accumulated depreciation	-	-	711	711
Depreciation	-	(235)	(980)	(1,215)
Total	**-**	**(235)**	**(1,022)**	**(1,257)**
Historical cost	2,466	18,378	16,422	37,266
Accumulated depreciation	-	(3,780)	(14,440)	(18,220)
Net book value at 31.12.2023	**2,466**	**14,598**	**1,982**	**19,046**

	Land	Buildings	Other assets	Total
Historical cost	2,466	18,177	16,320	36,963
Accumulated depreciation	-	(3,311)	(13,017)	(16,328)
Net book value at 01.01.2022	**2,466**	**14,866**	**3,303**	**20,635**
Increases 31.12.2022				
Capital expenditure	-	-	733	733
Total	**-**	**-**	**733**	**733**
Decreases 31.12.2022				
Disposals, historical cost	-	-	(108)	(108)
Disposals, accumulated depreciation	-	-	94	94
Depreciation	-	(234)	(1,248)	(1,482)
Total	**-**	**(234)**	**(1,262)**	**(1,496)**
Historical cost	2,466	18,177	16,945	37,588
Accumulated depreciation	-	(3,545)	(14,171)	(17,716)
Net book value at 31.12.2022	**2,466**	**14,632**	**2,774**	**19,872**

Note 2. Intangible fixed assets

Intangible fixed assets at December 31, 2023 amounted to €6,598 thousand; net expenditure for €1,093 thousand and amortisation for €2,255 thousand were recognised during the year. The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below.

	31.12.2023	31.12.2022	Change
Software	6,457	7,282	(825)
Fixed assets under construction and advances	141	478	(337)
Total	**6,598**	**7,760**	**(1,162)**

"Fixed assets under construction and advances", amounting to €141 thousand, is attributable to the implementation and customization of proprietary software licenses to be completed.

Details of changes at December 31, 2023 and at December 31, 2022 are as follows:

	Software	Other	Fixed assets under construction and advances	Total
Historical cost	22,953	1,066	478	24,497
Accumulated amortisation	(15,671)	(1,066)	-	(16,737)
Net book value at 01.01.2023	**7,282**	**-**	**478**	**7,760**
Increases 31.12.2023				
Capital expenditure	1,204	-	115	1,319
Total	**1,204**	**-**	**115**	**1,319**
Decreases 31.12.2023				
Disposals, historical cost	(2,840)		(226)	(3,066)
Disposals, accum. amortisation	2,840	-	-	2,840
Amortisation	(2,255)	-	-	(2,255)
Total	**(2,255)**	**-**	**(226)**	**(2,481)**
Other changes 31.12.2023				
Incoming transfers at historical cost	226	-	(226)	-
Total	**226**	**-**	**(226)**	**-**
Historical cost	21,543	1,066	141	22,750
Accumulated amortisation	(15,086)	(1,066)	-	(16,152)
Net book value at 31.12.2023	**6,457**	**-**	**141**	**6,598**

	Software	Other	Fixed assets under construction and advances	Total
Historical cost	22,056	1,066	107	23,229
Accumulated amortisation	(13,258)	(1,066)	-	(14,324)
Net book value at 01.01.2022	**8,798**	**-**	**107**	**8,905**
Increases 31.12.2022				
Capital expenditure	800	-	478	1,278
Total	**800**	**-**	**478**	**1,278**
Decreases 31.12.2022				
Disposals, historical cost	(10)		-	(10)
Disposals, accum. amortisation	6	-	-	6
Amortisation	(2,419)	-	-	(2,419)
Total	**(2,423)**	**-**	**-**	**(2,423)**
Other changes 31.12.2022				
Incoming transfers at historical cost	107	-	(107)	-
Total	**107**	**-**	**(107)**	**-**
Historical cost	22,953	1,066	478	24,497
Accumulated amortisation	(15,671)	(1,066)	-	(16,737)
Net book value at 31.12.2022	**7,282**	**-**	**478**	**7,760**

Note 3. Right of use fixed assets

Net changes for €304 thousand and depreciation for €303 thousand were recognised during the year. The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below.

	31.12.2023	31.12.2022	Change
Buildings	1,143	1,073	70
Vehicles	161	229	(68)
Total	**1,304**	**1,302**	**2**

The increase in "Buildings" is attributable mainly to the renewal of the property leases.

Details of changes at December 31, 2023 and at December 31, 2022 are as follows:

	Buildings	Vehicles	Total
Historical cost	1,243	529	1,772
Accumulated depreciation	(169)	(300)	(469)
Net book value at 01.01.2023	**1,073**	**229**	**1,302**
Increases 31.12.2023			
Increases from changes in contracts	354	54	408
Total	**354**	**54**	**408**
Decreases 31.12.2023			
Decreases in historical cost from changes in contracts	(103)	(196)	(299)
Decreases in accumulated depreciation from changes in contracts	19	176	195
Depreciation	(201)	(102)	(303)
Total	**(285)**	**(123)**	**(407)**
Historical cost	1,494	387	1,881
Accumulated depreciation	(351)	(226)	(577)
Net book value at 31.12.2023	**1,143**	**161**	**1,304**

	Buildings	Vehicles	Total
Historical cost	724	477	1,201
Accumulated depreciation	(136)	(252)	(388)
Net book value at 01.01.2022	**588**	**225**	**813**
Increases 31.12.2022			
Increases from changes in contracts	607	152	759
Total	**607**	**152**	**759**
Decreases 31.12.2022			
Decreases in historical cost from changes in contracts	(89)	(99)	(188)
Decreases in accumulated depreciation from changes in contracts	89	74	163
Depreciation	(122)	(121)	(243)
Total	**(122)**	**(146)**	**(268)**
Historical cost	1,243	529	1,772
Accumulated depreciation	(169)	(300)	(469)
Net book value at 31.12.2022	**1,073**	**229**	**1,302**

Note 4. Investments in subsidiaries and associates

Investments held by the Company at December 31, 2023 amounted to €189,256 thousand (€189,335 thousand at December 31, 2022).

	31.12.2022	Increases	Decreases	31.12.2023
Subsidiaries	188,635	-	(111)	188,524
Associates	700	32	-	732
Total affiliates	**189,335**	**32**	**(111)**	**189,256**

The net decrease of €79 thousand refers to the release of the share-based incentive plan payments related to the rights assigned by the Company to employees of subsidiaries (2022-2024 period) for €111 thousand, and the increase of €32 thousand as a result of the payment following the increase in the share capital of CAEN RFID S.r.l.
Information on investments in subsidiaries and associates is shown in Annex 2. Negative differences between pro-rata equity and the carrying amount of certain investments are not deemed to represent impairment losses in relation to the future earnings expectations of the investees and the contribution they are expected to make to the business of the Company and the Group.

Note 5. Financial assets and liabilities by category

The following table provides a breakdown of "Financial assets and liabilities" in accordance with IFRS 9.

Financial assets

	Financial Assets at Amortised Cost	Financial assets at FV through profit and loss	Financial assets at FV through OCI	31.12.2023
Non-current financial assets	**2,264**	**1,619**	**99**	**3,982**
Non-current financial assets and investments	2,055	1,619	99	3,773
Other receivables	209			209
Current financial assets	**313,530**	**-**	**-**	**313,530**
Trade receivables	17,131			17,131
Other receivables	2,836			2,836
Loans to subsidiaries	253,126			253,126
Financial assets - Loans				-
Cash and cash equivalents	40,437			40,437
Total	**315,794**	**1,619**	**99**	**317,512**

	Financial Assets at Amortised Cost	Financial assets at FV through profit and loss	Financial assets at FV through OCI	31.12.2022
Non-current financial assets	**2,401**	**1,439**	**4,302**	**8,142**
Non-current financial assets and investments	2,207	1,439	4,302	7,948
Other receivables	194			194
Current financial assets	**336,448**	**-**	**-**	**336,448**
Trade receivables	15,417			15,417
Other receivables	4,646			4,646
Loans to subsidiaries	276,530			276,530
Cash and cash equivalents	39,855			39,855
Total	**338,849**	**1,439**	**4,302**	**344,590**

Financial liabilities

	Derivatives	Financial liabilities at amortised cost	31.12.2023
Non-current financial liabilities	**-**	**79,319**	**79,319**
Non-current financial payables	-	79,319	79,319
Current financial liabilities	**-**	**105,767**	**105,767**
Trade payables	-	5,855	5,855
Other payables	-	10,515	10,515
Current financial payables	-	89,397	89,397
Total	**-**	**185,086**	**185,086**

	Derivatives	Financial liabilities at amortised cost	31.12.2022
Non-current financial liabilities	**-**	**68,046**	**68,046**
Non-current financial payables	-	68,046	68,046
Current financial liabilities	**-**	**128,324**	**128,324**
Trade payables	-	5,605	5,605
Other payables	-	17,723	17,723
Current financial payables	-	104,997	104,997
Total	**-**	**196,370**	**196,370**

The fair value of financial assets and financial liabilities is determined according to methods classifiable in the various levels of the fair value hierarchy as envisaged by IFRS 13. Specifically, the Company uses internal valuation models generally used in financial practice, based on prices provided by market participants or quotations recorded on active markets.

Fair value - hierarchy

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

Level 1: market prices;

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

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

Assets measured at fair value	Level 1	Level 2	Level 3	31.12.2023
Non-current financial assets and investments	99	-	1,619	1,718
Total assets measured at fair value	**99**	**-**	**1,619**	**1,718**

Note 6. Financial assets and loans to third parties

Financial assets and loans to third parties include the following:

	31.12.2023	31.12.2022	Change
Non-current financial assets	3,773	7,948	(4,175)
Total	**3,773**	**7,948**	**(4,175)**

The change in “Non-current financial assets” is detailed below:

	2023	2022	Change
At January 1	**7,948**	**11,683**	**(3,735)**
Acquisitions/Disposals	(3,458)	(5,931)	2,473
Gains/(Losses) recognised in OCI	(683)	77	(760)
Gains/losses recognised in the Income Statement	(34)	(88)	54
Other movements	-	2,207	(2,207)
At December 31	**3,773**	**7,948**	**(4,175)**

Non-current financial assets amounted to €3,773 thousand; the change in the year is attributable mainly to the divestment of part of the capital held in the Japanese company Idec Corporation.

Note 7. Trade and other receivables

The breakdown of the item at December 31, 2023 and at December 31, 2022 is shown below:

	31.12.2023	31.12.2022	Change
Trade receivables	**17,131**	**15,417**	**1,714**
of which subsidiaries	*17,101*	*15,389*	*1,711*
of which related parties	*-*	*9*	*(9)*
Other receivables - accrued income and prepaid expense	**2,836**	**4,646**	**(1,810)**
of which subsidiaries	*134*	*1,334*	*(1,200)*
Total	**19,967**	**20,063**	**(96)**

Trade receivables

Trade receivables at December 31, 2023 amounted to €17,131 thousand and included mainly trade transactions for intercompany services provided to subsidiaries at normal market conditions. At December 31, 2023, the breakdown of the item by maturity, versus the prior year, was as follows:

	31.12.2023	31.12.2022
Not overdue	11,919	9,665
Past due by 30 days	4,815	4,851
Past due by 31 - 90 days	133	41
Past due by more than 90 days	265	860
Total	**17,131**	**15,417**

The following table shows the breakdown of trade receivables by currency at December 31, 2023 and at December 31, 2022:

	31.12.2023	31.12.2022
Euro (EUR)	15,713	14,602
US Dollar (USD)	1,412	808
British Pound Sterling (GBP)	5	4
Turkish Lira (TRY)	2	3
Total	**17,131**	**15,417**

Other receivables - accrued income and prepaid expense

The details of "Other receivables - accrued income and prepaid expense" are shown below.

	31.12.2023	31.12.2022	Change
Other current receivables	363	1,612	*(1,249)*
of which subsidiaries	*134*	*1,334*	*(1,200)*
Other non-current receivables	209	194	*15*
VAT receivables	957	1,232	*(275)*
Accrued income and prepaid expense	1,516	1,801	*(285)*
Total	**3,045**	**4,840**	**(1,795)**

"Accrued income and prepaid expense" is composed mainly of the recognition of insurance contracts and hardware and software licenses.

Note 8. Tax receivables and payables

	31.12.2023	31.12.2022	Change
Tax receivables	2,209	770	1,439
of which subsidiaries	*655*	-	*655*
Tax payables	(8,455)	(4,466)	(3,989)
of which subsidiaries	*(6,837)*	*(1,093)*	*(5,744)*
Total	**(6,246)**	**(3,696)**	**(2,550)**

At December 31, 2023, the net balance of "Tax receivables and payables" was negative and amounted to €6,246 thousand, with a negative change of €2,550 thousand versus December 31, 2022, when the net balance showed a payable of €3,696 thousand.

Note 9. Loans to subsidiaries

	31.12.2023	31.12.2022	Change
Loans to subsidiaries	217,282	217,959	(676)
Financial receivables from cash pooling	35,844	58,572	(22,728)
Total	**253,126**	**276,530**	**(23,404)**

At December 31, 2023, "Loans to subsidiaries" amounted to €217,282 thousand (€217,959 thousand at December 31, 2022); the decrease in short-term financial receivables from subsidiaries is due to changes under the cash pooling agreement. The abovementioned loans bear interest at normal market conditions. For details on the breakdown of the item by counterparty, reference is made to the following section on related-party transactions.

LIABILITIES AND EQUITY

Note 10. Equity

Equity at December 31, 2023 is broken down as follows:

	31.12.2023	31.12.2022	Change
Share capital	30,392	30,392	-
Share premium reserve	111,779	111,779	-
Treasury shares held in portfolio	(41,962)	(22,191)	(19,771)
Share capital and reserves	**100,209**	**119,980**	**(19,771)**
Other reserves	**(259)**	**2,848**	**(3,107)**
Retained earnings	**223,455**	**207,892**	**15,563**
Profit for the year	**17,087**	**30,418**	**(13,331)**
Total	**340,492**	**361,137**	**(20,645)**

Details of the changes in equity items that occurred during the year, and in the prior year, can be found in the appropriate statement in the financial statements.

Share capital

At December 31, 2023, the share capital of €30,392 thousand represents the fully subscribed and paid-up share capital. It is made up of a total number of 58,446,491 ordinary shares, of which 4,800,000 are held as treasury shares for a value of €41,962 thousand, therefore the outstanding shares at that date are 53,646,491. The shares have a par value of €0.52 each.

Other Reserves

The "Reserve for Treasury shares held in portfolio" at December 31, 2023 shows a decrease of €19,771 thousand following the purchase of treasury shares.

At December 31, 2023, "Other reserves", including the "Share-based incentive plan reserve", shows a negative €259 thousand. The change is related mainly to the reclassification to retained earnings from the sale of financial instruments.

Note 11. Financial payables

"Financial payables" at December 31, 2023 amounted to €168,716 thousand, down by €13,489 thousand as detailed below.

	31.12.2023	31.12.2022	Change
Bank loans	92,655	100,661	(8,006)
Financial payables to subsidiaries (cash pooling)	74,726	71,061	3,665
Financial payables from leases	1,335	1,321	14
Total	**168,716**	**173,043**	**(4,327)**

Financial payables are broken down by maturity date as follows:

	0 - 1 year	1 - 5 years	over 5 years	31.12.2023
Bank loans	14,392	78,263	-	92,655
Financial payables from cash pooling	74,726	-	-	74,726
Financial payables from leases	279	956	100	1,335
Total	**89,397**	**79,219**	**100**	**168,716**

Bank borrowings at December 31, 2023, totaling €92,655 thousand, were taken out at a fixed rate. The change in the year is due to loan repayment and new borrowings or the drawdown of existing lines as detailed below.

	31.12.2023	31.12.2022
At January 1	**100,661**	**102,455**
Increases	25,000	50,000
Decreases from borrowing repayments	(33,042)	(52,083)
Other changes	36	289
At December 31	**92,655**	**100,661**

Covenants

Certain loan agreements require the Company to comply with financial covenants, measured on a half-year basis at June 30 and December 31, summarized in the following table:

Loan	Company	Covenants	Frequency	Reference financial statements
RCF	Datalogic S.p.A.	NFP/EBITDA 4.5x; 4.0x *	Half-year	Consolidated
Roller Coaster	Datalogic S.p.A.	NFP/EBITDA 3.00x	Half-year	Consolidated

* 4.5x at June and 4.0x at December

At December 31, 2023, all covenants were met.

Note 12. Net deferred tax

Deferred tax assets and deferred tax liabilities arise both from positive items already recorded in the income statement, the taxation of which is deferred in application of current tax regulations, and from differences of a temporary nature between the value of assets and liabilities recorded in the financial statements for the year and the relevant value for tax purposes.

Deferred tax assets are accounted for in accordance with the assumptions of future recoverability of the temporary differences they originated from, i.e., on the basis of strategic economic and tax plans.

The net balance of prepaid tax assets and deferred tax liabilities came to a negative €946 thousand at December 31, 2023 (a negative €626 thousand at December 31, 2022).

	31.12.2023	31.12.2022	Change
Deferred tax assets	1,334	1,545	(211)
Deferred tax liabilities	(2,280)	(2,171)	(109)
Net deferred tax	**(946)**	**(626)**	**(320)**

The main items of deferred tax assets and deferred tax liabilities and their changes during the year are shown below:

Prepaid tax	31.12.2022	Allocated (released) to Income Statement	Allocated (released) to Equity	31.12.2023
Foreign exchange gains/(losses)	562	(37)		525
Differences on amortisation/depreciation	233	(20)		213
Allocations to provisions	548	(179)		369
Tax losses		73		73
Other	202	(48)		154
Total	**1,545**	**(211)**		**1,334**

Deferred tax	31.12.2022	Allocated (released) to Income Statement	Allocated (released) to Equity	31.12.2023
Foreign exchange gains/(losses)	725	144	(34)	835
Differences on amortisation/depreciation	1,391			1,391
Other	55			55
Total	**2,171**	**144**	**(34)**	**2,280**

Note 13. Provisions for post-employment and retirement benefits

The breakdown of changes in “Provisions for post-employment and retirement benefits” at December 31, 2023 and at December 31, 2022 is shown below:

	2023	2022	Change
At January 1	**716**	**693**	**23**
Amount allocated in the year	332	367	(35)
Utilisations	(158)	(239)	81
Receivables from INPS	(157)	(87)	(70)
Discounting	-	4	(4)
Other movements	55	(22)	77
At December 31	**788**	**716**	**72**

Note 14. Provisions for risks and charges

“Provisions for non-current risks and charges" at December 31, 2023 amounted to €158 thousand and refer to the portion accrued during the year in connection with long-term incentive and retention plans for personnel (middle management and key people).

Note 15. Trade and other payables, accrued expense and deferred income

	31.12.2023	31.12.2022	Change
Trade payables	**5,855**	**5,605**	**250**
of which subsidiaries	*2,449*	*890*	*1,559*
of which related parties	*2*	*2*	*(1)*
Other current payables	**10,072**	**17,210**	**(7,138)**
of which subsidiaries	*6,069*	*12,808*	*(6,739)*
Current accrued expense and deferred income	**443**	**513**	**(70)**
of which related parties	-	*70*	*(70)*

Trade payables

“Trade payables” amounted to €5,855 thousand, up by €250 thousand versus the end of the prior year.

Other current payables

	31.12.2023	31.12.2022	Change
Payables to employees	2,064	2,161	(97)
Payables to welfare and social security entities	1,333	1,234	99
Other payables	6,674	13,816	-7,142
Total	**10,072**	**17,210**	**-7,138**

"Other current payables", amounting to €10,072 thousand at December 31, 2023, is explained below:

- “Payables to employees” for the fixed and variable component of remuneration, for holidays, as well as the related “Payables to welfare and social security entities” regarding social security contributions;
- “Other payables" regards mainly payables to Group companies participating in the "Consolidated VAT” option. The decrease is a result of the lower turnover recorded in the last quarter by the investees participating in this system.

Note 16. Net financial position

At December 31, 2023, the Net Financial Debt/(Net Financial Position) is broken down as follows:

	31.12.2023	31.12.2022
A. Cash funds	40,437	39,855
B. Cash equivalents	-	-
C. Other current financial assets	253,126	276,530
D. Liquid assets (A) + (B) + (C)	**293,563**	**316,385**
E. Current financial debt	75,005	71,334
E1. of which lease payables	*279*	*273*
F. Current portion of non-current financial debt	*14,392*	*33,663*
G. Current Financial Debt (E) + (F)	**89,397**	**104,997**
H. Current Net Financial Debt (Financial Position) (G) - (D)	**(204,166)**	**(211,388)**
I. Non-current financial debt	79,319	68,046
I1. of which lease payables	*1,057*	*1,048*
J. Debt instruments	-	-
K. Trade and other non-current payables	-	-
L. Non-Current Financial Debt (I) + (J) + (K)	**79,319**	**68,046**
M. Total Net Financial Debt/(Net Financial Position) (H) + (L)	**(124,847)**	**(143,341)**

The **Net Financial Position** at December 31, 2023 stood at €124,847 thousand, deteriorating by €18,494 thousand versus the prior year.

At December 31, 2023, the Company had outstanding financial credit lines of approximately €218.0 million, of which approximately €193.0 million committed. Undrawn and readily available financial lines amounted to €125.0 million.

Indirect debt subject to conditions at December 31, 2023 is represented exclusively by the provision for post-employment benefits, amounting to €788 thousand.

INFORMATION ON THE INCOME STATEMENT

Note 17. Revenue

The Company's revenue of €32,492 thousand consists of royalties charged to subsidiaries for use of the Datalogic trademark and of invoices issued for intercompany services. The decrease of €3,451 thousand (-9.6%) versus the prior year reflects the drop in Group revenue.

Note 18. Cost of goods sold and operating costs

The following table shows the trends of cost of goods sold and operating costs at December 31, 2023, versus the prior year.

	31.12.2023	31.12.2022	Change
Cost of goods sold	**1,703**	**1,817**	**(114)**
Operating costs	**29,905**	**33,374**	**(3,469)**
Research and development expense	830	829	1
Distribution expense	2,145	2,379	(234)
Administrative and General expense	26,458	29,835	(3,377)
Other operating expense	472	331	141
Total	**31,608**	**35,191**	**(3,583)**

The Cost of Goods Sold amounted to €1,703 thousand, down by €114 thousand versus the prior year. Operating costs amounted to €29,905 thousand, down by 10.4% versus the prior year. The breakdown of “Other operating expense” is as follows:

	31.12.2023	31.12.2022	Change
Non-income tax	435	323	112
Other	37	8	29
Total	**472**	**331**	**141**

Costs by nature

The following table shows the detail of costs (cost of goods sold and operating costs) by type:

	31.12.2023	31.12.2022	Change
Personnel expense	15,175	16,439	(1,264)
Software maintenance and assistance	6,055	5,283	772
Amortisation, depreciation and write-downs	3,982	4,126	(144)
Directors' fees	1,463	2,239	(775)
Utilities and telephone subscriptions	1,074	1,443	(369)
Technical, legal and tax consulting	765	1,610	(845)
Recruitment costs	505	767	(262)
Stock exchange costs and membership fees	355	403	(48)
Rental and building maintenance	282	292	(10)
Audit fees	236	279	(43)
Travel and accommodation	234	315	(81)
Insurance expense	186	181	5
Expense for personnel training	178	313	(135)
Advertising and Marketing	137	246	(109)
Vehicle leasing and maintenance	106	116	(10)
Entertainment expense	74	47	27
Fees to the Board of Statutory Auditors	69	68	1
Costs for services provided by subsidiary	60	354	(294)
Meeting expense	33	84	(51)
Patents	20	26	(6)
Other costs	618	560	58
Total cost of goods sold and operating costs	**31,608**	**35,191**	**(3,583)**

“Personnel expense", amounting to €15,175 thousand (€16,439 thousand in the prior year), decreased by €1,264 thousand versus the prior year (-7.7%). Below are the details:

	31.12.2023	31.12.2022	Change
Wages and salaries	11,086	11,774	(689)
Social security charges	3,096	3,214	(118)
Post-employment benefits	347	355	(8)
Retirement benefits and the like	434	467	(33)
Other costs	212	628	(416)
Total	**15,175**	**16,439**	**(1,264)**

Note 19. Other revenue

	31.12.2023	31.12.2022	Change
Rents	643	634	9
Operating grants	43	47	(4)
Ordinary capital gains	1	6	(5)
Other	214	228	(14)
Total	**901**	**915**	**(14)**

"Other revenue" shows a negative change of €14 thousand.

Note 20. Net Financials

	31.12.2023	31.12.2022	Change
Financial income (expense)	10,795	2,438	8,357
Foreign exchange differences	1,105	1,406	(301)
Fair Value	(34)	(223)	189
Bank expense	(182)	(138)	(44)
Dividends	7,121	27,328	(20,207)
Other	190	27	163
Total net financials	**18,995**	**30,838**	**(11,843)**

Net financials ended with a positive €18,995 thousand versus €30,838 thousand at December 31, 2023. The change from the comparison year is due mainly to lower dividends received from investees, partly offset by higher interest income on intercompany financial receivables.

Note 21. Tax

	31.12.2023	31.12.2022	Change
Profit before tax	20,780	32,505	(11,725)
Income tax	3,338	1,964	1,374
Deferred tax	354	122	232
Total Tax	**3,693**	**2,087**	**1,606**
Tax rate	**17.8%**	**6.4%**	**11.4%**

The average tax rate is 17.8% (6.4% at December 31, 2022). The reconciliation for 2023 and 2022 of the nominal tax rate and the actual rate used in the Financial Statements is shown below:

	2023		2022	
Profit before tax	**20,780**		**32,505**	
Nominal tax rate under Italian law	**(4,987)**	**-24.0%**	**(7,801)**	**-24.0%**
Effects of local tax	(631)	-3.0%	(337)	-1.0%
Effects of intercompany dividend taxation	1,623	7.8%	6,231	19.2%
Tax effects - prior years	(80)	-0.4%	(434)	-1.3%
Other effects	382	1.8%	255	0.8%
Consolidated effective tax rate	**(3,693)**	**-17.8%**	**(2,087)**	**-6.4%**

Note 22. Audit fees

In accordance with the provisions of Article 149-duodecies of the Issuer Regulation, implementing Legislative Decree no. 58 of February 24, 1998, the following is a table with the fees for 2023 paid to the Independent Auditors, broken down by auditing and other services:

	2023
Datalogic S.p.A. - auditing	211
Total auditing	**211**
Non-auditing services	25
Total	**236**

Other services refer to the limited audit of the consolidated non-financial statement for the year ended December 31, 2023.

Note 23. Fees paid to Directors and Statutory Auditors

Reference for this information is made to the remuneration report that will be published pursuant to Article 123-ter of the T.U.F. and made available on www.datalogic.com.

RELATED-PARTY TRANSACTIONS

For the definition of "Related Parties”, reference is made not only to IAS 24, approved by EC Regulation no. 1725/2003, but also to the Procedure for Related-Party Transactions approved by the Board of Directors on November 4, 2010 (most recently amended on June 23, 2021) available on the Company website www.datalogic.com. The Company's parent is Hydra S.p.A. Related-party transactions are conducted in the ordinary course of business and at normal market conditions. Additionally, there are related-party transactions carried out again in the ordinary course of business and at normal market conditions, of an immaterial amount pursuant to and for the purposes of the "**RPT Procedure**”, attributable mainly to Hydra S.p.A. or to entities subject (with Datalogic S.p.A.) to common control or to persons exercising administrative and management functions at Datalogic S.p.A. (including entities controlled by them and close family members).

Related-party transactions refer mainly refer to commercial and property transactions (instrumental and non-instrumental premises for the Company leased or rented out), consulting services, and participation in tax consolidation. None of them are of particular economic or strategic importance to the Company, since receivables, payables, revenue, and expense from related parties do not have a material percentage impact on the total amounts of the financial statements. Pursuant to Article 5, paragraph 8 of the CONSOB Regulations, in 2023, the Company's Board of Directors did not approve any transactions of greater significance as defined by Article 3, paragraph 1, letter b) of the CONSOB Regulations, nor any other related-party transactions of minor significance that materially affected the Company's financial position or results.

	Hydra Immobiliare S.n.c.	Datalogic S.r.l.	Subsidiaries of Datalogic S.r.l.	Real Estate Group Companies	Informatics Holdings Inc.	Datalogic IP Tech S.r.l.	31.12.2023
Receivables	**-**	**241,430**	**27,476**	**100**	**1**	**2,009**	**271,016**
Trade receivables		15,024	1,522	100	1	454	17,101
Receivables from tax consolidation			655				655
Other receivables		129	0			5	134
Financial receivables from cash pooling		27,777	6,517			1,550	35,844
Loans to subsidiaries		198,500	18,782				217,282
Payables	**2**	**4,296**	**66,693**	**2,588**	**8,738**	**7,766**	**90,083**
Payables from tax consolidation		375				6,462	6,837
Payables from VAT tax consolidation		2,628	2,078			1,301	6,007
Other payables		36	26				62
Trade payables	2	1,257	1,072	21	95	3	2,451
Financial payables from cash pooling			63,517	2,567	8,643		74,726
Costs	**(58)**	**(3,233)**	**(2,752)**	**(75)**	**(272)**	**(8)**	**(6,399)**
Commercial/service costs	(58)	(60)	105				(13)
Other operating expense		512	333	0	13	11	868
Financial expense		(3,685)	(3,190)	(75)	(285)	(19)	(7,254)
Revenue	**-**	**54,421**	**3,998**	**80**	**-**	**724**	**59,224**
Trade revenue		31,182	688	80		541	32,492
Other revenue		581	1			58	640
Financial income		22,658	3,309			125	26,092

ALLOCATION OF PROFIT FOR THE YEAR

Shareholders,

given that the Financial Statements of Datalogic S.p.A. show a net profit for the year of €17,086,580, and since the legal reserve has reached one-fifth of the share capital pursuant to Article 2430 of the Italian Civil Code, the Board of Directors proposes the distribution to the Shareholders of an ordinary unit dividend, gross of tax, of 12 Euro cents per share, for a maximum total amount of €6,437,579, drawing from profit for the year, with ex-dividend date of July 15, 2024 (record date July 16, 2024) and payment starting on July 17, 2024 and to allocate the remaining part of the profit for the year to the retained earnings reserve.

The Chairman of the Board of Directors
(Romano Volta)

Annexes

ANNEXES

ANNEX 1

Certification of the Financial Statements pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Valentina Volta, as CEO, and Alessandro D'Aniello, as Manager responsible for the preparation of the financial reports of Datalogic S.p.A., certify, also taking account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

- the adequacy of the characteristics of the Company and
- the actual application

of the administrative and accounting procedures in preparing the 2023 financial statements.

2. The assessment on the adequacy of the administrative and accounting procedures for the preparation of the financial statements at December 31, 2023 is based on a procedure established 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 the international level.

3. Moreover, the following is certified:

3.1 the Financial Statements:

a) were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002;
b) are consistent with the accounting records and books;
c) provide a true and fair view of the financial position, the results of operations and the cash flows of the Issuer;

3.2 the Report on Operations contains a reliable analysis on performance and the results of operations, as well as of the position of the Issuer, together with a description of the main risks and uncertainties it is exposed to.

Lippo di Calderara di Reno (BO), March 14, 2024

Chief Executive Officer
Valentina Volta

Manager responsible for the preparation
of the Company’s financial reports
Alessandro D’Aniello

ANNEXES

ANNEX 2

LIST OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AT DECEMBER 31, 2023

Company name	Registered office	Currency	Share capital in local currency	Equity^	Pro-rata Equity^	Profit/(loss) for the year^	% owned	Carrying amount^	Difference
Informatics Holdings, Inc.	Plano (Texas) - USA	USD	1,568	21,334	21,334	2,306	100%	11,011	10,323
Datalogic S.r.l.	Bologna - Italy	EUR	10,000,000	126,510	126,510	(16,290)	100%	151,831	(25,321)
Datalogic Real Estate France Sas	Courtabeuf Cedex – France	EUR	2,227,500	4,067	4,067	144	100%	3,919	148
Datalogic Real Estate UK Ltd.	Redbourn - United Kingdom	GBP	3,500,000	4,735	4,735	160	100%	3,668	1,067
Datalogic IP Tech S.r.l.	Bologna - Italy	EUR	65,677	31,808	15,904	(4,268)	50%	18,095	(2,191)
Total subsidiaries								**188,524**	**(15,974)**
CAEN RFID S.r.l*	Viareggio Lu - Italy	EUR	150,000	781	156	25	20%	582	(426)
R4I S.r.l.*	Benevento - Italy	EUR	131,171	238	48	(40)	20%	150	(102)
Total associates								**732**	**(528)**
Nomisma S.p.A.*	Bologna - Italy	EUR	6,963,500	11,969	7	1,018	0.0%	7	0
Conai								0	n.a.
Caaf Ind. Emilia Romagna	Bologna - Italy	EUR	377,884	670	6	2	1.0%	4	2
T3 LAB Consortium								7	(7)
Crit S.r.l.**	Modena - Italy	EUR	413,800	926	0	83	0.0%	52	(52)
IDEC Corporation	Osaka - Japan	YEN					0.3%	99	n.a.
Mandarin III	Luxembourg	EUR						1,550	n.a.
Total other companies								**1,719**	**(57)**

* at 31.12.2022

** at 31.12.2021

^ amounts in Euro thousands at 31.12.2023