



**Consolidated Interim Report  
30 September 2020**

## **TABLE OF CONTENTS**

---

**STRUCTURE OF THE GROUP** page 3

**COMPOSITION OF THE CORPORATE BODIES** page 4

**REPORT ON OPERATIONS** page 5

**CONSOLIDATED FINANCIAL STATEMENTS** page 20

Consolidated Statement of Financial Position

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Statement of Cash Flow

Changes in Consolidated Shareholders' Equity

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** page 27

Information on the Statement of Financial Position

Information on the Income Statement

## **ANNEXES**

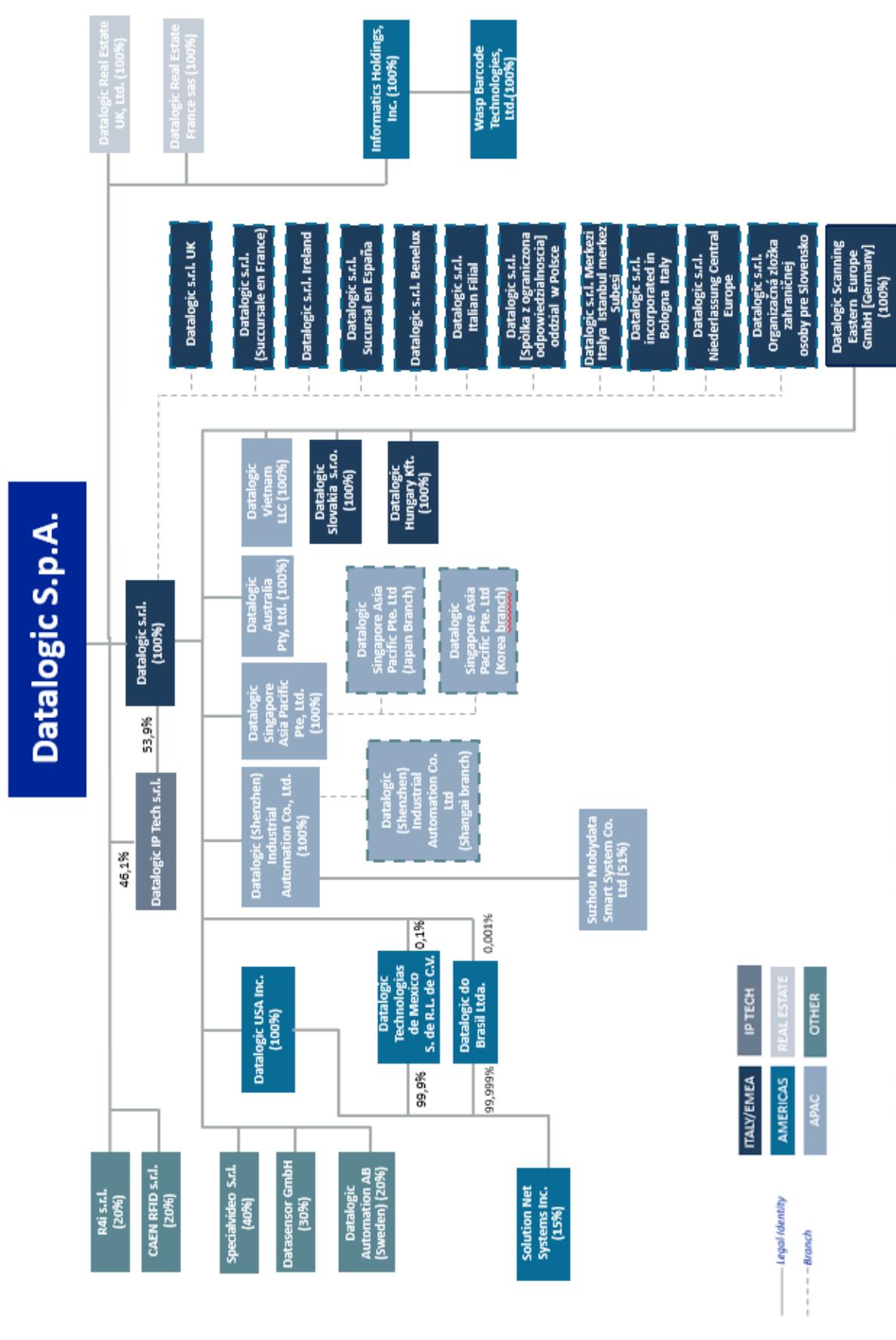
- Certification by the Manager in charge of drawing up the Company's accounting statements
- Consolidation Area
- Restatement of Segment disclosure
- Reconciliation of Alternative Performance Indicators

## **DISCLAIMER**

---

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

## GROUP STRUCTURE



## COMPOSITION OF CORPORATE BODIES

---

### **Board of Directors<sup>(1)</sup>**

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

### **Board of Statutory Auditors<sup>(3)</sup>**

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

### **Audit and Risk, Remuneration and Appointments Committee**

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

### **Independent Auditor<sup>(4)</sup>**

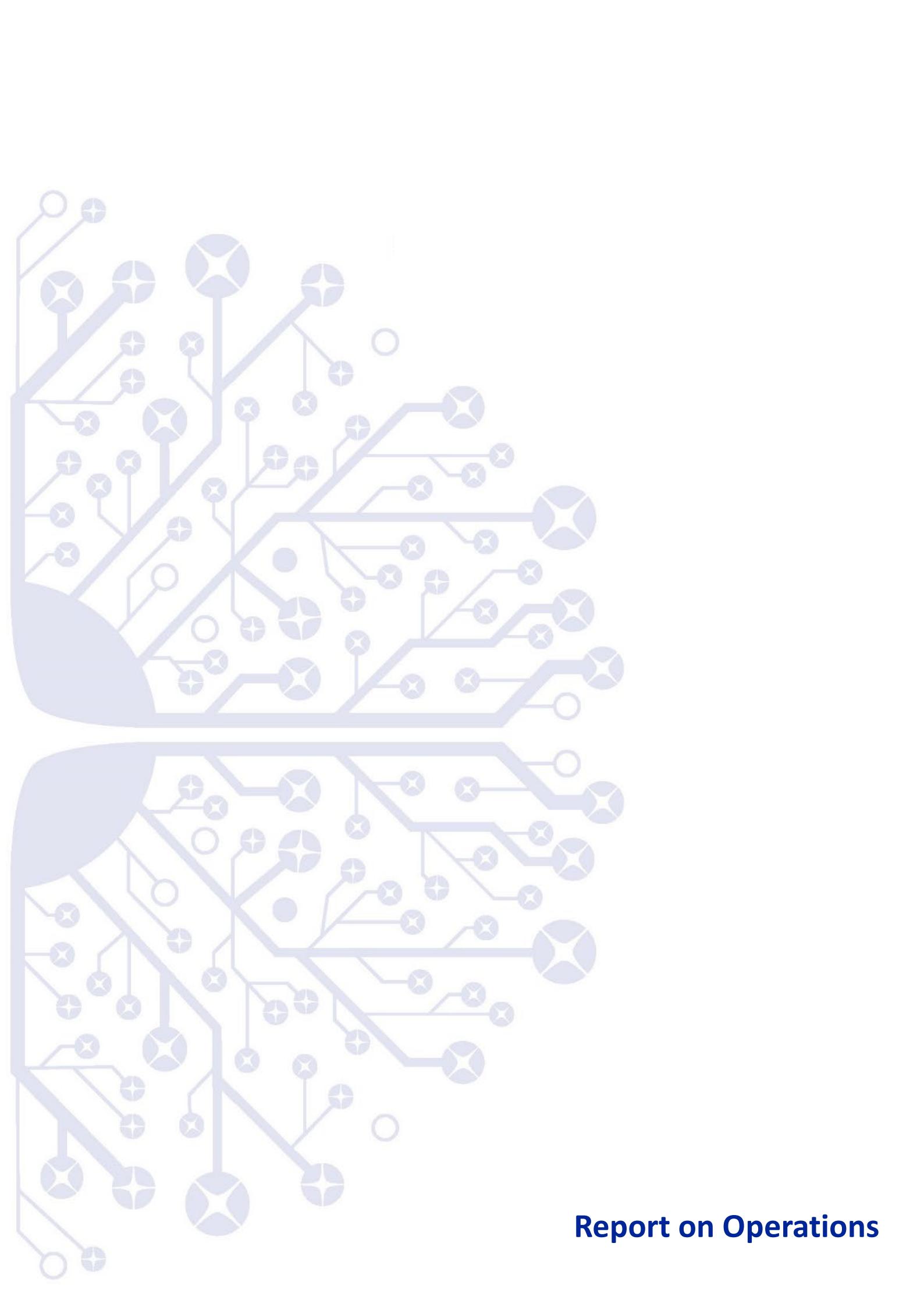
Deloitte & Touche S.p.A.

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

(2) Legal representative as regards third parties.

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

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



## Report on Operations

# REPORT ON OPERATIONS

## INTRODUCTION

This Consolidated Interim Report as at 30 September 2020 was drawn up pursuant to Art. 154 of T.U.F. and was prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union.

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

## GROUP PROFILE

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

## HIGHLIGHTS OF THE PERIOD

The following table summarises the Datalogic Group's key operating and financial results as at 30 September 2020 in comparison with the same period a year earlier.

The comparative economic data as at 30 September 2019 were restated, as envisaged by the accounting standard IFRS 5, following the sale of the company Solution Net Systems Inc.

	Nine months ended						
	30.09.2020	% on Revenues	30.09.2019 Restated	% on Revenues	Change	% change	% ch. net FX
<b>Revenues</b>	<b>347,051</b>	<b>100.0%</b>	<b>441,409</b>	<b>100.0%</b>	<b>(94,358)</b>	<b>-21.4%</b>	<b>-20.8%</b>
<b>Adjusted EBITDA</b>	<b>37,205</b>	<b>10.7%</b>	<b>71,135</b>	<b>16.1%</b>	<b>(33,930)</b>	<b>-47.7%</b>	<b>-45.7%</b>
<b>Operating result (EBIT)</b>	<b>8,194</b>	<b>2.4%</b>	<b>49,951</b>	<b>11.3%</b>	<b>(41,757)</b>	<b>-83.6%</b>	<b>-81.0%</b>
<b>Net Profit/(Loss) for the period</b>	<b>4,560</b>	<b>1.3%</b>	<b>39,678</b>	<b>9.0%</b>	<b>(35,118)</b>	<b>-88.5%</b>	<b>-88.5%</b>
<b>Net Financial Position (NFP)</b>	<b>(39,871)</b>		<b>(19,483)</b>		<b>(20,388)</b>		

As at 30 September 2020, the Group reported **revenues** equal to €347.1 million, down by 21.4% compared to the same period of 2019 (-20.8% net FX); the Adjusted EBITDA stood at €37.2 million, with the Adjusted EBITDA margin at 10.7% (16.1% as at 30 September 2019).

In a exceptionally negative global economic scenario of an extraordinary nature caused by the Covid-19 pandemic, consolidated revenues for the period decreased by 21.4% compared to 30 September 2019, in particular in EMEA, a region in which a drop of -23.0% was recorded, and in the Americas, where the drop was more pronounced and equal to -27.8%, while in APAC the growth started in the first part of the year continued, standing at 4.3%.

The restrictive measures adopted by Governments to deal with the pandemic and the resulting global economic slowdown affected the Group's performance throughout the period, albeit at different levels of intensity and at different stages. The Asian region was affected in particular in the first quarter, while Europe and the Americas subsequently suffered from the gradual spread of the pandemic in the second and in the third quarter of the year, especially in the USA.

In response to the negative economic situation, the Group implemented a cost reduction plan aimed at protecting margins, which made it possible to close the period with a **Net profit** of €4.6 million (€39.7 million in the same period of 2019).

The **Net Financial Debt**, as at 30 September 2020, was €39.9 million, showing a negative variation of €20.4 million compared to 30 September 2019 (when it stood at €19.5 million) and of €53.2 million compared to 31 December 2019 (in which the NFP was positive for €13.4 million).

## ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

Management uses certain performance indicators, which are not identified as accounting measures under IFRS (NON-GAAP measures), to allow for a better assessment of the Group's performance. The measurement criteria applied by the Group might not be consistent with those adopted by other groups and the indicators might not be comparable with indicators calculated by the latter. These performance indicators, determined according to provisions set out by the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015, refer only to the performance of the accounting period related to this Interim Report on Operations and the compared periods. The performance indicators must be considered as supplementary and do not supersede information given pursuant to IFRS standards. The description of the main indicators adopted is given hereunder.

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** this indicator is defined as Profit/Loss for the period before depreciation and amortisation of tangible and intangible assets and rights of use, financial income and expenses and income taxes.
- **Adjusted EBITDA:** this indicator is defined as Profit/Loss for the period before depreciation and amortisation of tangible and intangible assets and right of use, financial income and expenses and income taxes, as well as of costs and revenues considered by the Management as non-recurring because they are significant in amount and type and, as such, do not reflect the Group's core business, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006.
- **Net Trade Working Capital:** this indicator is calculated as the sum of Inventories and Trade Receivables, less Trade Payables.
- **Net Working Capital:** this indicator is calculated as the sum of Net Commercial Working Capital and Other Current Assets and Liabilities including short-term Provisions for Risks and Charges.
- **Net Invested Capital:** this indicator is the total of Current and Non-current Assets, excluding financial assets, less Current and Non-current Liabilities, excluding financial liabilities.
- **NFP (Net Financial Position or Net Financial Debt):** this indicator is calculated in accordance with Consob Communication no. 15519 of 28 July 2006, also including "Other financial assets" represented by temporary investments of liquidity and financial liabilities for operating leases following the application of the new accounting standard IFRS 16.
- **Free Cash Flow:** this indicator is calculated as the cash flow from operating activities, net of investments in tangible and intangible assets (excluding right-of-use assets recognised over the period in accordance with IFRS 16) and financial and tax income and charges for operating activities.

## GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE PERIOD

The following table shows the main income statement items of the first nine months compared with the same period in the previous year:

	Nine months ended		30.09.2019 Restated		Change	% change
	30.09.2020					
<b>Revenues</b>	<b>347,051</b>	<b>100.0%</b>	<b>441,409</b>	<b>100.0%</b>	<b>(94,358)</b>	<b>-21.4%</b>
Cost of goods sold	(186,994)	-53.9%	(221,365)	-50.1%	34,371	-15.5%
<b>Gross Operating Margin</b>	<b>160,057</b>	<b>46.1%</b>	<b>220,044</b>	<b>49.9%</b>	<b>(59,987)</b>	<b>-27.3%</b>
Research and Development expenses	(41,228)	-11.9%	(47,105)	-10.7%	5,877	-12.5%
Distribution expenses	(71,182)	-20.5%	(89,143)	-20.2%	17,961	-20.1%
General and administrative expenses	(30,189)	-8.7%	(32,488)	-7.4%	2,299	-7.1%
Other (expenses)/income	1,881	0.5%	3,784	0.9%	(1,903)	-50.3%
<b>Total Operating and other costs</b>	<b>(140,718)</b>	<b>-40.5%</b>	<b>(164,952)</b>	<b>-37.4%</b>	<b>24,234</b>	<b>-14.7%</b>
Non-recurring costs/revenues	(7,675)	-2.2%	(1,510)	-0.3%	(6,165)	408.3%
Amortisation from acquisitions	(3,470)	-1.0%	(3,631)	-0.8%	161	-4.4%
<b>Operating result (EBIT)</b>	<b>8,194</b>	<b>2.4%</b>	<b>49,951</b>	<b>11.3%</b>	<b>(41,757)</b>	<b>-83.6%</b>
Financial Income/(Expenses)	(1,622)	-0.5%	(1,487)	-0.3%	(135)	9.1%
Foreign exchange gains/(losses)	(4,361)	-1.3%	1,565	0.4%	(5,926)	n.a.
<b>Profit/(Loss) before taxes (EBT)</b>	<b>2,211</b>	<b>0.6%</b>	<b>50,029</b>	<b>11.3%</b>	<b>(47,818)</b>	<b>-95.6%</b>
Taxes	2,176	0.6%	(11,315)	-2.6%	13,491	n.a.
<b>Net Profit/(Loss) for the period from continuing operations</b>	<b>4,387</b>	<b>1.3%</b>	<b>38,714</b>	<b>8.8%</b>	<b>(34,327)</b>	<b>-88.7%</b>
<b>Net Profit/(loss) for the period from discontinued operations</b>	<b>173</b>	<b>0.0%</b>	<b>964</b>	<b>0.2%</b>	<b>(791)</b>	<b>-82.1%</b>
<b>Net Profit/(Loss) for the period</b>	<b>4,560</b>	<b>1.3%</b>	<b>39,678</b>	<b>9.0%</b>	<b>(35,118)</b>	<b>-88.5%</b>
Non-recurring costs/revenues	(7,675)	-2.2%	(1,510)	-0.3%	(6,165)	408.3%
Depreciation of tangible assets	(13,228)	-3.8%	(12,178)	-2.8%	(1,050)	8.6%
Amortisation of intangible assets	(8,108)	-2.3%	(7,496)	-1.7%	(612)	8.2%
<b>Adjusted EBITDA</b>	<b>37,205</b>	<b>10.7%</b>	<b>71,135</b>	<b>16.1%</b>	<b>(33,930)</b>	<b>-47.7%</b>

**Consolidated revenues** amounted to €347.1 million, down by 21.4% compared to €441.4 million in the same period of the previous year, mainly as a result of the reduction in demand in the Covid pandemic scenario and to a lesser extent due to the mix and price effects.

The following table shows the breakdown by **geographic area** of Group revenues achieved in the first nine months of 2020, compared with the same period of the prior year.

	Nine months ended		30.09.2019 Restated	%	Change	%	% ch. net FX
	30.09.2020	%					
<b>Italy</b>	<b>31,099</b>	<b>9.0%</b>	<b>37,175</b>	<b>8.4%</b>	<b>(6,076)</b>	<b>-16.3%</b>	<b>-16.3%</b>
<b>EMEA (excluding Italy)</b>	<b>148,457</b>	<b>42.8%</b>	<b>195,868</b>	<b>44.4%</b>	<b>(47,410)</b>	<b>-24.2%</b>	<b>-24.2%</b>
<b>Total EMEA</b>	<b>179,556</b>	<b>51.7%</b>	<b>233,043</b>	<b>52.8%</b>	<b>(53,487)</b>	<b>-23.0%</b>	<b>-23.0%</b>
<b>Americas</b>	<b>112,330</b>	<b>32.4%</b>	<b>155,483</b>	<b>35.2%</b>	<b>(43,152)</b>	<b>-27.8%</b>	<b>-26.7%</b>
<b>APAC</b>	<b>55,165</b>	<b>15.9%</b>	<b>52,884</b>	<b>12.0%</b>	<b>2,281</b>	<b>4.3%</b>	<b>5.7%</b>
<b>Total Revenues</b>	<b>347,051</b>	<b>100.0%</b>	<b>441,409</b>	<b>100.0%</b>	<b>(94,358)</b>	<b>-21.4%</b>	<b>-20.8%</b>

The performance of revenues for the period is mainly determined by the economic effects caused by Covid-19, which, in the first three quarters of 2020, affected the markets in which the Group operates at different degrees of severity

and at different phases of time, as well as by the completion of the rollouts of fixed retail scanner and of important orders in the Transportation & Logistics sector in the previous year.

The **EMEA1** region ended as at 30 September 2020 with a 23.0% decrease in revenues compared to 30 September 2019. Although the Group's main market in the first quarter of 2020 was affected by an expected weak market, as well as by the completion of important roll-out contracts for fixed retail scanners, in the second quarter the decline recorded was more pronounced (-37.3%) due to the lock-down measures taken by Governments in Europe, while in the third quarter, signs of recovery were recorded, with a decrease of 17.4%, with an overall performance in Italy that was better than other Eurozone countries.

In the **Americas**, the Group's second market, the first nine months of 2020 recorded a reduction in demand, reaching -27.8%, affected not only by the economic effects of the pandemic, but also by the conclusion of important long-term projects in the Transportation & Logistics segment.

However, during the period, the **Asian markets**, after the initial decrease of turnover in the first quarter of the year as a result of the pandemic, recorded substantial recovery, mainly driven by China, reaching growth of 4.3% (5.7% net FX) as at 30 September 2020, with a particularly positive performance in the second quarter where double-digit trends were achieved.

**Gross Operating Margin** was €160.1 million, 46.1% of turnover (49.9% as at 30 September 2019), decreasing by 27.3% compared to €220.0 million reported in the same period of the previous year, primarily due to the contraction in volumes and the price and mix effect, only partially offset by a reduction of material costs.

**Operating and other costs**, equal to €140.7 million, decreased by 14.7% compared to €165.0 million in the same period of 2019, due to a careful cost reduction plan implemented by the Management as a response to the economic situation. The actions adopted were aimed at making the cost structure more variable to minimise production inefficiencies linked to discontinuity of the activities and the low volumes, also adopting welfare support systems and flexibility tools. Operating costs as well as discretionary investments were postponed, while investments in R&D and strategic activities were reinforced pursuing the Group's strategy focused on innovation.

**Research and development expenses** decreased by 12.5%, to €41.2 million, reaching 11.9% on revenues compared to 10.7% in the first nine months of 2019, balancing efficiencies while strengthening development investments pursuing strategic goals. During the period, albeit in the difficult market context, the total research and development spending, gross of capital expenditure, increased from €48.4 million to €49.2 million, reaching 14.2% on turnover, compared to 11.0% reported in the same period of 2019, increasing by 3.2 percentage points. Thanks to its equity and financial soundness, the Group was able to confirm, even in a short-term recessionary scenario, the strategic investments in the development of new products and solutions, aimed at strengthening and innovating its offer.

**Distribution expenses** amounted to €71.2 million, down by 20.1% compared to the previous period (€89.1 million in the first nine months of 2019), 20.5% of revenues, due to the reduction in volumes, but also thanks to the efficiencies achieved in costs of sales and distribution as well as in marketing costs also as consequence of the renewed sales organization model.

**Adjusted EBITDA** amounted to €37.2 million (€71.1 million in the first nine months of 2019), a decrease of 47.7%; the **Adjusted EBITDA margin** as at 30 September 2020 stood at 10.7%, compared to 16.1% recorded in the first nine months of 2019. Margin trends recorded over the period, constantly growing on a quarterly basis, reflected on the one hand the contraction in volumes and the price effects, due to scenario that arose following the spread of Covid-19 pandemic

and to the less favourable sales mix, partially offset by relevant efficiencies achieved on fixed costs, in particular in the second and third quarter of the year.

**EBIT** stood at €8.2 million, compared to €50.0 million in the same period of the previous year, as a result of the trends described above and of not-recurring expenses mainly attributable to the reorganization of the Group following the pandemic and the sale of Solution Net Systems Inc. segment.

**Financial Income/(Expenses)**, a negative amount of €6.0 million, was down by €6.1 million compared to the first nine months of 2019, mainly due to the adverse performance of the exchange differences, a negative amount of €4.4 million (a positive amount of €1.5 million as at 30 September 2019), and the negative fair value recorded on the cash investments, partially offset by the income from the non-strategic equity investments.

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
Financial Income/(Expenses)	(1,877)	(572)	(1,305)
Foreign exchange gains/losses	(4,361)	1,543	(5,904)
Bank expenses	(639)	(938)	299
Others	894	45	849
<b>Total Financial Income/(Expenses)</b>	<b>(5,983)</b>	<b>78</b>	<b>(6,061)</b>

**Net profit** for the period amounted to €4.6 million (€39.7 million as at 30 September 2019) thanks to the recovery of margins in the second and third quarters of the year achieved thanks to the control and cost reduction plan.

#### GROUP ECONOMIC RESULTS BY DIVISION FOR THE PERIOD

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. Compared to the previous period, the division Solution Net Systems Inc. (SNS) is not included in the operating segments as it was sold:

- **Datalogic** represents the Group's core business and designs and produces bar code scanners, mobile computers, detection, measurement and security sensors, vision and laser marking and RFID systems that contribute to increase the efficiency and quality of processes in the areas of Retail, Manufacturing, Transportation & Logistics and Healthcare, 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 following tables show the breakdown of divisional Revenues and Adjusted EBITDA achieved in the first nine months of 2020, compared with the same period of 2019:

## REVENUES BY DIVISION

	Nine months ended		30.09.2019 Restated	%	Change	%	% ch. net FX
	30.09.2020	%					
Datalogic	335,902	96.8%	428,563	97.1%	(92,661)	-21.6%	-21.1%
Informatics	12,059	3.5%	13,682	3.1%	(1,624)	-11.9%	-11.7%
Adjustments	(910)	-0.3%	(836)	-0.2%	(73)	8.8%	
<b>Total Revenues</b>	<b>347,051</b>	<b>100.0%</b>	<b>441,409</b>	<b>100.0%</b>	<b>(94,358)</b>	<b>-21.4%</b>	<b>-20.8%</b>

## EBITDA BY DIVISION

	Nine months ended		30.09.2019 Restated	%	Change	%
	30.09.2020	% on Revenues				
Datalogic	37,075	11.0%	70,414	16.4%	(33,339)	-47.3%
Informatics	32	0.3%	688	5.0%	(656)	-95.3%
Adjustments	98		33		65	
<b>Total Adjusted EBITDA</b>	<b>37,205</b>	<b>10.7%</b>	<b>71,135</b>	<b>16.1%</b>	<b>(33,930)</b>	<b>-47.7%</b>

## DATALOGIC DIVISION

As at 30 September 2020, the **Datalogic** division recorded sales **revenues** of €335.9 million, down 21.6% compared to the same period of 2019.

**Adjusted EBITDA** for the division amounted to €37.1 million, a decrease compared to the same period of 2019, 11.0% on turnover (16.4% as at 30 September 2019).

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

	Nine months ended		30.09.2019 Restated	%	Change	%	% ch. net FX
	30.09.2020	%					
Retail	142,652	42.5%	170,973	39.9%	(28,321)	-16.6%	-15.6%
Manufacturing	81,461	24.3%	89,070	20.8%	(7,609)	-8.5%	-8.1%
Transportation & Logistics	38,530	11.5%	58,264	13.6%	(19,734)	-33.9%	-33.6%
Healthcare	11,679	3.5%	13,174	3.1%	(1,495)	-11.3%	-11.3%
Channel	61,580	18.3%	97,082	22.7%	(35,502)	-36.6%	-36.4%
<b>Total Revenues</b>	<b>335,902</b>	<b>100%</b>	<b>428,563</b>	<b>100.0%</b>	<b>(92,661)</b>	<b>-21.6%</b>	<b>-21.1%</b>

▪ **Retail**

The Retail segment, the main segment for the Group with 42.5% of divisional turnover (39.9% as at 30 September 2019), recorded an overall decrease of 16.6% compared to the same period of last year, with a stronger slowdown in EMEA and the Americas (both -17.4%) but less of a slowdown in APAC (-7.1%). The segment was penalised by the conclusion of roll-outs in the fixed retail scanner segment of some Retail chains, which began in 2018 and was progressively completed in 2019, and by the reduction in volumes caused by the Covid-19 scenario, that have impacted the business through channels and the development of new customers in EMEA and the United States respectively.

#### ▪ Manufacturing

The Manufacturing segment experienced a smaller decrease compared to the other sectors, equal to 8.5% compared to 30 September 2019. The performance in 2020 was driven by double-digit growth in APAC, especially in the second and third quarters of the year in the consumer electronics segment, which offsets the ongoing negative trend in the Americas and EMEAI, where the slowdown in the automotive and packaging sectors persist, although in the third quarter of 2020 signs of recovery were recorded in both markets.

#### ▪ Transportation & Logistics

The Transportation & Logistics sector reported a decrease of 33.9%, compared to the same period of 2019, with a negative performance, especially in North America, which reflects the unfavourable comparison with the first nine months of 2019, following the completion of long-term projects. However, the second and third quarters of the year showed signs of recovery both in EMEAI and in APAC.

#### ▪ Healthcare

The Healthcare sector recorded an overall decrease of 11.3%, particularly in EMEAI (-12.5%), and in the Americas (-11.9%). The performance of the APAC area was substantially stable.

#### ▪ Channel

Sales through the distribution channel to small and medium-sized customers decreased by 36.6% compared to the same period of 2019, with a decline in all geographical areas, mainly due to the slowdown in second quarter activities following Covid-19. In the third quarter of the year there was a reversal in the trend both in EMEAI and in the Americas although still negative compared to the previous period.

### INFORMATICS DIVISION

In the first nine months of 2020, the **Informatics Division** recorded a turnover of €12.1 million (€13.7 million in the same period of 2019) down by 11.9% compared to the same period of previous year. Adjusted EBITDA in the division achieved balance, down by €0.7 million compared to the same period of 2019, following the reduction in volumes which affected the US market, especially in the segment of small and medium-sized companies.

### GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE THIRD QUARTER

The following table summarises the Datalogic Group's key operating and financial results of the third quarter of 2020 in comparison with the same period a year earlier:

	3Q 2020	% on Revenues	3Q 2019 Restated	% on Revenues	Change	% change	% ch. net FX
<b>Revenues</b>	<b>116,637</b>	100.0%	<b>149,990</b>	100.0%	(33,353)	-22.2%	-19.8%
<b>Adjusted EBITDA</b>	<b>18,840</b>	16.2%	<b>25,316</b>	16.9%	(6,476)	-25.6%	-23.8%
<b>Operating result (EBIT)</b>	<b>7,860</b>	6.7%	<b>17,843</b>	11.9%	(9,983)	-55.9%	-53.8%
<b>Net Profit/(Loss) for the period</b>	<b>4,573</b>	3.9%	<b>14,427</b>	9.6%	(9,854)	-68.3%	-68.3%

In the third quarter of 2020, **revenues** decreased by 22.2% compared to 30 September 2019, reaching €116.6 million (€150.0 million as at 30 September 2019) as a result of the persistence of the negative economic situation caused by

the spread of Covid-19, especially in the USA, where the reversal of the trend recorded in Asia and Europe was not yet reflected on the performance of the third quarter.

Despite the significant reduction in turnover, the **Adjusted EBITDA** stood at €18.8 million, with an **Adjusted EBITDA margin** of 16.2%, substantially in line with the same period of the previous year, when it was 16.9%. Thanks to the cost control and reduction plan implemented by Management to deal with the negative economic situation caused by Covid, there was a significant recovery in gross operating margins compared to the second quarter of 2020, totalling 6.2 percentage points.

**Net profit** for the quarter amounted to €4.6 million, an improvement compared to the result achieved in the first two quarters of the year, albeit down compared to the third quarter of 2019.

#### ECONOMIC RESULTS BY GROUP DIVISION FOR THE THIRD QUARTER

The following tables show the breakdown of divisional Revenues and Adjusted EBITDA achieved in the third quarter of 2020, compared with the same period of 2019:

##### REVENUES BY DIVISION

	3Q 2020	%	3Q 2019 Restated	%	Change	%	% ch. net FX
Datalogic	112,716	96.6%	145,982	97.3%	(33,266)	-22.8%	-20.4%
Informatics	4,195	3.6%	4,382	2.9%	(187)	-4.3%	0.4%
Adjustments	(274)		(374)		100		
<b>Total Revenues</b>	<b>116,637</b>	<b>100.0%</b>	<b>149,990</b>	<b>100.0%</b>	<b>(33,354)</b>	<b>-22.2%</b>	<b>-19.8%</b>

##### EBITDA BY DIVISION

	3Q 2020	% on Revenues	3Q 2019 Restated	% on Revenues	Change	%
Datalogic	18,664	16.6%	25,196	17.3%	(6,532)	-25.9%
Informatics	113	2.7%	173	3.9%	(60)	-34.7%
Adjustments	63		(53)		116	n.a.
<b>Total Adjusted EBITDA</b>	<b>18,840</b>	<b>16.2%</b>	<b>25,316</b>	<b>16.9%</b>	<b>(6,476)</b>	<b>-25.6%</b>

The following table shows the breakdown by **geographical area** of Group revenues achieved in the third quarter of 2020, compared with the same quarter of 2019:

	3Q 2020	%	3Q 2019 Restated	%	Change	%	% ch. net FX
<i>Italy</i>	10,180	8.7%	11,665	7.8%	(1,485)	-12.7%	-12.7%
<i>EMEA (excluding Italy)</i>	50,551	43.3%	61,875	41.3%	(11,323)	-18.3%	-17.9%
<b>Total EMEA</b>	<b>60,731</b>	<b>52.1%</b>	<b>73,540</b>	<b>49.0%</b>	<b>(12,809)</b>	<b>-17.4%</b>	<b>-17.0%</b>
Americas	35,970	30.8%	57,004	38.0%	(21,034)	-36.9%	-32.2%
APAC	19,935	17.1%	19,446	13.0%	489	2.5%	6.3%
<b>Total Revenues</b>	<b>116,637</b>	<b>100.0%</b>	<b>149,990</b>	<b>100.0%</b>	<b>(33,354)</b>	<b>-22.2%</b>	<b>-19.8%</b>

The performance of the third quarter of 2020 showed an inversion of the trend, particularly in EMEA, the Group's main market which, albeit still at lower levels than in the same period of 2019 (-17.4%), recovered the decrease in volumes recorded in the second quarter of the year (-37.3%) during the full lockdown phase. The progressive growth of the APAC

(+2.5% and 6.3% net FX) continues, while in the last quarter the Americas (-36.9%) saw the greatest contraction in all sectors since the beginning of the year.

## DATALOGIC DIVISION

In the third quarter of 2020, the Datalogic Division reported **revenues** of €112.7 million, down in aggregate by 22.8% (20.4% net FX) compared to the same period of 2019. The geographical courses of Datalogic division reflect the trend described for the Group with APAC growing, EMEAI recovering compared to second quarter, even if negative, and Americas in sharp contraction compared to previous year.

**Adjusted EBITDA** related to the division amounted to €18.7 million, down by 25.9% compared to the same quarter of 2019, 16.6% of revenues, compared to 17.3% recorded in the third quarter of 2019. The cost reduction plan implemented from the second quarter of the year in response to the negative economic situation continued to generate positive results also in the third quarter of the year, allowing a recovery of 6 percentage points compared to the second quarter of 2020, and of 10.6 percentage points overall compared to the first quarter of 2020.

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

	3Q 2020	%	3Q 2019 Restated	%	Change	%	% ch. net FX
Retail	43,868	38.9%	58,712	40.2%	(14,844)	-25.3%	-21.9%
Manufacturing	27,421	24.3%	30,068	20.6%	(2,648)	-8.8%	-6.9%
Transportation & Logistics	15,749	14.0%	23,582	16.2%	(7,833)	-33.2%	-31.7%
Healthcare	3,967	3.5%	4,333	3.0%	(367)	-8.5%	-6.0%
Channel	21,711	19.3%	29,286	20.1%	(7,575)	-25.9%	-24.2%
<b>Total Revenues</b>	<b>112,716</b>	<b>100%</b>	<b>145,982</b>	<b>100.0%</b>	<b>(33,266)</b>	<b>-22.8%</b>	<b>-20.4%</b>

### ▪ Retail

The Retail segment continues to suffer from the postponement of investments in the Covid-19 scenario, mainly in Americas, recording a decrease of 25.3% compared to the same quarter of last year.

### ▪ Manufacturing

The Manufacturing segment decreased by 8.8% compared to the same quarter of 2019. The double digit recovery in APAC, particularly driven by consumer electronics segment, partially offset the contraction in Americas and EMEAI, suffering the decrease in the automotive segment.

### ▪ Transportation & Logistics

The Transportation & Logistics sector recorded a 33.2% decrease, compared to the third quarter of 2019, with a performance showing slight growth in APAC, but still negative in EMEAI and in the Americas, which report an unfavourable comparison with the previous year following the conclusion of some multi-annual projects and the delay of on-site activities due to lockdown.

### ▪ Healthcare

The Healthcare sector recorded a decrease of 8.5% compared to 2019 despite the growth in EMEAI and APAC, which do not offset the contraction in the North American market.

▪ **Channel**

Sales through the distribution channel to small and medium-sized customers recorded an overall decrease of 25.9% in the quarter compared to the same quarter of 2019, as a consequence of destocking of distributors with a recovering performance in EMEAI, although not at the levels of 2019.

## INFORMATICS DIVISION

The Informatics Division recorded turnover of €4.2 million, down by 4.3% compared to the third quarter of 2019. The Division's EBITDA was a positive €0.1 million, slightly down compared to the same quarter of 2019.

## GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD

The following table shows the main financial and equity items as at 30 September 2020 compared with 31 December 2019.

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change</b>	<b>Ch. %</b>
Intangible assets	56,592	50,471	6,121	12.1%
Goodwill	179,057	186,126	(7,069)	-3.8%
Tangible assets	105,269	99,355	5,914	6.0%
Financial assets and investments in associates	8,917	10,241	(1,324)	-12.9%
Other non-current assets	45,608	44,906	702	1.6%
<b>Total Fixed Assets</b>	<b>395,443</b>	<b>391,099</b>	<b>4,344</b>	<b>1.1%</b>
Trade receivables	64,563	78,203	(13,640)	-17.4%
Trade payables	(59,734)	(106,029)	46,295	-43.7%
Inventories	83,773	102,921	(19,148)	-18.6%
<b>Net Trade Working Capital</b>	<b>88,602</b>	<b>75,095</b>	<b>13,507</b>	<b>18.0%</b>
Other current assets	45,567	49,345	(3,778)	-7.7%
Other current liabilities and current Provisions for risks	(72,346)	(78,218)	5,872	-7.5%
<b>Net Working Capital</b>	<b>61,823</b>	<b>46,222</b>	<b>15,601</b>	<b>33.8%</b>
Other non-current liabilities	(34,038)	(34,571)	533	-1.5%
Post-employment benefits	(6,858)	(7,026)	168	-2.4%
Non-current Provisions for risks	(4,451)	(4,916)	465	-9.5%
<b>Net Invested Capital</b>	<b>411,919</b>	<b>390,808</b>	<b>21,111</b>	<b>5.4%</b>
<b>Shareholders' Equity</b>	<b>(372,048)</b>	<b>(404,171)</b>	<b>32,123</b>	<b>-7.9%</b>
<b>Net financial position (NFP)</b>	<b>(39,871)</b>	<b>13,363</b>	<b>(53,234)</b>	<b>-398.4%</b>

The **Trade Working Capital** as at 30 September 2020 was €88.6 million, increased compared to 31 December 2019. The change was determined by the reduction in trade receivables of €13.6 million linked to the sales performance, the lower trade exposure towards suppliers (€-46.3 million), due to the reduction in costs and volumes, and the decrease in inventories of €19.1 million, due to a careful inventory management.

**Net Invested Capital**, equal €411.9 million (€390.8 million as at 31 December 2019), increased by €21.1 million. The change is mainly attributable to the increase in net trade working capital, by €13.5 million as well as to the increase in fixed assets for €4.3 million following the investments in R&D and in the reorganisation of the global footprint within the scope of streamlining costs.

The **Net Financial Position** as at 30 September 2020 was negative by €39.9 million, recording a worsening of €20.4 million compared to 30 September 2019 (when it was negative by €19.5 million). The decrease in volumes and in margins, in a complex macroeconomic context in recession trend, led to the absorption of operating cash of €25.6 million in the first nine months of 2020, down by €23.6 million compared to €2.0 million in the same period of 2019. Thanks to careful working capital management and the cost reduction plan implemented in the first half of the year, despite the absorption of cash, the Group did not renounce strategic investments to support growth.

Changes in net financial debt due to financial cash flow, negative by €8.1 million, reported a worsening compared to the first nine months of 2019 due to the unfavourable exchange rates and the fair value of cash investments. Dividend distribution and the purchase of treasury shares absorbed cash for €23.8 million in 2020 (€31.3 million as at 30 September 2019).

Cash flows, which brought about the change in consolidated Net Financial Position as at 30 September 2020, are summarised as follows:

	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>Change</b>
<b>Opening Net financial position for the period</b>	<b>13,365</b>	<b>23,843</b>	<b>(10,478)</b>
EBITDA	37,205	73,300	(36,095)
Change in net trade working capital	(13,507)	(34,668)	21,161
Net investments	(32,893)	(22,180)	(10,713)
Taxes	(548)	(15,621)	15,073
Financial Incomes/(Expenses)	(8,126)	(1,616)	(6,510)
Dividend distribution	(17,007)	(28,712)	11,705
Treasury shares	(6,786)	(2,566)	(4,220)
Other changes	(7,452)	(1,222)	(6,203)
<b>Change in Net Financial Position (NFP) before IFRS 16</b>	<b>(49,114)</b>	<b>(33,285)</b>	<b>(15,829)</b>
IFRS 16	(4,122)	(10,042)	5,920
<b>Change in Net Financial Position</b>	<b>(53,236)</b>	<b>(43,327)</b>	<b>(9,909)</b>
<b>Closing Net financial position for the period</b>	<b>(39,871)</b>	<b>(19,484)</b>	<b>(20,387)</b>

As at 30 September 2020, the net financial debt/(net financial position) is broken down as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2019</b>
A. Cash and bank deposits	83,556	151,829	132,641
B. Other cash equivalents	12	12	13
<i>b1. restricted cash</i>	12	12	13
C. Securities held for trading	0	0	0
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>83,568</b>	<b>151,841</b>	<b>132,654</b>
<b>E. Current financial receivables</b>	<b>21,859</b>	<b>31,200</b>	<b>41,117</b>
<i>e1. other current financial receivables</i>	19,724	31,200	41,117
<i>e2. financial receivables</i>	2,135		
F. Bank overdrafts	35	221	468
G. Current portion of non-current debt	26,860	47,421	48,911
H. Other current financial liabilities	6,982	6,457	4,624
<i>h2. lease payables</i>	5,587	4,589	4,624
<i>h3. current financial liabilities</i>	1,395	1,868	0
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>33,877</b>	<b>54,099</b>	<b>54,003</b>
<b>J. Current financial debt (I) - (E) - (D)</b>	<b>(71,550)</b>	<b>(128,942)</b>	<b>(119,768)</b>
K. Non-current bank borrowing	107,017	110,106	133,833
L. Bonds	0	0	0
M. Other non-current liabilities	4,404	5,472	5,418
<i>m2. lease payables</i>	4,404	5,472	5,418
<b>N. Non-current financial debt (K) + (L) + (M)</b>	<b>111,421</b>	<b>115,578</b>	<b>139,251</b>
<b>O. Net financial debt (J) + (N)</b>	<b>39,871</b>	<b>(13,364)</b>	<b>19,483</b>

As at 30 September 2020, the Group had credit lines in place amounting to €314.4 million, of which €176.5 million unused including €100.0 million subscribed during the month of March 2020 for possible investments and €76.5 million short-term.

## SIGNIFICANT EVENTS DURING THE PERIOD

### COVID-19 UPDATE

As previously highlighted, 2020 was characterised by the spread of the Covid-19 pandemic, which severely influenced global macroeconomic performance and, also due to the restrictive measures adopted by the various governments, resulted in a contraction in demand in all the main geographic areas.

The healthcare emergency has not yet been resolved globally. At present, there is a second wave of the pandemic in various areas of the world, especially in Europe and the United States. Therefore, the context is still highly uncertain with reference to future possible developments of the pandemic, as well as to the effects on the economic system.

Since the beginning of the health emergency, the Group adopted the necessary measures to minimise the risk of contagion in order to safeguard safety of its employees, such as remote working, applying social distancing measures, adopting individual protective equipment and sanitation procedures for facilities, while ensuring business continuity and complying with the extraordinary legal measures imposed in the different jurisdictions.

The effects of the pandemic on the Group's performance became evident already in the first quarter and worsened in the second and third quarters in Europe and the United States respectively, which represent the Group's main markets, due to the restrictive measures imposed. In order to deal with this situation, as early as March, the Group adopted an action plan aimed at mitigating, as far as possible, the impact of the crisis and the consequent reduction in sales on results and equity and financial soundness, including the use of social safety nets and other forms of support for workers in the countries in which it operates.

Within the management of emergency, the measures initially adopted were reflected in a careful cost reduction plan which began to produce its first effects towards the end of the first half of the year, while limiting the impact of production inefficiencies linked to discontinuity of business and lower volumes; operating costs were reduced, as well as discretionary investments were postponed, without compromising those in R&D and strategic activities.

Taking account of the above-mentioned uncertain scenario, in drawing up this Interim Report, the Directors updated estimates to evaluate assets and liabilities in the financial statements, in order to reflect any possible impact from the Codiv-19 pandemic. Given the current uncertain context, the results achieved may differ from those reported.

With reference to potential liquidity risks, the Directors have highlighted that the Group continues to show a solid equity and financial structure, thanks to current liquidity reserves and credit lines that are available and still unused.

### OTHER EVENTS DURING THE PERIOD

In the first part of 2020, a reorganisation of the sales structure was launched in order to ensure oversight of the different types of end-user and partner customers along with the country's geographic location.

In March 2020, the Group subscribed an agreement for additional credit lines, totalling €100 million, still unused at the date of this report, aimed at supporting growth and investments.

On 27 May 2020, the Group finalised an investment in AWM Smart Shelf Inc., a company with registered office in California, specialised in artificial intelligence and computer vision, which operates in the Retail sector (both food and non-food) with self-checkout solutions (AWM Frictionless™), Automated Inventory Intelligence (Aii®), collection of demographic data and monitoring of the consumer behaviour, as well as the Retail Analytics Engine (RAE) software for in-store analysis and reporting.

On 4 June 2020, the Shareholders' Meeting resolved to distribute an ordinary unit dividend, gross of legal withholdings, of 30 cents per share, for an overall amount of €17.0 million.

On 24 July 2020, a majority stake equivalent to 85% of the share capital of the investee Solution Net Systems Inc., a non-core division of the Group, was sold to Architect Equity, an American investment fund. The investee is specialised in supplying and installing integrated solutions for the postal segment and distribution centres in the Retail sector. Simultaneously with the sale, an exclusive commercial agreement was signed with the company for the supply of Datalogic products, for the three-year period 2020-2023.

## SUBSEQUENT EVENTS

Nothing to report.

## BUSINESS OUTLOOK

Encouraging signs of recovery are emerging in most geographies with a positive trend in the orders' intake in all areas. After the recovery in Asia which began already in the first half of the year, in the third quarter the European markets and partially the Americans experienced a reversal of the negative trend in most segments, although the Q3 financial performance does not yet reflect this ongoing improvement. In particular, the signs of recovery are seen in the more traditional segments and geographies for the Group. The reduced mobility induced by lockdowns has in fact made more difficult to develop new customers, particularly in the United States. These dynamics have accentuated the suffering of the Group's North American businesses compared to those in Europe and Asia.

The current economic situation led to the acceleration of some Group's reorganization processes with a particular focus on optimizing the sales structure and footprint. During the second and third quarter, the Group implemented cost reduction actions that made possible to flex a large part of fixed costs, reducing them proportionally to the decrease in turnover. Important projects for the rationalization of the locations have been launched and will continue in 2021. The measures taken have enabled the Group to return to profitability in the two central quarters of the year despite the drop in turnover.

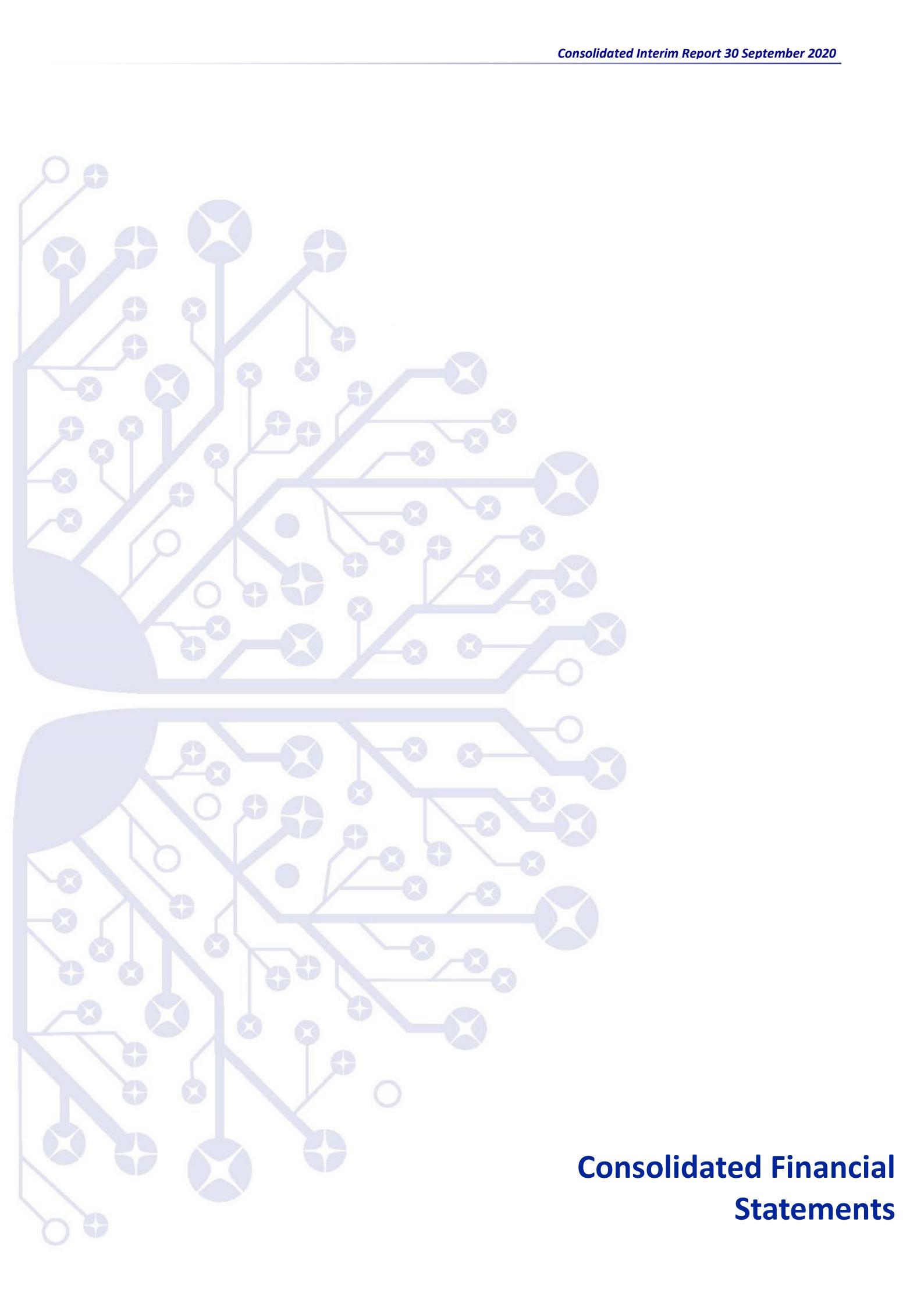
In this unprecedented context, Datalogic, thanks to its sound capital structure has demonstrated its ability to promptly react to the changed scenario, not only by adopting measures aimed at protecting both business and profit, but continuing to invest for growth, focusing on innovation in its offer of products and services, in line with emerging market trends.

During the month of October, the worsening of the pandemic crisis brought new lockdown processes in many countries with possible negative consequences for the Group's reference markets. The impact of this possible slowdown in business to date cannot be estimated.

Despite the high degrees of uncertainty and in the absence of serious impacts resulting from the second pandemic wave, in the fourth quarter Datalogic expects a slight mitigation of the decline in turnover compared to previous quarters keeping margins substantially in line with the first nine months of 2020.

The Chairman of the Board of Directors

(Mr. Romano Volta)



## Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Notes	30.09.2020	31.12.2019
<b>A) Non-current assets (1+2+3+4+5+6+7+8)</b>		<b>395,443</b>	<b>391,099</b>
<b>1) Tangible assets</b>		<b>95,623</b>	<b>89,602</b>
Land	1	8,568	8,778
Buildings	1	45,194	31,820
Other assets	1	31,367	35,418
Assets in progress and payments on account	1	10,494	13,586
<b>2) Intangible assets</b>		<b>235,649</b>	<b>236,597</b>
Goodwill	2	179,057	186,126
Development costs	2	11,039	9,927
Other	2	23,398	28,430
Assets in progress and payments on account	2	22,155	12,114
<b>3) Right-of-use assets</b>	<b>3</b>	<b>9,646</b>	<b>9,753</b>
<b>4) Equity investments in associates</b>	<b>4</b>	<b>776</b>	<b>776</b>
<b>5) Financial assets</b>		<b>8,141</b>	<b>9,465</b>
Equity investments	6	8,141	9,465
Securities	6	0	0
<b>6) Non-current financial receivables</b>		<b>0</b>	<b>0</b>
<b>7) Trade and other receivables</b>	<b>7</b>	<b>1,247</b>	<b>1,334</b>
<b>8) Deferred tax assets</b>	<b>13</b>	<b>44,361</b>	<b>43,572</b>
<b>B) Current assets (9+10+11+12+13+14+15)</b>		<b>299,330</b>	<b>413,510</b>
<b>9) Inventories</b>		<b>83,773</b>	<b>102,921</b>
Raw and ancillary materials and consumables	8	38,806	41,754
Work in progress and semi-finished products	8	15,365	23,582
Finished products and goods	8	29,602	37,585
<b>10) Trade and other receivables</b>		<b>85,063</b>	<b>103,127</b>
<b>Trade receivables</b>	<b>7</b>	<b>64,563</b>	<b>78,203</b>
<i>of which from associates</i>	7	1,544	895
<i>of which from related parties</i>	7	0	0
<b>Other receivables, accrued income and prepaid expenses</b>	<b>7</b>	<b>20,500</b>	<b>24,924</b>
<i>of which from associates</i>		0	0
<i>of which from related parties</i>		77	77
<b>11) Tax receivables</b>	<b>9</b>	<b>25,067</b>	<b>24,421</b>
<i>of which from Parent Company</i>		14,242	12,742
<b>12) Financial assets</b>		<b>19,724</b>	<b>31,200</b>
Securities	6	0	0
Other	6	19,724	31,200
<b>13) Current financial receivables</b>		<b>2,135</b>	<b>0</b>
<b>14) Financial assets - Derivative instruments</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>15) Cash and cash equivalents</b>		<b>83,568</b>	<b>151,841</b>
<b>Total Assets (A+B)</b>		<b>694,773</b>	<b>804,609</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>LIABILITIES (€/000)</b>	<b>Notes</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
<b>A) Total Shareholders' Equity (1+2+3+4+5+6)</b>	<b>10</b>	<b>372,048</b>	<b>404,171</b>
1) Share capital	10	30,392	30,392
2) Reserves	10	109,335	128,972
3) Retained earnings	10	225,947	192,885
4) Profit/(Loss) for the period	10	4,211	50,069
<b>5) Group Shareholders' Equity</b>	<b>10</b>	<b>369,885</b>	<b>402,318</b>
6) Profit/(Loss) for the period - Minorities	10	349	212
6) Minority share capital	10	1,814	1,641
<b>6) Minority interests</b>		<b>2,163</b>	<b>1,853</b>
<b>B) Non-current liabilities (7+8+9+10+11+12+13)</b>		<b>156,768</b>	<b>162,091</b>
<b>7) Non-current financial payables</b>	<b>11</b>	<b>111,421</b>	<b>115,578</b>
<b>8) Non-current financial liabilities</b>		<b>0</b>	<b>0</b>
<b>9) Tax payables</b>		<b>1,123</b>	<b>68</b>
<b>10) Deferred tax liabilities</b>	<b>12</b>	<b>17,161</b>	<b>17,819</b>
<b>11) Post-employment benefits</b>	<b>13</b>	<b>6,858</b>	<b>7,026</b>
<b>12) Provisions for risks and charges, non-current</b>	<b>14</b>	<b>4,451</b>	<b>4,916</b>
<b>13) Other liabilities</b>	<b>15</b>	<b>15,754</b>	<b>16,684</b>
<b>C) Current liabilities (14+15+16+17+18)</b>		<b>165,957</b>	<b>238,347</b>
<b>14) Trade and other payables</b>		<b>104,291</b>	<b>154,153</b>
<b>Trade payables</b>	<b>15</b>	<b>59,734</b>	<b>106,029</b>
<i>of which to associates</i>	<b>15</b>	<b>34</b>	<b>55</b>
<i>of which to related parties</i>		<b>0</b>	<b>133</b>
<b>Other payables, accrued liabilities and deferred income</b>	<b>15</b>	<b>44,557</b>	<b>48,124</b>
<b>15) Tax payables</b>	<b>9</b>	<b>23,246</b>	<b>25,822</b>
<i>of which to Parent Company</i>		<b>16,364</b>	<b>15,913</b>
<b>16) Provisions for risks and charges, current</b>	<b>14</b>	<b>4,543</b>	<b>4,273</b>
<b>18) Current financial payables</b>	<b>11</b>	<b>33,877</b>	<b>54,099</b>
<b>Total Liabilities (A+B+C)</b>		<b>694,773</b>	<b>804,609</b>

## CONSOLIDATED INCOME STATEMENT

(€/000)	Notes	30.09.2020	30.09.2019 Restated
<b>1) Revenues</b>	16	<b>347,051</b>	<b>441,409</b>
Revenues from sale of products		318,386	410,431
Revenues from services		28,665	30,978
<i>of which from related parties and associates</i>		4,209	3,704
<b>2) Cost of goods sold</b>	17	<b>188,849</b>	<b>221,738</b>
<i>of which to related parties and associates</i>		431	445
<b>Gross Operating Margin (1-2)</b>		<b>158,202</b>	<b>219,671</b>
<b>3) Other operating revenues</b>	18	<b>3,234</b>	<b>5,601</b>
<b>4) Research and development expenses</b>	17	<b>41,382</b>	<b>47,183</b>
<i>of which to related parties and associates</i>		404	357
<b>5) Distribution expenses</b>	17	<b>74,479</b>	<b>89,763</b>
<i>of which to related parties and associates</i>		45	32
<b>6) General and administrative expenses</b>	17	<b>35,930</b>	<b>36,558</b>
<i>of which to related parties and associates</i>		176	150
<b>7) Other operating expenses</b>	17	<b>1,451</b>	<b>1,817</b>
<b>Total operating costs</b>		<b>153,242</b>	<b>175,321</b>
<b>Operating result</b>		<b>8,194</b>	<b>49,951</b>
<b>8) Financial income</b>	19	<b>31,658</b>	<b>37,172</b>
<b>9) Financial expenses</b>	19	<b>37,641</b>	<b>37,094</b>
<b>Financial income/(expenses) (8-9)</b>		<b>(5,983)</b>	<b>78</b>
<b>10) Profits from associates</b>		<b>0</b>	<b>0</b>
<b>Profit/(Loss) before taxes from continuing operations</b>		<b>2,211</b>	<b>50,029</b>
Income taxes	20	(2,176)	11,315
<b>Profit/(Loss) for the period from continuing operations</b>		<b>4,387</b>	<b>38,714</b>
<b>Net Profit/(Loss) from discontinued operations</b>	21	<b>173</b>	<b>964</b>
<b>Net Profit/(Loss) for the period</b>		<b>4,560</b>	<b>39,678</b>
Basic earnings/(loss) per share (€)	22	0.08	0.69
Diluted earnings/(loss) per share (€)	22	0.08	0.69
<i>Attributable to:</i>			
<i>Shareholders of the Parent Company</i>		<b>4,211</b>	<b>39,513</b>
<i>Minority interests</i>		<b>349</b>	<b>165</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(€/000)	Notes	30.09.2020	30.09.2019 Restated
<b>Net Profit/(Loss) for the period</b>		<b>4,560</b>	<b>39,678</b>
<b>Other components of the statement of comprehensive income:</b>			
<b>Other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the period:</b>		<b>0</b>	<b>0</b>
Profit/(Loss) on derivative financial instruments (cash flow hedge)	10	151	118
Profit/(Loss) due to translation of the accounts of foreign companies	10	(11,888)	16,949
Profit/(Loss) from financial assets at FVOCI	10	(1,519)	793
<i>of which tax effect</i>		16	(11)
<b>Total other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the period</b>		<b>(13,256)</b>	<b>17,860</b>
<b>Other components of the statement of comprehensive income which will not be subsequently reclassified to Profit/(Loss) for the period</b>			
Actuarial gains (losses) on defined-benefit plans		0	-
<i>of which tax effect</i>			
<b>Total other components of the statement of comprehensive income which will not be subsequently reclassified to Profit/(Loss) for the period</b>		<b>0</b>	<b>-</b>
<b>Total profit/(loss) of Comprehensive Income Statement</b>		<b>(13,256)</b>	<b>17,860</b>
<b>Total comprehensive Profit/(Loss) for the period</b>		<b>(8,696)</b>	<b>57,538</b>
<i>Attributable to:</i>			
<i>Shareholders of the Parent Company</i>		(9,045)	57,373
<i>Minority interests</i>		349	165

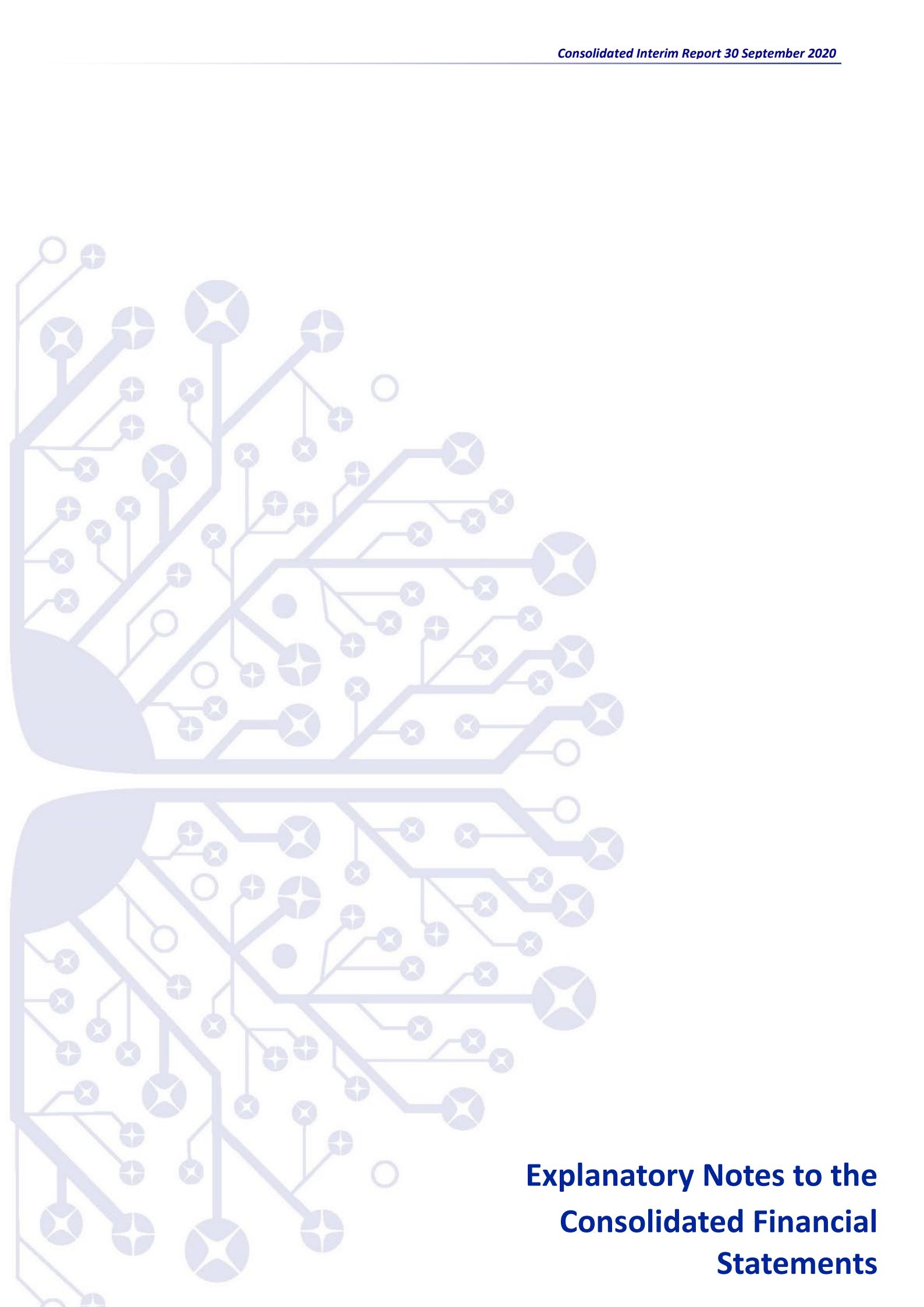
## CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	Notes	30.09.2020	30.09.2019
<b>Profit/(Loss) before taxes</b>		<b>2,211</b>	<b>51,383</b>
Depreciation of tangible assets and write-downs	1, 2	9,123	8,864
Amortisation of intangible assets and write-downs	1, 2	8,108	7,497
Depreciation of right-of-use assets	3	4,105	3,382
Losses (Gains) from sale of fixed assets		(27)	(36)
Change in provisions for risks and charges	14	(230)	(2,485)
Change in bad debt provisions	7	1,168	(1,677)
Change in employee benefits reserve	13	(168)	43
Other non-monetary changes		6,464	6,528
<b>Cash flow generated (absorbed) from operations before changes in working capital</b>		<b>30,754</b>	<b>73,499</b>
Change in trade receivables	7	12,472	5,679
Change in final inventories	8	19,148	(17,759)
Change in trade payables	15	(46,295)	(20,911)
Change in other current assets	7	4,705	(13,112)
Change in other current liabilities	15	(3,567)	5,152
Change in other non-current assets	7	87	825
Change in other non-current liabilities	15	(930)	2,069
<b>Cash flow generated (absorbed) from operations after changes in working capital</b>		<b>16,375</b>	<b>35,442</b>
Change in taxes		(548)	(11,367)
Interest paid		(2,366)	(3,199)
Interest collected		411	1,681
<b>Cash flow generated (absorbed) from operations (A)</b>		<b>13,872</b>	<b>22,557</b>
Increase in intangible assets	2	(15,002)	(7,659)
Decrease in intangible assets	2		
Increase in tangible assets	1	(17,961)	(16,620)
Decrease in tangible assets	1	70	605
Change in consolidation area		(28)	1,627
Change in investments and non-current financial assets	5	9,090	9,646
<b>Cash flow generated (absorbed) from investments (B)</b>		<b>(23,831)</b>	<b>(12,401)</b>
Change in financial payables	11	(28,431)	(28,739)
Repayment of lease financial payables	11	(4,190)	
(Purchase)/sale of treasury shares	10	(6,786)	(2,566)
Dividend payment	10	(17,007)	(28,712)
Effect of change in cash and cash equivalents		(1,900)	1,085
<b>Cash flow generated (absorbed) from financial activity (C)</b>		<b>(58,314)</b>	<b>(58,932)</b>
<b>Net increase (decrease) in available cash (A+B+C)</b>		<b>(68,273)</b>	<b>(48,776)</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>151,841</b>	<b>181,430</b>
<b>Net cash and cash equivalents at end of period</b>		<b>83,568</b>	<b>132,654</b>

## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other reserves	Retained earnings	Group profit (loss)	Group shareholders' equity	Profit (Loss) of Minority interests	Shareholders' Equity of Minority interests	Profit (Loss)	Shareholders' Equity
<b>01.01.2020</b>	<b>30,392</b>	<b>111,779</b>	<b>(15,113)</b>	<b>26,550</b>	<b>5,756</b>	<b>192,885</b>	<b>50,069</b>	<b>402,318</b>	<b>212</b>	<b>1,853</b>	<b>50,281</b>	<b>404,171</b>
Allocation of earnings						50,069	(50,069)		(212)	212	(50,281)	
Dividends						(17,007)		(17,007)			(17,007)	
Treasury shares				(6,786)				(6,786)			(6,786)	
Stock Grants					405			405			405	
Other changes									(39)		(39)	
<b>Net Profit/(Loss) for the period</b>							<b>4,211</b>	<b>4,211</b>	<b>349</b>	<b>349</b>	<b>4,560</b>	<b>4,560</b>
Other components of the statement of comprehensive income				(11,888)	(1,368)			(13,256)			(13,256)	
<b>Total comprehensive Profit (Loss)</b>				<b>(11,888)</b>	<b>(1,368)</b>		<b>4,211</b>	<b>(9,045)</b>	<b>349</b>	<b>349</b>	<b>4,560</b>	<b>(8,696)</b>
<b>30.09.2020</b>	<b>30,392</b>	<b>111,779</b>	<b>(21,899)</b>	<b>14,662</b>	<b>4,793</b>	<b>225,947</b>	<b>4,211</b>	<b>369,885</b>	<b>349</b>	<b>2,163</b>	<b>4,560</b>	<b>372,048</b>

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other reserves	Retained earnings	Group profit (loss)	Group shareholders' equity	Profit (Loss) of Minority interests	Shareholders' Equity of Minority interests	Profit (Loss)	Shareholders' Equity
<b>01.01.2019</b>	<b>30,392</b>	<b>111,780</b>	<b>(10,810)</b>	<b>20,401</b>	<b>2,544</b>	<b>159,292</b>	<b>62,210</b>	<b>375,809</b>			<b>62,210</b>	<b>375,809</b>
Allocation of earnings						62,210	(62,210)				(62,210)	
Dividends						(28,712)		(28,712)			(28,712)	
Sale/purchase of treasury shares			(2,566)					(2,566)			(2,566)	
Stock grants					832			832			832	
Other changes - Acquisitions									1,399		1,399	
<b>Net Profit/(Loss) for the period</b>							<b>39,513</b>	<b>39,513</b>	<b>165</b>	<b>165</b>	<b>39,678</b>	<b>39,678</b>
Other components of the statement of comprehensive income				16,949	911			17,860			17,860	
<b>Total comprehensive Profit (Loss)</b>				<b>16,949</b>	<b>911</b>		<b>39,513</b>	<b>57,373</b>	<b>165</b>	<b>165</b>	<b>39,678</b>	<b>17,860</b>
<b>30.09.2019</b>	<b>30,392</b>	<b>111,780</b>	<b>(13,376)</b>	<b>37,350</b>	<b>4,287</b>	<b>194,247</b>	<b>39,513</b>	<b>402,736</b>	<b>165</b>	<b>(58)</b>	<b>39,678</b>	<b>404,300</b>



## Explanatory Notes to the Consolidated Financial Statements

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL INFORMATION

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

Its pioneering solutions contribute to increase efficiency and quality of processes 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 in the STAR segment of the Italian Stock Exchange managed by Borsa Italiana S.p.A., with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO).

This Consolidated Interim Report as at 30 September 2020 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as the “Group”), as well as its minority interests in associates.

The publication of the Consolidated Interim Report as at 30 September 2020 of the Datalogic Group was authorised by resolution of the Board of Directors dated 12 November 2020.

### BASIS OF PRESENTATION

#### *1) General criteria*

This Consolidated Interim Report was drawn up pursuant to Art. 154-ter of Legislative Decree no. 58 (T.U.F.) of 24 February 1998 and following amendments and supplements, as well as to the Consob’s Issuer Regulation. This drafting criteria comply with IAS 34 “Interim Financial Statements” providing the abbreviated notes required by this international accounting standard, supplemented to provide additional information, as necessary.

This Consolidated Interim Report must therefore be read together with the Consolidated Financial Statements as at 31 December 2019, which were prepared in accordance with the IFRS accounting standards, endorsed by the European Union, approved at the Meeting of the Board of Directors held on 19 March 2020 and available in the section Investor Relations in the Group’s website ([www.Datalogic.com](http://www.Datalogic.com)).

This Consolidated Interim Report is drawn up in thousands of Euro, which is the Group’s “functional” and “presentation” currency.

#### *2) Financial statements*

The financial statements adopted are compliant with those required by IAS 1 and were used in the Consolidated Financial Statements for the year ended 31 December 2019, in particular:

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the Group’s normal operational cycle; current liabilities are those whose extinction is envisaged during the Group’s normal operating cycle or in the 12 months after the reporting date;

- with regard to the Income Statement, cost and revenue items are disclosed based on grouping by function, as this classification was deemed more meaningful for comprehension of the Group's business result;
- the Statement of Comprehensive Income presents the components that determine profit/(loss) for the period and the costs and revenues reported directly under shareholders' equity;
- the Statement of Cash Flow is presented using the indirect method.

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

The following IFRS international accounting standards, amendments and interpretations have been applied for the first time by the Group as from 1 January 2020:

- On 31 October 2018, the IASB published the document "**Definition of Material (Amendments to IAS 1 and IAS 8)**". The document introduced an amendment in the definition of "material" included in the IAS 1 – Presentation of Financial Statements e IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of this amendment had no impact on the Group's consolidated financial statements.
- On 22 October 2018, the IASB published the document "**Definition of a Business (Amendments to IFRS 3)**". Some clarifications are supplied in the document on the definition of business for a correct application of the IFRS 3 standard. The adoption of that amendment did not have any effects on the Group consolidated financial statements.
- On 29 March 2018, the IASB published an amendment to the "**References to the Conceptual Framework in IFRS Standards**". The amendment is applicable to the annual reporting periods beginning on or after 1 January 2020. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards.
- On 26 September 2019, the IASB issued the amendment entitled "**Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform**". It amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. The adoption of this amendment had no impact on the Group's consolidated financial statements.

### **4) New accounting standards issued but still not in force**

As at the date of preparation of this Consolidated Interim Report, some accounting standards illustrated in the Consolidated Financial Statements as at 31 December 2019, to which reference should be made, had been issued but have not yet entered into force. The Group intends to adopt these standards and interpretations, if applicable, when they will enter into force.

Moreover, following the approval of the Consolidated Financial Statements as at 31 December 2019, amendments were made to the following standards, which were not yet in force:

- On 28 May 2020, the IASB issued an amendment entitled "**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**". The document envisages for lessees to recognise Covid-19 related rent reductions without having to measure, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is complied with. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment.
- On 28 May 2020, the IASB published an amendment entitled "**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**". The amendments allow for the temporary extension of the IFRS 9 application until 1 January 2023. These amendments will enter in force on 1 January 2021. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment.

### **5) Use of estimates and assumptions**

The preparation of the Consolidated Interim Report in application of the FRS requires the directors to apply accounting principles and methodologies which, in certain circumstances, are based on valuations and estimates based on historical experience and assumptions that are assessed from time to time according to specific circumstances. The application of such estimates and assumptions affects the amounts related to revenues, costs, assets and liabilities, as well as contingent liabilities disclosed and any relevant information. With reference to possible impacts resulting from the spread of the Covid-19 pandemic on estimates made, reference is made to comments included in section "Covid-19 Updates", under Significant events during the period in the Report on Operations. The actual amounts of accounting items, for which these estimates and assumptions have been used, might be different from those reported due to the uncertainty characterising the assumptions and conditions on which estimates are based.

### **6) Consolidation area**

On 24 July 2020, the sale of a majority interest equal to 85% of the share capital of the investee Solution Net Systems Inc. to the US fund Architect Equity was completed.

### **7) Translation criteria of items in foreign currency**

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

Currency (ISO Code)	Quantity of currency/1 Euro			
	September 2020	September 2020	December 2019	September 2019
	Final exchange rate	Average exchange rate for the period	Final exchange rate	Average exchange rate for the period
US Dollar (USD)	1.1708	1.1250	1.1234	1.1236
British Pound Sterling (GBP)	0.9124	0.8851	0.8508	0.8835
Swedish Krona (SEK)	10.5713	10.5582	10.4468	10.5679
Singapore Dollar (SGD)	1.6035	1.5635	1.5111	1.5332
Japanese Yen (JPY)	123.7600	120.9108	121.9400	122.5696
Australian Dollar (AUD)	1.6438	1.6627	1.5595	1.6077
Hong Kong Dollar (HKD)	9.0742	8.7273	8.7473	8.8074
Chinese Renminbi (CNY)	7.9720	7.8659	7.8205	7.7135
Real (BRL)	6.6308	5.7100	4.5157	4.3646
Mexican Pesos (MXN)	26.1848	24.5232	21.2202	21.6336
Hungarian Forint (HUF)	365.5300	348.1272	330.5300	323.0732

## SEGMENT DISCLOSURE

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. Sales transactions amongst the operating segments indicated hereunder are executed at arm's length conditions, based on the Group transfer pricing policies. For the year 2020, following the sale of the Solution Net Systems Inc. division, the operating segments are as follows:

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

The **income statement information related to operating segments** as at 30 September 2020 and 30 September 2019 are as follows (€/000):

<b>Segment economic position</b>	<b>Datalogic Business</b>	<b>Informatics</b>	<b>Adjustments</b>	<b>Total Group 30.09.2020</b>
Revenues	335,902	12,059	(910)	347,051
EBITDA	37,075	32	98	37,205
<b>% Revenues</b>	<b>11.04%</b>	<b>0.27%</b>		<b>10.72%</b>
EBIT	8,435	(339)	98	8,194

<b>Segment economic position restated</b>	<b>Datalogic Business</b>	<b>Informatics</b>	<b>Adjustments</b>	<b>Total Group 30.09.2019</b>
Revenues	428,563	13,682	(836)	441,409
EBITDA	70,414	688	33	71,135
<b>% Revenues</b>	<b>16.43%</b>	<b>5.03%</b>		<b>16.12%</b>
EBIT	49,716	201	34	49,951

The **balance-sheet information related to operating segments** as at 30 September 2020 and 30 September 2019 are as follows (€/000):

<b>Segment financial position</b>	<b>Datalogic Business</b>	<b>Informatics</b>	<b>Adjustments</b>	<b>Total Group 30.09.2020</b>
Total Assets	701,612	20,187	(27,026)	694,773
Total Liabilities	317,227	5,771	(273)	322,725
Shareholders' Equity	384,385	14,416	(26,753)	372,048

<b>Segment financial position</b>	<b>Datalogic Business</b>	<b>Solution Net Systems</b>	<b>Informatics</b>	<b>Adjustments</b>	<b>Total Group 30.09.2019</b>
Total Assets	830,185	14,372	22,455	(35,036)	831,976
Total Liabilities	418,869	4,782	7,080	(3,056)	427,676
Shareholders' Equity	411,315	9,590	15,375	(31,980)	404,300

## INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

#### **Note 1. Tangible assets**

Over the period, net investments amounted to €17,891 thousand, and depreciation amounted to €9,123 thousand, while the exchange rates were negative by €2,674 thousand. Details of the item as at 30 September 2020 and 31 December 2019 are as follows:

	30.09.2020	31.12.2019	Change
Land	8,568	8,778	(210)
Buildings	45,194	31,820	13,374
Other assets	31,367	35,418	(4,051)
Assets in progress and payments on account	10,494	13,586	(3,092)
<b>Total</b>	<b>95,623</b>	<b>89,602</b>	<b>6,021</b>

The increase in the item "Buildings" is represented by the investments made for the reorganisation of the Group's global footprint as part of the plan to streamline and increase the efficiency of overheads.

The "Other assets" item as at 30 September 2020 includes the following categories: industrial equipment and moulds (€10,483 thousand), plant and machinery (€9,889 thousand), office furniture and machines (€8,485 thousand), general plants related to buildings (€1,276 thousand), commercial equipment and demo room (€679 thousand), maintenance on third-party assets (€410 thousand), light constructions (€96 thousand) and motor vehicles (€49 thousand).

The balance of item "Assets in progress and payments on account", equal to €10,494 thousand, is composed of the following: €6,406 thousand for investments made for the building and enlargement of Group plants, €3,329 thousand for moulds under construction and €681 thousand for self-manufactured equipment and production lines. The increase for the period is due primarily to investments in the headquarters in Germany (€1,535 thousand) and in the United States (€376 thousand), in addition to moulds under construction (€2,034 thousand) and self-manufactured equipment and production lines (€489 thousand).

#### **Note 2. Intangible assets**

Over the period, net investments were recognised for €15,002 thousand, and amortisation amounted to €8,108 thousand, while the exchange rates were negative by €7,842 thousand. Details of the item as at 30 September 2020 and 31 December 2019 are as follows:

	30.09.2020	31.12.2019	Change
Goodwill	179,057	186,126	(7,069)
Development costs	11,039	9,927	1,112
Other	23,398	28,430	(5,032)
Assets in progress and payments on account	22,155	12,114	10,041
<b>Total</b>	<b>235,649</b>	<b>236,597</b>	<b>(948)</b>

## Goodwill

“Goodwill”, totalling €179,057 thousand, consisted of the following items:

	30.09.2020	31.12.2019	Change
Datalogic CGU	166,008	172,642	(6,634)
Informatics CGU	13,049	13,483	(434)
<b>Total</b>	<b>179,057</b>	<b>186,126</b>	<b>(7,068)</b>

The change in “Goodwill”, compared to 31 December 2019, is mainly attributable to translation differences. Goodwill is allocated to the cash generating units (CGUs) represented by the individual companies and/or the sub-groups to which they refer. The estimated recoverable value of each cash generating unit (CGU), associated with the goodwill subject to measurement, is represented by the corresponding value in use. Value in use was calculated by discounting the future cash flows generated by the CGU – during production and at the time of its disposal – to present value using a certain discount rate, based on the Discounted Cash Flow method. The cash flows of the individual cash generating units are estimated on the basis of the provisional plans drawn up by management. These plans represent the best estimate of foreseeable operating performance, based on business strategies and growth indicators in the sector to which the Group belongs and in its reference markets.

In light of the changed macroeconomic scenario which occurred in 2020 following the spread of the Covid-19 pandemic, on 30 June 2020, management updated its recoverability analyses of goodwill recorded, which were carried out at the end of the previous year through impairment testing approved by the Board of Directors and the Audit and Risk, Remuneration and Appointments Committees of Datalogic S.p.A. on 14 February 2020.

In particular, the impairment tests were updated on the basis of the 2020 forecasts, reflecting the available macroeconomic and industry forecasts in the estimates of the subsequent years of the plan. Sensitivity analyses and stress tests were also performed in multi-scenario assumptions on forecast data. The result of the aforesaid analyses highlighted no necessity for any write-downs, while showing positive margins, also in the most prudential scenario analyses.

## Development costs, Other intangible assets and Assets in progress and payments on account

The “**Development costs**” item, amounting to €11,039 thousand, are composed of specific product development projects. The “**Other**” item, amounting to €23,398 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group in previous years, and software implementations. Details are shown below:

	30.09.2020	31.12.2019	Change
Patents	11,326	14,184	(2,858)
Know-how	2,009	3,066	(1,057)
Licence agreement	2,140	2,943	(803)
Software	7,922	8,098	(175)
Others	0	138	(138)
<b>Total</b>	<b>23,398</b>	<b>28,430</b>	<b>(5,032)</b>

The “Assets in progress and payments on account” item, equal to €22,155 thousand, is attributable, in the amount of €19,470 thousand, to the capitalisation of costs for product development projects that are currently underway, as well as, in the amount of €2,685 thousand, to software implementations that are not yet completed.

### **Note 3. Right-of-use assets**

Over the period, recognised net investments amounted to €4,122 thousand, and depreciation amounted to €4,105 thousand, while the exchange rates were negative by €124 thousand. Details of the item as at 30 September 2020 and 31 December 2019 are shown below.

	30.09.2020	31.12.2019	Change
Buildings	7,303	7,560	(257)
Vehicles	2,247	2,041	206
Office equipment	96	152	(56)
<b>Total</b>	<b>9,646</b>	<b>9,753</b>	<b>(107)</b>

### **Note 4. Equity investments in associates**

Minority interests owned by the Group as at 30 September 2020 remained unchanged compared to the previous year and they are broken down as follows.

	31.12.2019	Increases	Decreases	Transfers	30.09.2020
CAEN RFID Srl	550				550
R4I	150				150
Datalogic Automation AB	2				2
Specialvideo Srl	29				29
Datasensor GMBH	45				45
<b>Total</b>	<b>776</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>776</b>

### Note 5. Financial assets and liabilities by category

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

	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	30.09.2020
<b>Non-current financial assets</b>	<b>1,247</b>	<b>0</b>	<b>8,141</b>	<b>9,388</b>
Financial assets - Investments			8,141	8,141
Other receivables	1,247			1,247
<b>Current financial assets</b>	<b>167,010</b>	<b>19,724</b>	<b>2,135</b>	<b>188,869</b>
Trade receivables	63,019			63,019
Other receivables	20,423			20,423
Financial assets - Other		19,724		19,724
Financial assets - Loans			2,135	2,135
Cash and cash equivalents	83,568			83,568
<b>Total</b>	<b>168,257</b>	<b>19,724</b>	<b>10,276</b>	<b>198,257</b>

	Derivatives	Financial liabilities at amortised cost	30.09.2020
<b>Non-current financial liabilities</b>	<b>0</b>	<b>127,175</b>	<b>127,175</b>
Financial payables		111,421	111,421
Other payables		15,754	15,754
<b>Current financial liabilities</b>	<b>0</b>	<b>138,014</b>	<b>138,014</b>
Trade payables		59,700	59,700
Other payables		44,437	44,437
Short-term financial payables		33,877	33,877
<b>Total</b>	<b>0</b>	<b>265,189</b>	<b>265,189</b>

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

#### Fair value - hierarchy

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

**Level 1:** market prices;

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

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

	Level 1	Level 2	Level 3	30.09.2020
<b>Assets measured at fair value</b>				
Financial assets - Investments	7,348		793	8,141
Financial assets - Other	19,724	0	2,135	21,859
<b>Total Assets measured at fair value</b>	<b>27,072</b>	<b>0</b>	<b>2,928</b>	<b>30,000</b>

#### Note 6. Financial assets

The financial assets include the following:

	30.09.2020	31.12.2019	Change
Non-current financial assets	8,141	9,465	(1,324)
Current financial assets	21,859	31,200	(9,341)
<b>Total</b>	<b>30,000</b>	<b>58,120</b>	<b>(28,120)</b>

The “Current financial assets” item mainly consists of investments in corporate cash, represented by insurance policies and mutual investment funds. The change refers to the measurement at fair value for the period and to the financial investment, convertible into capital, in the company AWM Smart Shelf, and amounting to €2,135 thousand, as well as to the disposal, at arm’s length, of an investment to the Parent Company.

The “Non-current financial assets” item is composed of equity investments in other companies held by the Group and is broken down as follows:

	31.12.2019	Increases	Decreases	Fair value adjustment	Adjustment on exchange rates	30.09.2020
Listed equity investments	8,860			(1,402)	(110)	7,348
Unlisted equity investments	605	941	(82)	(671)		793
<b>Total</b>	<b>9,465</b>	<b>941</b>	<b>(82)</b>	<b>(2,073)</b>	<b>(110)</b>	<b>8,141</b>

The “Listed equity investments” are represented by the 1.2% investment in the share capital of the Japanese company Idec Corporation listed on the Tokyo Stock Exchange. The change in the period relates to exchange rate and fair value adjustments.

The item “Unlisted equity investments” includes the amount relating to 15% of the investment in the share capital of Solution Net Systems, Inc. The change in the period relates to exchange rate and fair value adjustments.

**Note 7. Trade and other receivables**

Details of trade and other receivables item as at 30 September 2020 and 31 December 2019 are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change</b>
Trade receivables	61,438	73,164	(11,726)
Contract-related assets	4,015	5,361	(1,346)
Bad debt provision	(2,434)	(1,217)	(1,217)
<b>Net trade receivables</b>	<b>63,019</b>	<b>77,308</b>	<b>(14,289)</b>
<b>Receivables from associates</b>	<b>1,544</b>	<b>895</b>	<b>649</b>
<b>Total Trade receivables</b>	<b>64,563</b>	<b>78,203</b>	<b>(13,640)</b>
Other receivables - current accrued income and prepaid expenses	20,500	24,924	(4,424)
Other receivables - non-current accrued income and prepaid expenses	1,247	1,334	(87)
<b>Total Other receivables - accrued income and prepaid expenses</b>	<b>21,747</b>	<b>26,258</b>	<b>(4,511)</b>
Trade and other receivables - non-current	1,247	1,334	(87)
<b>Trade and other receivables - current</b>	<b>85,063</b>	<b>103,127</b>	<b>(18,064)</b>

**Trade receivables**

“Trade receivables” as at 30 September 2020, gross of the bad debt provision, amounted to €64,563 thousand, representing a decrease of 17.4%. As at 30 September 2020, factored trade receivables amounted to €25,482 thousand (compared to €36,566 thousand at the end of 2019). Trade receivables from associates arise from commercial transactions carried out at arm’s length conditions.

**Other receivables - accrued income and prepaid expenses**

The details of the “Other receivables - accrued income and prepaid expenses” item is shown below. The change in the period is mainly due to the collection of VAT receivables.

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change</b>
Other receivables - current	2,997	2,311	686
Other receivables - non-current	1,247	1,334	(87)
VAT receivables	13,159	18,534	(5,375)
Accrued income and prepaid expenses	4,344	4,079	265
<b>Total</b>	<b>21,747</b>	<b>26,258</b>	<b>(4,511)</b>

The “Accrued income and prepaid expenses” item is mainly composed of insurance, as well as hardware and software fees.

**Note 8. Inventories**

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change</b>
Raw and ancillary materials and consumables	38,806	41,754	(2,948)
Work in progress and semi-finished products	15,365	23,582	(8,217)
Finished products and goods	29,602	37,585	(7,983)
<b>Total</b>	<b>83,773</b>	<b>102,921</b>	<b>(19,148)</b>

Inventories are disclosed net of an obsolescence provision totalling €11,091 thousand as at 30 September 2020 (€10,121 thousand as at 31 December 2019). Movements in the obsolescence provision as at 30 September 2020 and 30 September 2019 are reported below:

	2020	2019
<b>1 January</b>	<b>10,121</b>	<b>11,222</b>
Exchange rates adjustment	(157)	129
Provisions	2,864	140
Uses (Releases)	(1,737)	(1,087)
<b>30 September</b>	<b>11,091</b>	<b>10,404</b>

#### Note 9. Tax payables and receivables

	30.09.2020	31.12.2019	Change
Tax receivables	25,067	24,421	646
<i>of which from Parent Company</i>	<i>14,242</i>	<i>12,742</i>	<i>1,500</i>
Tax payables	(23,246)	(25,822)	2,576
<i>of which to Parent Company</i>	<i>(16,364)</i>	<i>(15,913)</i>	<i>(451)</i>
<b>Total</b>	<b>1,821</b>	<b>(1,401)</b>	<b>3,222</b>

As at 30 September 2020, the “Tax receivables” item amounted to €25,067 thousand, up €646 thousand compared to the end of 2019 (€24,421 thousand as at 31 December 2019). The receivables for IRES tax from the Parent Company Hydra S.p.A., generated within the tax consolidation regime and equal to €14,242 thousand (€12,742 thousand as at 31 December 2019) are classified under this item.

The “Tax payables” item amounted to €23,246 thousand as at 30 September 2020, down €2,576 thousand (€25,822 thousand as at 31 December 2019). The payables for IRES tax to the Parent Company Hydra S.p.A., generated within the tax consolidation regime and equal to €16,364 thousand (€15,913 thousand as at 31 December 2019) are classified under this item.

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Note 10. Shareholders' Equity

The Shareholders' Equity is broken down as follows.

	30.09.2020	31.12.2019	Change
Share capital	30,392	30,392	0
Share premium reserve	111,779	111,779	0
Treasury shares held in portfolio	(21,899)	(15,113)	(6,786)
<b>Share capital and capital reserves</b>	<b>120,272</b>	<b>127,058</b>	<b>(6,786)</b>
Translation reserve	14,662	26,550	(11,888)
Other reserves	4,793	5,756	(963)
Retained earnings	225,947	192,885	33,062
<b>Profit for the year</b>	<b>4,211</b>	<b>50,069</b>	<b>(45,858)</b>
<b>Total Group shareholders' equity</b>	<b>369,885</b>	<b>402,318</b>	<b>(32,433)</b>
Profit/Loss for the period of Minority interests	349	212	137
Shareholders' Equity of Minority interests	1,814	1,641	173
<b>Total consolidated Shareholders' Equity</b>	<b>372,048</b>	<b>404,171</b>	<b>(32,123)</b>

#### Share capital

As at 30 September 2020, the share capital of €30,392 thousand represents the share capital fully subscribed and paid by the Parent Company Datalogic S.p.A. It comprises a total number of ordinary shares of 58,446,491, of which 1,754,131 are held as treasury shares for a value of €21,899 thousand, equal to 3% of the capital, and therefore the outstanding shares as at that date amounted to 56,692,360. The shares have a nominal unit value of €0.52.

#### Other Reserves

As at 30 September 2020, the breakdown of the main changes in other reserves were as follows:

- negative change in the translation reserve, amounting to €11,888 thousand;
- positive change in the cash flow hedge reserve, amounting to €151 thousand;
- negative change in financial assets reserve, measured at FVOCI, amounting to €1,519 thousand;

### Note 11. Financial payables

Financial payables are broken down as follows:

	30.09.2020	31.12.2019	Change
Non-current financial payables	111,421	115,578	(4,157)
Current financial payables	33,877	54,099	(20,222)
<b>Total</b>	<b>145,298</b>	<b>169,677</b>	<b>(24,379)</b>

The breakdown of this item is detailed below:

	30.09.2020	31.12.2019	Change
Borrowings from Bank	133,877	157,527	(23,650)
Operating lease financial payables	9,991	10,061	(70)
Payables to factoring companies	1,395	1,868	(473)
Bank overdrafts	35	221	(186)
<b>Total</b>	<b>145,298</b>	<b>169,677</b>	<b>(24,379)</b>

The breakdown of changes in the “Borrowings from Bank” item as at 30 September 2020 and 30 September 2019 is shown below:

	2020	2019
<b>1 January</b>	<b>157,527</b>	<b>204,721</b>
Increases		
Decreases for borrowing repayments	(24,034)	(23,825)
Recalculation of amortised cost	384	320
<b>30 September</b>	<b>133,877</b>	<b>181,216</b>

### Covenants

Some loan agreements require the Group to comply with financial covenants , measured on a half-yearly basis as at 30 June and 31 December, summarised in the following table:

Bank	Company	Covenants	Frequency	Reference statements
Deal Club	Datalogic SpA	NFP/EBITDA 2.75	Semi-annual	Consolidated
E.I.B.	Datalogic SpA	NFP/EBITDA 2.75	Semi-annual	Consolidated

As at 30 June 2020, all requirements under the covenants had been met.

### Note 12. Net deferred taxes

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

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

The temporary differences that generate deferred tax assets are mainly represented by tax losses and taxes paid abroad, provisions for risks and charges and exchange rate adjustments. Deferred tax liabilities are mainly attributable to temporary differences for exchange rate adjustments and statutory and tax differences of the amortisation/depreciation plans of tangible and intangible fixed assets.

	30.09.2020	31.12.2019	Change
Deferred tax assets	44,361	43,572	789
Deferred tax liabilities	(17,161)	(17,819)	658
<b>Net deferred taxes</b>	<b>27,200</b>	<b>25,753</b>	<b>1,447</b>

Change in deferred taxes is mainly due to the release of deferred taxes recognised on incomes become taxable over the year, represented by gains on exchange rates and dividends from investee companies, as well as by recognition of deferred tax assets over tax losses of Italian companies.

Deferred tax assets include assets related to receivables for taxes paid abroad, the recoverability of which is subject to time limits. Taking account of the impact of the current crisis related to the Covid-19 pandemic and according to currently available information, the Group Management reviewed taxable income estimates in order to check the recoverability of recorded assets. From the outcome of analyses made, the Directors deemed that, to date, no recoverability risks are present.

#### Note 13. Post-employment benefits

The breakdown of changes in the “Post-employment benefits” item as at 30 September 2020 and 30 September 2019 is shown below:

	2020	2019
<b>1 January</b>	<b>7,026</b>	<b>6,541</b>
Accrual	1,374	1,674
Payments	(863)	(815)
Discounting	0	0
Other movements	0	32
Social security receivables for post-employment benefits	(680)	(848)
<b>30 September</b>	<b>6,858</b>	<b>6,584</b>

#### Note 14. Provisions for risks and charges

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

	30.09.2020	31.12.2019	Change
Provisions for risks and charges, current	4,543	4,273	270
Provisions for risks and charges, non-current	4,451	4,916	(465)
<b>Total</b>	<b>8,994</b>	<b>9,189</b>	<b>(195)</b>

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

	31.12.2019	Increases	(Uses) and (Releases)	Exchange diff.	30.09.2020
Product warranty provision	8,305	0	(896)	(2)	7,407
Others	885	768	(34)	(32)	1,587
<b>Total</b>	<b>9,189</b>	<b>768</b>	<b>(930)</b>	<b>(34)</b>	<b>8,994</b>

The “**Product warranty provision**” covers the estimated cost of repairing products sold up to 30 September 2020 and covered by a warranty period. It amounts to €7,407 thousand (of which €4,148 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

The “**Others**” item includes primarily allocations made for possible tax liabilities, labour disputes, provisions for corporate reorganisation plans and agents’ severance indemnity. Some irrelevant disputes related to the Group are currently in place, with their risk assessed by experts used, and no allocations were made in relation to them, as provided for by IAS 37.

#### **Note 15. Trade and other payables**

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change</b>
Trade payables	58,200	104,193	(45,993)
Contract liabilities - customer advances	1,500	1,648	(148)
<b>Trade payables</b>	<b>59,700</b>	<b>105,841</b>	<b>(46,141)</b>
<b>Payables to associates</b>	<b>34</b>	<b>55</b>	<b>(21)</b>
<b>Payables to related parties</b>	<b>0</b>	<b>133</b>	<b>(133)</b>
<b>Total Trade payables</b>	<b>59,734</b>	<b>106,029</b>	<b>(46,295)</b>
Other payables - current accrued liabilities and deferred income	44,557	48,124	(3,567)
Other payables - non-current accrued liabilities and deferred income	15,754	16,684	(930)
<b>Total Other payables - accrued liabilities and deferred income</b>	<b>60,311</b>	<b>64,808</b>	<b>(4,497)</b>
Less: non-current portion	15,754	16,684	(930)
<b>Current portion</b>	<b>104,291</b>	<b>154,153</b>	<b>(49,862)</b>

Trade payables amounted to €59,734 thousand, down by €46,295 thousand compared to the previous year.

#### **Other payables – accrued liabilities and deferred income**

The detailed breakdown of this item is as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change</b>
Non-current accrued liabilities and deferred income	15,754	16,684	(930)
Other short-term payables:	25,509	27,134	(1,625)
Payables to employees	17,303	17,883	(580)
Payables to pension and social security agencies	6,322	6,382	(60)
Other payables	1,884	2,869	(985)
VAT payables	2,714	3,673	(959)
Current accrued liabilities and deferred income	16,334	17,317	(983)
<b>Total</b>	<b>60,311</b>	<b>64,808</b>	<b>(4,497)</b>

Payables to employees represents the amount due for salaries and vacations accrued by employees as at 30 September 2020. The item “Accrued liabilities and deferred income” is mainly composed of deferred income related to multi-annual maintenance contracts.

## INFORMATION ON THE INCOME STATEMENT

### Note 16. Revenues

Revenues divided by type are shown in the following table:

	Nine months ended		Change
	30.09.2020	30.09.2019 Restated	
Revenues from sale of products	318,386	410,431	(92,045)
Revenues from services	28,665	30,978	(2,313)
<b>Total Revenues</b>	<b>347,051</b>	<b>441,409</b>	<b>(94,358)</b>

In the first nine months of 2020, consolidated net revenues amounted to €347,051 thousand, down by 21.4% compared to €441,409 thousand in the same period of 2019. The Group's revenues, divided by recognition method and business segment, are broken down as follows:

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	30.09.2020
Revenues from the sale of goods and services - point in time	305,679	8,583	(910)	313,351
Revenues from the sale of goods and services - over the time	30,223	3,476		33,700
<b>Total</b>	<b>335,902</b>	<b>12,059</b>	<b>(910)</b>	<b>347,051</b>

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	30.09.2019 Restated
Revenues from the sale of goods and services - point in time	386,473	11,419	(836)	397,056
Revenues from the sale of goods and services - over the time	42,090	2,263		44,353
<b>Total</b>	<b>428,563</b>	<b>13,682</b>	<b>(836)</b>	<b>441,409</b>

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

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

Revenues broken down by type	Datalogic	Informatics	Adjustments	30.09.2020
Sale of goods	310,756	8,538	(908)	318,386
Sale of services	25,146	3,521	(2)	28,665
<b>Total</b>	<b>335,902</b>	<b>12,059</b>	<b>(910)</b>	<b>347,051</b>

Revenues broken down by type	Datalogic	Informatics	Adjustments	30.09.2019 Restated
Sale of goods	400,713	10,552	(834)	410,431
Sale of services	27,850	3,130	(2)	30,978
<b>Total</b>	<b>428,563</b>	<b>13,682</b>	<b>(836)</b>	<b>441,409</b>

### Note 17. Cost of goods sold and operating costs

The following table shows the trends of cost of goods sold and operating costs as at 30 September 2020, compared with the same period of the previous year, including non-recurring costs and revenues.

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
<b>Cost of goods sold</b>	<b>188,849</b>	<b>221,738</b>	<b>(32,889)</b>
<b>Operating costs</b>	<b>153,242</b>	<b>175,321</b>	<b>(22,079)</b>
Research and development expenses	41,382	47,183	(5,801)
Distribution expenses	74,479	89,763	(15,284)
General and administrative expenses	35,930	36,558	(628)
Other operating expenses	1,451	1,817	(366)
<b>Total</b>	<b>342,091</b>	<b>397,059</b>	<b>(54,968)</b>

#### Cost of goods sold

This item amounted to €188,849 thousand and in the first nine months of 2020 decreased by 14.8% compared to the same period of 2019, partly due to the reduction in volumes and partly to the cost reduction plan implemented in the first part of the year, while the impact on revenues increased by 4.2% to 54.4% (50.2% in the same period of 2019).

#### Operating costs

Thanks to the cost reduction plan, operating costs decreased by 12.6% from €175,321 thousand to €153,242 thousand; the impact on turnover increased from 39.7% to 44.2%, a worsening of 4.5%.

“**Research and development expenses**” amounted to €41,382 thousand and were down compared to the same period of the previous year, but with an higher percentage on turnover equal to 11.9% (10.7% in the same period of the previous year), after the strengthening of strategic investments on the product range.

“**Distribution expenses**” amounted to €74,479 thousand, a significant decrease compared to the same period of the previous year due to a decrease in volumes and thanks to the efficiency achieved after reorganisation of the sales structure.

“**General and administrative expenses**” amounted to €35,930 thousand, down by 1.7%.

“**Other operating expenses**”, amounting to €1,451 thousand, decreased compared to the same period of the previous year, in particular due to the decrease in the item “Non-income taxes”, and are detailed below.

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
Non-income taxes	1,209	1,732	(523)
Allocation to the risk reserve	116	18	98
Costs charge-back	70	9	61
Loss on disposal of fixed assets	14	41	(27)
Others	42	17	25
<b>Total</b>	<b>1,451</b>	<b>1,817</b>	<b>(366)</b>

**Breakdown of costs by type**

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

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
Purchases	129,078	184,849	(55,772)
Change in inventories	15,495	(16,041)	31,537
Labour cost	114,485	138,255	(23,770)
Amortisation, depreciation and write-downs	21,336	19,661	1,675
Goods receipt and shipment expenses	12,696	14,754	(2,058)
Consumables and R&D material	5,138	6,180	(1,042)
Marketing expenses	5,099	5,010	89
Legal, tax and other advisory consultancies	4,544	3,643	901
EDP expenses	4,131	4,252	(121)
Travel and meetings expenses	3,412	8,632	(5,220)
Quality certification expenses	3,285	1,680	1,605
R&D technical consultancies	3,005	2,819	186
Repairs and warranty provision accrual	2,581	2,305	276
Royalties	2,238	3,725	(1,487)
Building expenses	1,941	2,422	(481)
Telephone expenses	1,848	1,259	589
Utilities	1,434	1,690	(256)
Sundry service costs	1,201	1,617	(416)
Expenses for plant and machinery and other assets	1,087	1,125	(38)
Directors' remuneration	840	1,514	(674)
Commissions	822	850	(28)
Audit Fees	684	865	(181)
Insurances	609	521	88
Vehicle expenses	579	1,050	(471)
Entertainment expenses	439	733	(294)
Others	4,084	3,689	395
<b>Total Cost of goods sold and operating costs</b>	<b>342,091</b>	<b>397,059</b>	<b>(54,968)</b>

**Costs for purchases and change in inventories** decreased by €24,235 thousand (-14.4%), compared to the same period of 2019, due to lower volumes and the streamlining of production costs.

**Labour costs** amounted to €114,485 thousand (€138,255 thousand in the same period of 2019) and reported a decrease of €23,770 thousand compared to the previous year (-17.2%). The change, compared to 30 September 2019, is mainly

due to the use of social shock absorbers, holidays related to previous years and partly to a reduction in staff in production and commercial structures. The detailed breakdown of labour cost is as follows:

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
Wages and salaries	86,393	105,143	(18,750)
Social security charges	18,225	21,364	(3,139)
Post-employment benefits	1,572	1,764	(192)
Severance indemnities and similar benefits	1,290	1,259	31
Other labour costs	7,005	8,725	(1,720)
<b>Total</b>	<b>114,485</b>	<b>138,255</b>	<b>(23,770)</b>

The increase of €1,675 thousand in the “**Amortisation, depreciation and write-downs**” is mainly due to higher investments both on production plants and on product development.

The “**Goods receipt and shipment expenses**” item, amounting to €12,696 thousand, recorded a 13.9% decrease due to the reduction in volumes.

“**Quality certification expenses**”, amounting to €3,285 thousand, increased by €1,605 thousand compared to the same period of 2019, following the certification of new products.

Expenses for “**R&D technical consultancies**” amounted to €3,005 thousand, up by €186 thousand compared to the same period of 2019, due to higher R&D investments.

The “**Travel and meetings expenses**” item, amounting to €3,412 thousand, recorded a 60.5% decrease, with a better percentage on turnover compared to the previous period (-1.0%), following the cost reduction plan.

#### **Note 18. Other revenues**

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
Grants to Research and Development expenses	1,232	2,968	(1,736)
Miscellaneous income and revenues	1,855	2,431	(576)
Rents	26	73	(47)
Income on disposal of fixed assets	29	77	(48)
Contingent assets	52	6	46
Others	40	46	(6)
<b>Total</b>	<b>3,234</b>	<b>5,601</b>	<b>(2,367)</b>

The change in the “**Grants to Research and Development expenses**” is mainly due to the lower tax receivables for R&D activities.

#### **Note 19. Financial Income/(Expenses)**

	Nine months ended		
	30.09.2020	30.09.2019	Change
Financial Income/(Expenses)	(1,877)	(572)	(1,305)
Foreign exchange gains/losses	(4,361)	1,543	(5,904)
Bank expenses	(639)	(938)	299
Others	894	45	849
<b>Financial Income/(Expenses)</b>	<b>(5,983)</b>	<b>78</b>	<b>(6,061)</b>

Due mainly to the unfavourable trend of exchange rates and the negative result from cash investments, the Net Financial Income/(Expenses) item was negative for €5,983 thousand, a worsening of €6,061 thousand compared to a positive result of €78 thousand reported in the same period of 2019.

#### Note 20. Taxes

	Nine months ended		
	30.09.2020	30.09.2019 Restated	Change
Profit/(Loss) before taxes from continuing operations	2,211	50,029	(47,818)
Income taxes	(69)	22,438	(22,507)
Substitute tax			0
Deferred taxes	(2,107)	(11,123)	9,016
<b>Total</b>	<b>(2,176)</b>	<b>11,315</b>	<b>(13,491)</b>
<b>Tax Rate</b>	<b>-98.4%</b>	<b>22.6%</b>	<b>-121.0%</b>

The average tax rate came to -98.4% in the first nine months of 2020 (22.6% as at 30 September 2019) and it was calculated based on the effects related to taxation of dividends, on the benefits related to tax advantages (*patent box*), as well as on the recognition of deferred tax assets on tax losses of Italian companies.

#### Note 21. Profit/(loss) from discontinued operations

During the second quarter of 2020, the Group received statements of interest for the purchase of the subsidiary Solution Net Systems Inc., based on which the sale process began. The sale of a majority interest, equal to 85% of the company's share capital, was finalised on 24 July 2020. Therefore, in this Interim Report, the economic position of Solution Net Systems Inc. was classified under Profit/(loss) from discontinued operations.

The business of Solution Net Systems Inc., specialised in supplying and installing integrated solutions for the postal segment and distribution centres in the Retail sector, has represented, until its disposal, a division. Following the classification of the investee as discontinued operation, the division is no longer included in the Explanatory Notes concerning the divisions.

The economic results for the period of Solution Net Systems Inc. are shown hereunder:

<b>INCOME STATEMENT</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
<b>Revenues</b>	<b>11,131</b>	<b>21,741</b>
Cost of goods sold	(8,398)	(18,610)
<b>Gross Operating Margin</b>	<b>2,733</b>	<b>3,131</b>
Research and development expenses	(333)	(404)
Distribution expenses	(1,082)	119
General and administrative expenses	(584)	(710)
Other operating expenses	(21)	(45)
<b>Total operating costs</b>	<b>(2,020)</b>	<b>(1,040)</b>
<b>Operating result</b>	<b>713</b>	<b>2,091</b>
Financial Income/(Expenses)	(382)	(737)
<b>Profit/(Loss) before taxes</b>	<b>331</b>	<b>1,354</b>
Income taxes	(158)	(390)
<b>Net Profit/(Loss) for the period</b>	<b>173</b>	<b>964</b>

The countervalue of the transaction amounted to USD 4 million, subject to price adjustment.

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

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

	Nine months ended	
	30.09.2020	30.09.2019 Restated
Group profit/(loss) for the period	4,560	39,678
Average number of shares (thousands)	56,887	57,281
<b>Basic earnings/(loss) per share</b>	<b>0.08</b>	<b>0.69</b>
Group profit/(loss) for the period	4,560	39,678
Average number of shares (thousands) - Diluted effect	56,713	57,463
<b>Diluted earnings/(loss) per share</b>	<b>0.08</b>	<b>0.69</b>

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

For the definition of "Related parties", see both IAS 24, approved by EC Regulation no. 1725/2003, and the Procedure for Transactions with Related Parties approved by the Board of Directors on 4 November 2010 (most recently amended on 24 July 2015), available on the Company's website [www.datalogic.com](http://www.datalogic.com). The Parent Company of the Datalogic Group is Hydra S.p.A.

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

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

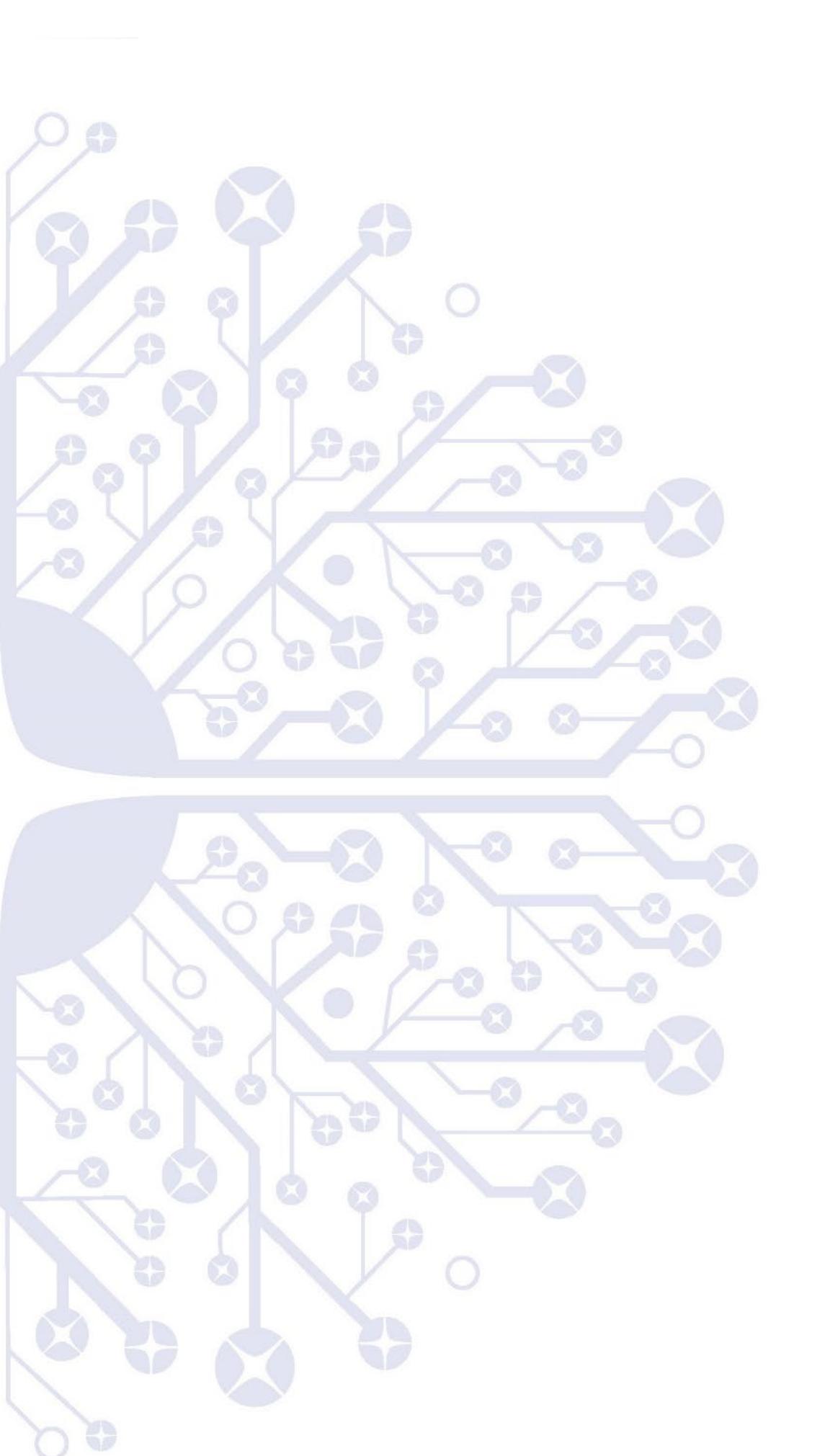
Pursuant to Art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2020 – 30.09.2020, the Company's Board of Directors did not approve any relevant transaction, as set out by Art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group's equity position or profit/(loss).

	Parent Company	Company controlled by Chairman of BoD	Companies not consolidated	30.09.2020
			line by line	
Equity investments			776	776
Trade receivables and other, accrued income, prepaid expenses		77	1,544	1,621
Receivables pursuant to tax consolidation	14,242			12,242
Payables pursuant to tax consolidation	16,364			16,364
Trade payables and other, accrued liabilities deferred		154		154
Operating expenses		870	186	1,056
Trade and other revenues		4,379		4,379

**NUMBER OF EMPLOYEES**

	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>Change</b>
Datalogic	2,776	3,005	(229)
Solution Net Systems	-	37	(37)
Informatics	74	76	(2)
<b>Total</b>	<b>2,850</b>	<b>3,118</b>	<b>(268)</b>

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



## Annexes

## **ANNEXES**

---

### **ANNEX 1**

#### **STATEMENT PURSUANT TO ART. 154-BIS, PARAGRAPH 2, LEGISLATIVE DECREE N. 58/1998**

##### **Interim Report 30 September 2020**

The undersigned Ms. Laura Bernardelli, as Manager in charge of drawing up the Datalogic S.p.A.'s accounting statements, hereby certify that, pursuant to provisions set out by paragraph 2 of Art. 154 bis, of Legislative Decree no. 58 of 24 February 1998, the Consolidated Interim Report as at 30 September 2020 is consistent with the accounting records.

Lippo di Calderara di Reno, 12 November 2020

Manager in charge of drawing up  
the accounting statements

Laura Bernardelli

## ANNEXES

### ANNEX 2

#### CONSOLIDATION AREA

The Consolidated Interim Report includes interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. Reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company. The companies included in the scope of consolidation as at 30 September 2020, consolidated on a line-by-line basis, are disclosed hereunder:

Company	Registered office	Share capital		Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A.	Bologna – Italy	€	30,392,175	346,539	16,724	
Datalogic Real Estate France Sas	Paris – France	€	2,227,500	3,783	83	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	5,393	137	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	€	65,677	23,954	1,356	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	14,182	(349)	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	234	19	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY (CNY)	2,136,696	3,083	246	100%
Datalogic Hungary Kft	Fonyod - Hungary	HUF	3,000,000	4,822	311	100%
Datalogic S.r.l.	Bologna – Italy	€	10,000,000	141,693	638	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	€	66,388	1,161	1,080	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	216,599	1,571	100%
Datalogic do Brazil Comercio de Equipamentos e Autocao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	883	628	100%
Datalogic Technologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(265)	(43)	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	€	25,000	3,814	24	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	1,004	83	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	26,274	903	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	2,316	(645)	100%
Suzhou Mobydata Smart System Co. Ltd	Suzhou, Jiangsu - China	CNY (CNY)	161,224	4,414	713	51%

The following companies were consolidated at cost as at 30 September 2020:

Company	Registered office		Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Special Opportunity S.r.l. (*)	Imola - Italy	€	10,000	902	205	40%
DataSensor Gmbh (*)	Otterfing - Germany	€	150,000	12	29	30%
CAEN RFID S.r.l. (*)	Viareggio (LU) - Italy	€	150,000	1,103	49	20%
R4I S.r.l. (*)	Benevento - Italy	€	131,250	441	(43)	20%
Datalogic Automation AB (**)	Malmö, Sweden	SEK	100,000	751	365	20%

(\*) data as at 31 December 2019

(\*\*) data as at 30 June 2019

## ANNEXES

---

### ANNEX 3

#### RESTATEMENT OF SEGMENT DISCLOSURE

As envisaged by the International Accounting Standards on segment reporting, in the event of a reorganisation of the business segments, the comparative periods are restated to allow a like-for-like comparison. Below are the restated results for the first nine months of 2019 following the reorganisation of the commercial function launched in 2020, in which some revenue allocation logics to geographical areas and business segments have been partially redefined to ensure coverage of the various types of end-user and partner customers, as well as geographical areas.

#### REVENUES BY GEOGRAPHICAL AREA

	<b>30.09.2019 Reported (*)</b>	<b>Restatement</b>	<b>30.09.2019 Restated</b>
<i>Italy</i>	37,945	(770)	37,175
<i>EMEA (excluding Italy)</i>	195,465	403	195,868
Total EMEA	233,410	(367)	233,043
Americas	155,577	(94)	155,483
APAC	52,422	462	52,884
<b>Total Revenues</b>	<b>441,409</b>		<b>441,409</b>

\* Comparison data related to 2019 were restated following the classification of the investee Solution Net Systems under discontinued operations

#### REVENUES BY BUSINESS SEGMENT

	<b>30.09.2019 Reported</b>	<b>Restatement</b>	<b>30.09.2019 Restated</b>
Retail	196,697	25,724	170,973
Manufacturing	118,116	29,046	89,070
Transportation & Logistics	58,290	26	58,264
Healthcare	15,000	1,826	13,174
Channel	40,460	(56,622)	97,082
<b>Total Revenues</b>	<b>428,563</b>		<b>428,563</b>

As part of the reorganisation of the sales function, the revenue allocation criteria were partially modified, assigning sales to the end-users of partner customers, and previously classified in the industries, according to a criterion of predominance of turnover as communicated by the distribution network, to the Channel sector. This category includes revenues not directly attributable to the other identified segments.

The new approach allows for an even more accurate measurement of the performance of the individual sectors, to which only the revenues relating to direct sales made to end-user customers based on their respective segment are attributed. The rationale behind the change in approach is guided by the desire to make the measurement of market trends of the individual sectors more accurate and prompter in order to strengthen the effectiveness and timeliness of the strategic decisions of go to market.

## ANNEXES

---

### ANNEX 4

#### RECONCILIATION OF ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

The following table shows the reconciliation between EBITDA and Adjusted EBITDA as at 30 September 2020, compared with 30 September 2019.

	30.09.2020	30.09.2019 Restated		Change	% change
<b>Adjusted EBITDA</b>	<b>37,205</b>	<b>10.72%</b>	<b>71,135</b>	<b>16.12%</b>	<b>(33,930)</b>
Cost of goods sold	1,855	0.53%	373	0.08%	1,482
Research and Development expenses	102	0.03%		0.00%	102
Distribution expenses	3,297	0.95%	620	0.14%	2,677
General and administrative expenses	2,323	0.67%	517	0.12%	1,806
Other (expenses)/income	98	0.03%		0.00%	98
<b>Non-recurring costs/revenues and write-downs</b>	<b>7,675</b>	<b>2.21%</b>	<b>1,510</b>	<b>0.34%</b>	<b>6,165</b>
<b>EBITDA</b>	<b>29,530</b>	<b>8.51%</b>	<b>69,625</b>	<b>15.77%</b>	<b>(40,095)</b>
					<b>-71.50%</b>

Non-recurring costs and revenues refer to income and charges recognised and incurred mainly as a result of corporate and functional reorganisations started in 2019, in addition to costs related to the Covid-19 emergency. The latter mainly relate to higher procurement and distribution costs in the lockdown phase, as well as expenses for the sanitisation and purchase of safety devices in the workplace, penalties for the cancellation of trade fairs and events and internal personnel costs for emergency management. Non-recurring income and charges are shown hereunder.

	30.09.2020	30.09.2019 Restated	Change
Covid-19	2,702		2,702
Reorganisation	3,888	1,175	2,713
Other	1,086	330	756
<b>Total</b>	<b>7,675</b>	<b>1,505</b>	<b>6,170</b>