



Quarterly Financial Report

at 31st March 2018



DATALOGIC GROUP

Quarterly Financial Report at 31st March 2018

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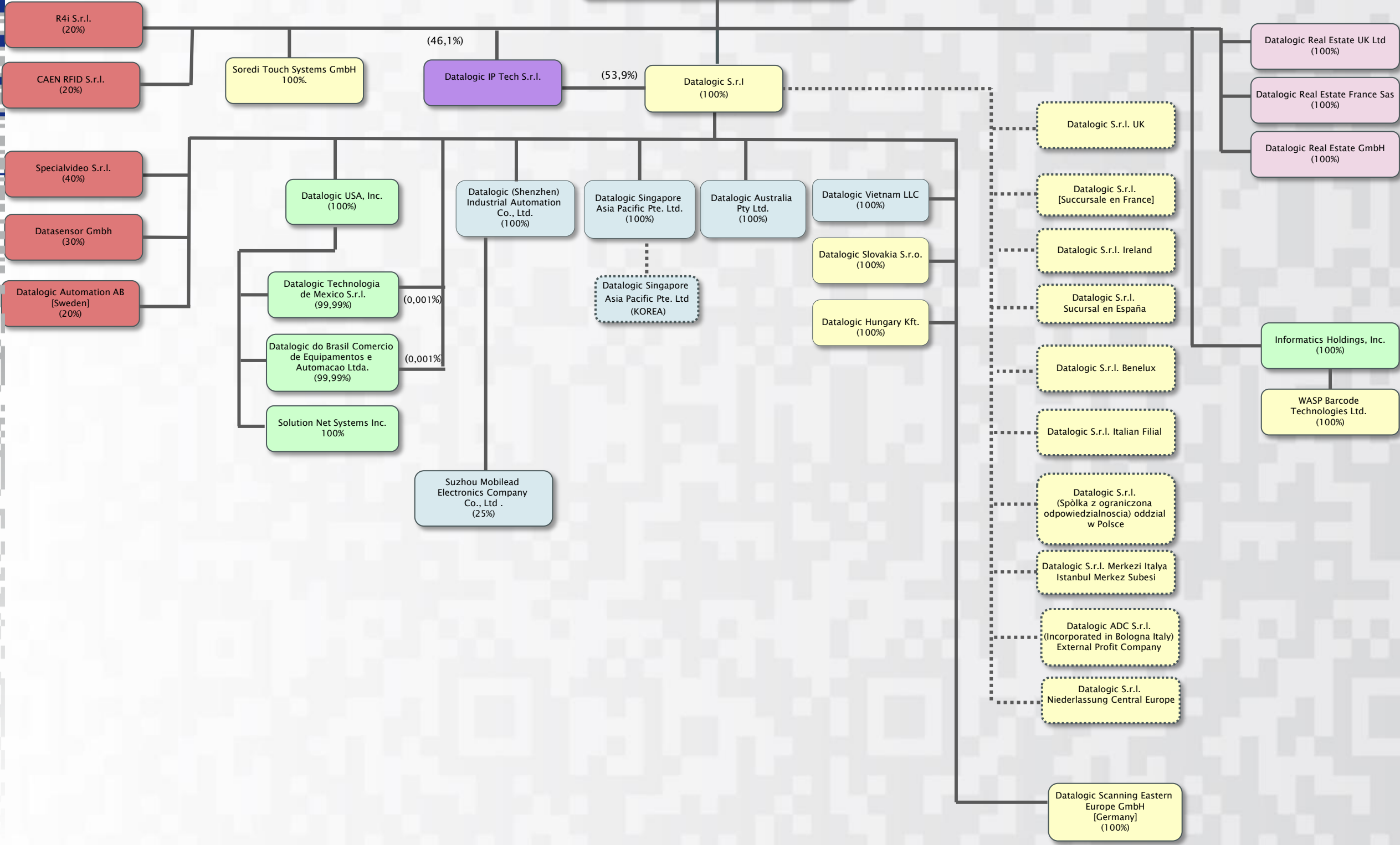
ANNEX

1. Declaration pursuant to Art. 154-bis, pars. 2, Legislative Decree 58/1998

— Legal entity
- - - - - Branch

- ITALY/EMEA
- AMERICAS
- APAC
- IP TECH
- REAL ESTATE
- OTHER

DATALOGIC S.p.A.



COMPOSITION OF CORPORATE BODIES

Board of Directors (1)

Volta Romano

Chairman (2)

Volta Valentina

Director & Chief Executive Officer (2)

Aversa Carlo Achille

Director

Di Stefano Luigi

Independent Director

Mazzalveri Gaia

Independent Director

Todescato Pietro

Director

Volta Filippo Maria

Director

Statutory Auditors (3)

Fiorenza Salvatore Marco Andrea

Chairman

Santagostino Roberto

Statutory Auditor

Lancellotti Elena

Statutory Auditor

Prandi Paolo

Alternate Statutory Auditor

Fuzzi Mario

Alternate Statutory Auditor

Auditing Company

Reconta Ernst & Young S.p.A.

(1) The Board of Directors will remain in office until the general meeting that approves the accounts for the financial year ending 31 December 2017. On 23 November 2017, Mr. Pier Paolo Caruso and Mrs. Sonia Magnani resigned from their offices as member of the Datalogic Board of Directors and Alternate Statutory Auditor.

(2) Legal representative with respect to third parties.

(3) The Statutory Auditors in office until the approval of the accounts for the financial year ending 31 December 2018.

MANAGEMENT REPORT

INTRODUCTION

This Interim Report on Operations as at 31 March 2018 was drawn up pursuant to Art. 154 of T.U.F. [Consolidated Law on Finance] and was prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union.

GROUP PROFILE

Datalogic is the world leader in the markets of automatic data capture and process automation. The Group is specialized 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 31 March 2018 in comparison with the same period a year earlier:

	Quarter ended		31.03.2017	% on Revenues	change	%	% ch. at constant exch. rate
	31.03.2018	% on Revenues					
Total revenues	142,942	100.0%	141,524	100.0%	1,418	1.0%	7.8%
EBITDA	21,952	15.4%	20,764	14.7%	1,188	5.7%	4.2%
Operating result (EBIT)	16,520	11.6%	15,255	10.8%	1,265	8.3%	2.6%
Group net profit/loss	11,183	7.8%	11,906	8.4%	(723)	-6.1%	
Net financial position (NFP)	32,348		(10,469)		42,817		

In the first quarter of 2018, thanks to the increase in revenues and the improvement in gross profit, EBITDA increased by 5.7%, to €22 million; EBITDA margin thus achieved 15.4%. EBIT grew by 8.3%, to €16.5 million.

Net profit amounted to €11.2 million (€11.9 million the first quarter of 2017).

The Net Financial Position is positive by €32.3 million, with an improvement of €42.8 million compared to 31 March 2017.

PERFORMANCE INDICATORS

To allow for a better valuation of the Group's performance, the Management adopted some performance indicators that are not identified as accounting measures within IFRS (NON-GAAP measures). The measurement criteria applied by the Group might be not consistent with the ones adopted by other groups and the indicators might not be comparable with the one determined by the latter. These performance indicators, determined according to provisions set out by Guidelines on Performance Indicators, issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015, refer only to the performance of the accounting period related to this 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, non-recurring costs/revenues, financial income and expenses and income taxes;
- **EBIT (Earnings Before Interests and Taxes) or Operating result:** operating result, as inferable from the Income Statement.
- **Net working capital in the trading segment:** 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 Working Capital in the trading segment and Other Assets, as well as of Current Liabilities, including short-term Provisions for risks and charges.
- **Net Invested Capital:** this indicator is the total of Current and Non-current Assets, excluding financial assets, less Current and Non-current Liabilities, excluding financial liabilities.
- **NFP (Net Financial Position) or Net Financial Debt:** this indicator is calculated based on provisions set out by Consob Communication no. 15519 of 28 July 2006, also including "Other financial assets" represented by temporary liquidity investments.

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE PERIOD

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

	Quarter ended					
	31.03.2018	% on Revenues	31.03.2017	% on Revenues	change	%
Total Revenues	142,942	100.0%	141,524	100.0%	1,418	1.0%
Cost of goods sold	(73,136)	-51.2%	(75,329)	-53.2%	2,193	-2.9%
Gross profit	69,806	48.8%	66,195	46.8%	3,611	5.5%
Other revenues	457	0.3%	216	0.2%	241	111.6%
Research and development expenses	(14,519)	-10.2%	(13,202)	-9.3%	(1,317)	10.0%
Distribution expenses	(25,771)	-18.0%	(24,458)	-17.3%	(1,313)	5.4%
General and administrative expenses	(11,094)	-7.8%	(11,478)	-8.1%	384	-3.3%
Other operating costs	(493)	-0.3%	(467)	-0.3%	(26)	5.6%
Total Operating costs and other costs	(51,877)	-36.3%	(49,605)	-35.1%	(2,272)	4.6%
Non-recurring costs and revenues	(760)	-0.5%	(274)	-0.2%	(486)	177.4%
Depreciation & amortisation due to acquisitions	(1,106)	-0.8%	(1,277)	-0.9%	171	-13.4%
Operating result (EBIT)	16,520	11.6%	15,255	10.8%	1,265	8.3%
Net financial income (expenses)	(1,065)	-0.7%	(773)	-0.5%	(292)	37.8%
Profits/(losses) from associates	0	0.0%	(140)	-0.1%	140	-100%
Foreign exchange gains/(losses)	(779)	-0.5%	(356)	-0.3%	(423)	118.8%
Pre-tax profit/(loss) (EBT)	14,676	10.3%	13,986	9.9%	690	4.9%
Taxes	(3,493)	-2.4%	(2,080)	-1.5%	(1,413)	67.9%
GROUP NET PROFIT/(LOSS)	11,183	7.8%	11,906	8.4%	(723)	-6.1%
Non-recurring costs and revenues	(760)	-0.5%	(274)	-0.2%	(486)	177.4%
Depreciation and write-downs of tangible assets	(2,535)	-1.8%	(2,829)	-2.0%	294	-10.4%
Amortisation and write-downs of intangible assets	(2,137)	-1.5%	(2,406)	-1.7%	269	-11.2%
EBITDA	21,952	15.4%	20,764	14.7%	1,188	5.7%

Consolidated net revenues amounted to €142.9 million, and, despite a negative trend of the Euro/Dollar exchange rate, they increased by 1% compared to €141.5 million reported as at 31 March 2017 (+7.8% at constant exchange rate).

Gross profit, equal to €69.8 million, increased by 5.5% against €66.2 million reported in the same period of the previous year (+11.2% at constant exchange rate), while its impact on revenues increased by 2 percentage points, from 46.8% in 2017 to 48.8% in 2018 (up 1.5 percentage points at constant exchange rate). The improvement is attributable primarily to the improved mix and efficiency related to cost of materials.

Operating costs, equal to €51.9 million, increased by 4.6% (+13.7% at constant exchange rate), against €49.6 million in the same period of 2017, and increased by 1.2 percentage points, in their impact on sales, from 35.1% to 36.3% (+1.9 percentage points at constant exchange rate). In particular:

- an increase in R&D expenses, by 10%, to €14.5 million (+23.2% at constant exchange rate), with an impact of 10.2% on revenues (equal to 10.6% in the core business of the Datalogic Division), compared to 9.3% reported in the same period of 2017;
- an increase in Distribution expenses, by 5.4% to €25.8 million (+13.7% at constant exchange rate), with 18% impact on revenues compared to 17.3% recorded in the same period of 2017.

EBITDA grew by 5.7%, from €20.8 million recorded in the first quarter of 2017, to €22 million (+4.2% at constant exchange rate), while the impact on revenues (EBITDA margin) grew to 15.4% compared to 14.7% in 2017, primarily thanks to the improvement of EBITDA.

The **Operating Result (EBIT)** increased by 8.3% to €16.5 million compared to €15.3 million in the previous year (+2.6% at constant exchange rate), with an impact on revenues from 11.6% to 10.8% recorded in the first quarter of 2017.

Non-recurring charges, equal to €0.8 million (€0.3 million in the first quarter 2017), related primarily to restructuring transactions of some corporate departments.

Financial Management

	Quarter ended		Change
	31.03.2018	31.03.2017	
Financial income/(expenses)	(799)	(445)	(354)
Foreign exchange differences	(779)	(356)	(423)
Bank expenses	(363)	(411)	48
Other	97	83	14
Total Net financial income (expenses)	(1,844)	(1,129)	(715)

Financial management was negative by €1.8 million, compared to a negative result of €1.1 million related to the same period of the previous year, which mainly refers to the trend of foreign exchange differences, negative by €0.8 million, due to the effect of depreciation of the US Dollar on Group net balances. The increase in financial charges, amounting to €0.4 million, compared to the first quarter of 2017, is attributable to the increase in gross indebtedness.

The **Group net profit**, amounting to €11.2 million, decreased by 6.1% compared to the profit recorded in the same period of the previous year (€11.9 million).

REVENUES BY GEOGRAPHICAL AREA FOR THE PERIOD

The following table shows the breakdown by **geographical area** of Group revenues achieved in the first quarter of 2018 compared with the same period of 2017:

	Quarter ended		Quarter ended		Change		% ch. at constant exch. rate
	31.03.2018	%	31.03.2017 (**)	%		%	
<i>Italy</i>	14,379	10.1%	12,271	8.7%	2,108	17.2%	
<i>EMEA (except Italy)</i>	67,403	47.2%	66,355	46.9%	1,048	1.6%	
Total EMEA (*)	81,782	57.2%	78,626	55.6%	3,156	4.0%	5.4%
North America	39,642	27.7%	43,590	30.8%	(3,948)	-9.1%	5.2%
Latin America	2,897	2.0%	2,612	1.8%	285	10.9%	27.7%
APAC (*) (incl. China)	18,621	13.0%	16,696	11.8%	1,925	11.5%	22.6%
Total Revenues	142,942	100.0%	141,524	100.0%	1,418	1.0%	7.8%

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

(**) As from June 2017, data related to geographical areas are disclosed to reflect the actual involvement of each area within the new commercial organisation of the Group. Comparative data as at 31 March 2017 are disclosed accordingly.

During the first quarter of 2018, a 4% growth in EMEA was recorded (+5.4% at constant exchange rate) and a double digit growth in APAC, equal to 11.5% (+22.6% at constant exchange rate), driven by China and Korea (+15.3% and +26% at constant exchange rate) and in Latin America, equal to 10.9% (+27.7% at constant exchange rate). In North America a negative trend was reported, with a decrease of 9.1%, substantially attributable to the negative effect in the exchange rate (+5.2% at constant exchange rate).

FINANCIAL RESULTS OF DIVISIONS

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

For 2018, the operating segments were included in the following divisions:

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

The following tables show the comparison between the divisional Revenues and EBITDA achieved in the first quarter of 2018 and those achieved in the same period of 2017:

REVENUES

	Quarter ended						% ch. at constant exch. rate
	31.03.2018	%	31.03.2017	%	Change	%	
Datalogic	132,567	92.7%	131,523	92.9%	1,044	0.8%	6.8%
Solution Net Systems	6,093	4.3%	4,964	3.5%	1,129	22.7%	32.9%
Informatics	4,773	3.3%	5,966	4.2%	(1,193)	-20.0%	-8.3%
Adjustments	(491)	-0.3%	(929)	-0.7%	438	-47.1%	
Total Revenues	142,942	100.0%	141,524	100.0%	1,418	1.0%	7.8%

EBITDA

	Quarter ended					
	31.03.2018	% of revenues	31.03.2017 (**)	% of revenues	Change	%
Datalogic	20,803	15.7%	21,071	16.0%	(268)	(1.3%)
Solution Net Systems	957	15.7%	90	1.8%	867	963.3%
Informatics	139	2.9%	(446)	(7.5%)	585	(131.2%)
Adjustments	53	(10.7%)	49	(5.3%)	4	7.3%
Total EBITDA	21,952	15.4%	20,764	14.7%	1,188	5.7%

(*) It is worth noting that, as from June 2017, some items with an irrelevant amount were re-allocated amongst the various departments. The comparative data as at 31 March 2017 are disclosed accordingly.

Datalogic Division

In the first quarter, the **Datalogic Division** reported a turnover of €132.6 million, up by 0.8% compared to the same period of 2017 (+6.8% at constant exchange rate), with a very positive performance in EMEA, Latin America and APAC, especially in China and Korea, where a growth of over 15% was recorded (+25.9% at constant exchange rate).

The EBITDA of the division, equal to €20.8 million, decreased by 1.3%, with an impact on turnover of 15.7% (16.0% as at 31 March 2017). This decrease is attributable to higher investments in R&D and increased Distribution expenses for the start-up of the commercial development plan, in line with the Group's strategy.

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

	Quarter ended				Change	%	% ch. at constant exch. rate
	31.03.2018	%	31.03.2017 (**)	%			
Retail	68,479	51.7%	65,271	49.6%	3,208	4.9%	12.6%
Manufacturing	41,572	31.4%	36,543	27.8%	5,029	13.8%	18.2%
Transportation & Logistics	12,797	9.7%	10,556	8.0%	2,241	21.2%	29.6%
Healthcare	4,555	3.4%	7,081	5.4%	(2,526)	-35.7%	-30.2%
Channel (unallocated) (*)	5,164	3.9%	12,072	9.2%	(6,908)	-57.2%	-57.0%
Total Revenues	132,567	100.0%	131,523	100.0%	1,044	0.8%	6.8%

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

(**) It is noted that data for 2017 have been restated.

The **Retail** sector reported a 4.9% increase compared to last year (+12.6% at constant exchange rate), mainly in EMEA (+11.1%) and Latin America (+12.5%), after reporting a negative performance over the last two quarters of 2017.

The **Manufacturing** sector confirmed its expansion trend, up by 13.8% compared to the previous year (+18.2% at constant exchange rate), mainly driven by the growth in EMEA (+14.3%) as well as in China and Korea (+42.1%).

The **Transportation & Logistics** sector reported a 21.2% increase compared to the same period of 2017 (+29.6% at constant exchange rate), with a double-digit growth in EMEA and North America.

The **Healthcare** sector reported a 35.7% decrease (-30.2% at constant exchange rate), compared to the first quarter of 2017, characterised by exceptionally positive results due to the acquisition of orders in some of the leading US hospital chains in the first half of 2017.

The sales through distribution channel, especially to small and medium-sized customers, not directly attributable to any of the four main sectors, reported a 57.2% decrease due to a physiological seasonal trend of stock reduction in the main distributors, in addition to the negative exchange rate effect in North America.

Solution Net Systems Division

The **Solution Net Systems Division** reported revenues for €6.1 million, up by 22.7% compared to the first quarter of 2017 (+32.9% at constant exchange rate), due to the acquisition of further important orders, both in the postal and in the retail sectors.

The EBITDA related to the division amounted to €1 million, with an impact of turnover of 15.7% compared to 1.8% recorded in the first quarter of 2017.

Informatics Division

In the first quarter, the **Informatics Division** recorded a turnover of €4.8 million, down 20% (-8.3% at constant exchange rate) compared to the first quarter of 2017.

EBITDA related to the division amounted to €0.1 million (negative by 0.4 million in the same period of 2017).

ANALYSIS OF FINANCIAL AND CAPITAL DATA

The following table shows the main financial and equity items as at 31 March 2018, for the Datalogic Group, compared with 31 December 2017 and 31 March 2017.

	31.03.2018	31.12.2017	31.03.2017
Intangible assets	39,678	41,980	49,445
Goodwill	169,239	174,343	186,319
Tangible assets	68,779	69,733	71,316
Equity investments in associates	11,660	11,757	8,515
Other non-current assets	50,383	50,058	55,467
Non-current capital	339,739	347,871	371,062
Trade receivables	73,878	83,195	82,344
Trade payables	(91,294)	(107,651)	(90,800)
Inventories	90,226	85,938	89,658
Net working capital in the trading segment	72,810	61,482	81,202
Other current assets	33,525	31,121	35,622
Held-for-sale assets	508	1,021	0
Other current liabilities and provisions for short term risks	(77,115)	(71,621)	(81,806)
Net Working Capital	29,728	22,003	35,018
Other M/L term liabilities	(25,365)	(26,747)	(30,141)
Employee severance indemnity	(6,566)	(6,633)	(6,743)
Provisions for risks	(14,256)	(13,602)	(11,888)
Net Invested Capital	323,280	322,892	357,308
Shareholders' Equity	(355,628)	(353,029)	(346,839)
Net financial position (NFP)	32,348	30,137	(10,469)

As at 31 March 2018, the **Net Working Capital** amounted to €72.8 million, up by €11.3 million compared to 31 December 2017 and down by €8.4 million compared to 31 March 2017.

As at 31 March 2018, the Net Financial Debt/(Net Financial Position) is broken down as follows:

	31.03.2018	31.12.2017	31.03.2017
A. Cash and bank deposits	259,771	256,201	123,686
B. Other cash and cash equivalents	11	11	49
<i>b1. restricted cash deposit</i>	11	11	49
C. Securities held for trading	0	0	0
<i>c1. Short-term</i>	0	0	0
<i>c2. Long-term</i>			
D. Cash and equivalents (A) + (B) + (C)	259,782	256,212	123,735
E. Current financial receivables	0	0	0
F. Other current financial receivables	0	0	0
<i>f1. hedging transactions</i>	0	0	0
G. Bank overdrafts	278	92	257
H. Current portion of non-current debt	48,717	48,108	34,380
I. Other current financial payables	4,214	2,913	2,424
<i>i1. hedging transactions</i>	0	0	718
<i>i2. payables for leasing</i>	0	0	173
<i>i3. current financial payables</i>	4,214	2,913	1,533
J. Current net financial debt/(current net financial position) (G) + (H) + (I)	53,209	51,113	37,061
K. Current net financial debt, net/(current net financial position) (J) - (D) - (E) - (F)	(206,573)	(205,099)	(86,674)
L. Non-current bank borrowing	205,717	205,656	128,163
M. Other financial assets*	31,492	31,444	31,020
N. Other non-current liabilities	0	750	0
<i>n1. hedging transactions</i>		0	
<i>n2. lease payables</i>	0	0	0
<i>n3. non-current financial payables</i>	0	750	0
O. Non-current financial debt (L) - (M) + (N)	174,225	174,962	97,143
P. Net financial debt/(net financial position) (K) + (O)	(32,348)	(30,137)	10,469

(*) The "Other financial assets" item consists of an investment of corporate liquidity in two insurance policies and a mutual investment fund that are readily convertible into cash.

The Net Financial Position, as at 31 March 2018, was positive by €32.3 million, up by €42.8 million compared to 31 March 2017 (negative by €10.5 million) and up by 2.2 million, compared to 31 December 2017 (positive by €30.1 million).

Cash flows, which determined the improvement of the Group's consolidated net financial position as at 31 March 2018, are summarised as follows.

	2018
(Net Financial Position)/Net Financial Debt as at 01 January	30,137
EBITDA	21,952
Change in the net working capital in the trading segment	(11,328)
Net investments	(2,694)
Change in tax	(3,169)
Cash flows related to the financial management	(1,844)
Other changes	(706)
Increase/(Decrease) of Net Financial Debt	2,211
(Net Financial Position)/Net Financial Debt as at 31 March	32,348

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

The Reconciliation Statements between Shareholders' Equity and Net Profit of Datalogic S.p.A. and the corresponding consolidated values as at 31 March 2018 and 31 December 2017, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006, are disclosed here below.

	31 March 2018		31 December 2017	
	Total Equity	Period results	Total Equity	Period results
Parent Company shareholders' equity and profit	289,177	419	291,639	25,592
Difference between consolidated companies' shareholders' equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	122,899	7,636	119,689	62,913
Reversal of dividends				(30,428)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	
Effect of acquisition under common control	(31,733)		(31,733)	
Elimination of capital gain on sale of business branch	(17,067)		(17,067)	183
Effect of eliminating intercompany transactions	(10,237)	3,321	(12,276)	1,769
Reversal of write-downs and capital gains on equity investments	5,517		5,517	
Other	(1,319)	25	(1,349)	(137)
Deferred taxes	4,218	(218)	4,436	188
Group shareholders' equity	355,628	11,183	353,029	60,080

BUSINESS OUTLOOK

Albeit with a negative impact on sales due to the Euro/Dollar exchange rate, the results for the first quarter of the year reported a steady growth in revenues.

The Group continues its growth strategy focused on a continuous increase in R&D investments, an improvement of service levels offered to customers, a further improvement of all commercial organisations in the main development areas, with special focus on North America and the optimisation of production costs, combined with a thorough control on operating costs and overheads.

In the absence of significant changes in ongoing economic and sectorial trends, the Group expects to achieve growth targets in revenues over the current year, while maintaining its profitability and financial position.

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Note	31.03.2018	31.12.2017
A) Non-current assets (1+2+3+4+5+6+7)		371.231	379.315
1) Tangible assets		68.779	69.733
land	1	7.665	7.719
buildings	1	29.105	29.369
other assets	1	29.519	30.495
assets in progress and payments on account	1	2.490	2.150
<i>of which from related parties</i>		258	258
2) Intangible assets		208.917	216.323
goodwill	2	169.239	174.343
development costs	2	3.337	3.863
other	2	32.189	34.352
assets in progress and payments on account	2	4.152	3.765
3) Equity investments in associates	3	2.194	2.184
4) Financial assets		40.958	41.017
equity investments	5	9.466	9.573
securities	5	0	0
other	5	31.492	31.444
5) Loans	5	0	0
6) Trade and other receivables	7	2.145	2.194
7) Deferred tax assets	13	48.238	47.864
B) Current assets (8+9+10+11+12+13+14)		457.411	456.466
8) Inventories		90.226	85.938
raw and ancillary materials and consumables	8	38.086	33.101
work in progress and semi-finished products	8	23.209	25.417
finished products and goods	8	28.931	27.420
9) Trade and other receivables	7	95.969	102.886
trade receivables	7	73.878	83.195
trade receivables from third parties	7	72.689	82.402
<i>trade receivables from associates</i>	7	1.189	784
<i>trade receivables from related parties</i>	7	0	9
other receivables - accrued income and prepaid expenses	7	22.091	19.691
<i>of which from associated parties</i>		574	587
<i>of which from related parties</i>		76	76
10) Tax receivables	9	11.434	11.430
<i>of which from the parent company</i>		7.228	6.771
11) Financial assets	5	0	0
12) Loans		0	0
13) Financial assets - Derivative instruments	6	0	0
14) Cash and cash equivalents	10	259.782	256.212
C) Held-for-sale assets		508	1.021
Total assets (A+B+C)		829.150	836.802

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (Euro/000)	Note	31.03.2018	31.12.2017
A) Total shareholders' equity (1+2+3+4+5)	11	355.628	353.029
1) Share capital	11	148.291	148.291
2) Reserves	11	6.231	14.815
3) Profits (losses) of previous years	11	189.923	129.843
4) Group profit (loss) for the period/year	11	11.183	60.080
5) Minority interests	11	0	0
B) Non-current liabilities (6+7+8+9+10+11+12)		251.904	253.388
6) Financial payables	12	205.717	206.406
7) Financial liabilities - Derivative instruments	6	0	0
8) Tax payables	9	44	43
9) Deferred tax liabilities	13	21.833	23.138
10) Post-employment benefits	14	6.566	6.633
11) Provisions for risks and charges	15	14.256	13.602
12) Other liabilities	16	3.488	3.566
C) Current liabilities (13+14+15+16+17)		221.618	230.385
13) Trade and other payables	16	143.908	157.924
trade payables	16	91.294	107.651
trade payables to third parties	16	91.172	107.051
trade payables to parent company	16	0	0
trade payables to associates	16	98	347
trade payables to related parties	16	24	253
other payables - accrued liabilities and deferred income	16	52.614	50.273
14) Tax payables	9	16.197	14.191
of which to the parent company		6.835	4.865
15) Provisions for risks and charges	15	8.304	7.157
16) Financial liabilities - Derivative instruments	6	0	0
17) Financial payables	12	53.209	51.113
Total liabilities (A+B+C)		829.150	836.802

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Note	31.03.2018	31.03.2017
1) Total revenues	17	142.942	141.524
Revenues from sale of products		134.847	133.609
Revenues from services		8.095	7.915
<i>of which from related parties and associates</i>		<i>1.172</i>	<i>1.470</i>
2) Cost of goods sold	18	73.136	75.329
<i>of which from related parties and associates</i>		<i>215</i>	<i>212</i>
Gross profit (1-2)		69.806	66.195
3) Other operating revenues	19	457	216
4) R&D expenses	18	14.543	13.252
of which non-recurring	18	0	23
of which amortisation, depreciation and write-downs pertaining to acquisitions		24	27
<i>of which from related parties and associates</i>	18	<i>99</i>	<i>37</i>
5) Distribution expenses	18	25.771	24.458
of which non-recurring	18	0	0
<i>of which from related parties and associates</i>		<i>30</i>	<i>0</i>
6) General and administrative expenses	18	12.936	12.979
of which non-recurring	18	760	251
of which amortisation, depreciation and write-downs pertaining to acquisitions	18	1.082	1.250
<i>of which from the parent company</i>		<i>206</i>	<i>187</i>
<i>of which from related parties and associates</i>		<i>69</i>	<i>170</i>
7) Other operating expenses	18	493	467
Total operating costs		53.743	51.156
Operating result		16.520	15.255
8) Financial income	20	8.692	4.954
9) Financial expenses	20	10.536	6.083
Net financial income (expenses) (8-9)		(1.844)	(1.129)
10) Profits from associates	3	0	(140)
Profit (loss) before taxes from the operating assets		14.676	13.986
Income tax	21	3.493	2.080
Profit/(loss) for the period		11.183	11.906
Basic earnings/(loss) per share (€)	22	0,19	0,20
Diluted earnings/(loss) per share (€)	22	0,19	0,20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)	Note	31.03.2018	31.03.2017
Net profit/(loss) for the period		11.183	11.906
Other components of the statement of comprehensive income:			
<i>Other components of the statement of comprehensive income which will be restated under profit/(loss) for the year:</i>			
Profit/(loss) on cash flow hedges	11	84	(517)
<i>of which tax effect</i>			
Profit/(loss) due to translation of the accounts of foreign companies	11	(6.032)	(53)
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	(107)	470
<i>of which tax effect</i>			
Reserve for exchange rate adjustment	11	(2.529)	(1.361)
<i>of which tax effect</i>			
Total other components of the statement of comprehensive income which will be restated under profit/(loss) for the year		(8.584)	(1.461)
Total net profit/(loss) for the period		2.599	10.445
Attributable to:			
Parent company shareholders		2.599	10.445
Minority interests		0	0

CONSOLIDATED STATEMENT OF CASH FLOW

(Euro/000)	Note	31.03.2018	31.03.2017
Pre-tax profit		14.676	13.986
Depreciation of tangible assets and write-downs	1, 2	2.535	2.829
Amortisation of intangible assets and write-downs	1, 2	2.137	2.406
Capital losses from sale of assets	18	14	54
Capital gains from sale of assets	19	(80)	(1)
Change in provisions for risks and charges	15	1.801	527
Effect of change in provisions for risks and charges		270	132
Change in employee benefits reserve	14	(67)	96
Bad debt provisions	18	142	46
Net financial expenses including exchange rate differences	20	1.210	929
Net financial income including exchange rate differences	20	(145)	(156)
Foreign exchange differences	20	779	356
Adjustments to value of financial assets	3	0	140
Cash flow generated (absorbed) from operations before changes in working capital		23.272	21.344
Change in trade receivables (including provision)	7	9.175	(6.913)
Change in final inventories	8	(4.288)	(7.314)
Change in current assets	7	(2.400)	(1.089)
Change in other medium-/long-term assets	7	49	97
Change in trade payables	16	(16.357)	(13.785)
Change in other current liabilities	16	2.341	1.174
Other medium/long-term liabilities	16	(78)	28
Commercial foreign exchange differences	20	296	343
Foreign exchange effect of working capital		(295)	83
Cash flow generated (absorbed) from operations after changes in working capital		11.715	(6.032)
Change in tax		(3.169)	(3.710)
Foreign exchange effect of tax		(694)	(442)
Interest paid and banking expenses	20	(1.065)	(773)
Cash flow generated (absorbed) from operations (A)		6.787	(10.957)
Increase in intangible assets excluding exchange rate effect	2	(2.264)	(603)
Decrease in intangible assets excluding exchange rate effect	2	313	200
Increase in tangible assets excluding exchange rate effect	1	(681)	(3.142)
Decrease in tangible assets excluding exchange rate effect	1	4	841
Change in unconsolidated equity investments	5	503	(623)
Cash flow generated (absorbed) from investments (B)		(2.125)	(3.327)
Change in LT/ST financial receivables	5	702	(15)
Change in short-term and medium-/long-term financial payables	12, 6	1.221	(10.412)
Financial foreign exchange differences	20	(1.075)	(699)
Purchase/sale of treasury shares	11	0	
Change in reserves Exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	11, 1, 2	(2.126)	2.121
Dividend payment	11		
Cash flow generated (absorbed) by financial activity (C)		(1.278)	(9.005)
Net increase (decrease) in available cash (A+B+C)	10	3.384	(23.289)
Net cash and cash equivalents at beginning of period	10	256.109	146.718
Net cash and cash equivalents at end of period	10	259.493	123.429

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (Note 11)

Description	Share capital and capital reserves		Reserves of Statement of Comprehensive Income					Profits of previous years						
	Total share capital and capital reserves	Cash-flow hedge reserve	Translation reserve	Reserve for exchange rate adjustment	Actuarial gains/(losses) reserve	Held-for-sale financial assets reserve	Total Reserves of Statement of Comprehensive Income	Earnings carried forward	Capital contribution reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
01.01.2017	146.291	(28)	25.436	17.290	(371)	490	42.817	85.721	958	6.078	8.683	101.440	45.846	336.394
Allocation of earnings	0						0	45.846				45.846	(45.846)	0
Dividends							0					0		0
Translation reserve	0						0					0		0
Change in IAS reserve	0						0					0		0
Sale/purchase of treasury shares	0						0					0		0
Other changes							0	65			(65)	0		0
Profit/(loss) as at 31.03.2017	0						0					0	11.906	11.906
Total other components of the statement of comprehensive income		(517)	(53)	(1.361)		470	(1.461)					0		(1.461)
31.03.2017	146.291	(545)	25.383	15.929	(371)	960	41.356	131.632	958	6.078	8.618	147.286	11.906	346.839

Description	Share capital and capital reserves		Reserves of Statement of Comprehensive Income					Profits of previous years						
	Total share capital and capital reserves	Cash-flow hedge reserve	Translation reserve	Reserve for exchange rate adjustment	Actuarial gains/(losses) reserve	Held-for-sale financial assets reserve	Total Reserves of Statement of Comprehensive Income	Earnings carried forward	Capital contribution reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
01.01.2018	148.291	(948)	5.939	4.500	(371)	5.695	14.815	114.189	958	6.078	8.618	129.843	60.080	353.029
Allocation of earnings	0						0	60.080				60.080	(60.080)	0
Dividends							0					0		0
Translation reserve	0						0					0		0
Change in IAS reserve	0						0					0		0
Sale/purchase of treasury shares	0						0					0		0
Other changes							0					0		0
Profit/(loss) as at 31.03.2018	0						0					0	11.183	11.183
Total other components of the statement of comprehensive income		84	(6.032)	(2.529)		(107)	(8.584)	0				0		(8.584)
31.03.2018	148.291	(864)	(93)	1.971	(371)	5.588	6.231	174.269	958	6.078	8.618	189.923	11.183	355.628

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Datalogic is the world leader in the markets of automatic data capture and process automation. The company is specialized 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 large-scale distribution, manufacturing, transport & logistics and health, along the entire value chain.

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

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

This Interim report on operations as at 31 March 2018 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 Interim report on operations as at 31 March 2018 of the Datalogic Group was authorised by resolution of the Board of Directors dated 09 May 2018.

PRESENTATION AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Interim report on operations as at 31 March 2018 was prepared pursuant to Art. 154 ter of Italian Legislative Decree no. 58/1998, and to the Consob provisions in this field.

Disclosures on financial position, financial performance and cash flows, if not otherwise specified, were drawn up pursuant to measurement and recognition criteria set forth by International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission according to the procedure as per Article 6 of the EC Regulation no. 1606/2002 of the European Parliament and the European Council of 19 July 2002. The measurement and recognition criteria adopted in preparing the results for the first quarter 2018 are the same as those adopted for the 2017 financial statements, to which reference is made, except for the adoption of IFRS 9 and IFRS 15 standards.

Adoption of IFRS 9 and IFRS 15

The new IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” were effective on 01 January 2018. As already described in section “Standards issued which are not yet in force”

in the 2017 consolidated financial statements, no relevant impact was reported and therefore comparative data were not restated.

GROUP STRUCTURE

The consolidated financial statements include interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence.

Interim reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company.

The companies included in the scope of consolidation as at 31 March 2018, as disclosed hereunder, were all consolidated on a line-by-line basis.

Company	Registered office	Share capital		Total shareholders' equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A.	Bologna – Italy	Euro	30,392,175	289,177	419	
Datalogic Real Estate France Sas	Paris – France	Euro	2,227,500	3,580	20	100%
Datalogic Real Estate GmbH	Erkenbrechtsweiler-Germany	Euro	1,025,000	1,382	(1)	100%
Datalogic Real Estate UK Ltd	Redbourn - England	GBP	3,500,000	4,461	17	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	11,853	930	100%
Informatics Holdings Inc.	Plano Texas - USA	USD	1,568	13,555	(60)	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	-	147	15	100%
Datalogic Automation Asia Ltd.(*)	Hong-Kong - China	HKD	7,000,000	(71)	0	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	1,320	(24)	100%
Datalogic Hungary Kft	Fonyod-Hungary	HUF	3,000,000	2,857	344	100%
Solution Net Systems, Inc.	Quakertown, PA - USA	USD		7,359	705	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	164,882	4,944	100%
Datalogic ADC HK Ltd.(*)	Hong-Kong - China	HKD	100,000	72	0	100%
Datalogic Slovakia S.r.o.	Trnava-Slovakia	Euro	66,388	9,127	1,506	100%
Datalogic USA Inc.	Eugene OR-USA	USD	100	71,369	124	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	R\$	206,926	(3,175)	(209)	100%
Datalogic Tecnologia de Mexico S.r.l.	Colonia Cuauhtemoc-Mexico	USD	-	(76)	(3)	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt-Germany	Euro	25,000	3,778	45	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne)-Australia	\$AUD	3,188,120	685	140	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	75,177	1,064	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	1,805	142	100%
SORED I Touch Systems GmbH	Olching (Munich)-Germany	Euro	25,000	1,958	(1)	100%

(*) The companies were put into liquidation during 2017

The following companies were consolidated at cost as at 31 March 2018:

Company	Registered office		Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Specialvideo S.r.l. (*)	Imola - Italy	Euro	10,000	481	101	40%
Datasensor GmbH (*)	Otterfing - Germany	Euro	150,000	1	(6)	30%
Suzhou Mobilead Electronic Technology Co, Ltd (*)	China	CNY	13,262,410	n.a.	n.a.	25%
CAEN RFID S.r.l. (*)	Viareggio LU - Italy	Euro	150,000	1,160	39	20%
R4I S.r.l. (*)	Benevento	Euro	105,000	298	76	20%
Datalogic Automation AB (**)	Malmö, Sweden	KRS	100,000	762	244	20%

(*) data as at 31 December 2016

(**) data as at 30 June 2017

Change in scope of consolidation

During the first quarter of 2018, no changes occurred in the scope of consolidation.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Details of movements as at 31 March 2018 and 31 December 2017 are as follows:

	31.03.2018	31.12.2017	Change
Land	7,665	7,719	(54)
Buildings	29,105	29,369	(264)
Other assets	29,519	30,495	(976)
Assets in progress and payments on account	2,490	2,150	340
Total	68,779	69,733	(954)

The "Other assets" item as at 31 March 2018 mainly includes the following categories: Industrial equipment and moulds (€9,941 thousand), Plant and machinery (€8,341 thousand), Office furniture and machines (€7,926 thousand), General plants related to buildings (€1,799 thousand), Maintenance on third-party assets (€932 thousand), Commercial equipment and demo room (€422 thousand) and Motor vehicles (€73 thousand).

The increase for this item (€1,528 thousand) is mainly due to the following:

- investments related to purchases of Office furniture and machines (€795 thousand);
- investments for the building of Industrial equipment and moulds (€516 thousand).

The decrease in the "Other assets" item relates mainly to the depreciation expense for the period (€2,396 thousand).

The balance of "Assets in progress and payments on account", equal to €2,490 thousand, consists of €460 thousand for investments related to the enlargement of the plant in Hungary and, for the remaining portion, to down payments for equipment, instruments and moulds for normal production activities.

Note 2. Intangible assets

Details of movements as at 31 March 2018 and 31 December 2017 are as follows:

	31.03.2018	31.12.2017	Change
Goodwill	169,239	174,343	(5,104)
Development costs	3,337	3,863	(526)
Other	32,189	34,352	(2,163)
Assets in progress and payments on account	4,152	3,765	387
Total	208,917	216,323	(7,406)

“Goodwill”, totalling €169,239 thousand, consisted of the following items:

	31.03.2018	31.12.2017	Change
CGU Datalogic	156,701	161,538	(4,837)
CGU Informatics	12,538	12,805	(267)
Total	169,239	174,343	(5,104)

The negative change in Goodwill by comparison with 31 December 2017 is attributable to:

- translation differences, as most of the goodwill is expressed in US Dollars (€4,354 thousand),
- review of the acquisition price for the company Soredi Touch Systems GmbH, which involved a reduction of €750 thousand compared to the price provisionally defined.

The calculation of Goodwill is as follows:

	Amounts as per the Company's accounts (Euro/000)	Adjustments	Recognised fair value (Euro/000)
Tangible and intangible assets	185		185
Other LT receivables	0		0
Inventories	1,547		1,547
Trade receivables	820		820
Other receivables	75		75
Cash and cash equivalents	134		134
Trade payables	(736)		(736)
Other payables	(104)		(104)
Provisions for risks and charges	(294)		(294)
Net assets at acquisition date	1,627	0	1,627
% pertaining to Group	100%	100%	100%
Group net assets	1,627	0	1,627
Acquisition cost			9,568
Price adjustment			(750)
Goodwill at acquisition date			7,191

It is worth noting that this allocation is still provisional, as set out by IFRS 3, which envisages an evaluation period of 12 months from the acquisition date that occurred on 06 June 2017.

Goodwill has been allocated to the CGUs (Cash Generating Units) corresponding to the individual companies and/or sub-groups to which they pertain. The estimated recoverable value of each CGU, associated with each goodwill item measured, consists of its corresponding value in use.

Value in use is calculated by discounting the future cash flows generated by the CGU – during production and at the time of its retirement – to present value using a certain discount rate, based on the Discounted Cash Flow method.

As at 31 March 2018, the assumptions used for the business plan, on which the impairment test was based as at 31 December 2017, were still valid and no impairment indicators were reported.

“**Development costs**”, which amount to €3,337 thousand, consist of specific development projects capitalised when they meet IAS 38 requirements and in compliance with Group policies, which call for the capitalisation only of projects relating to the development of products featuring significant innovation. The change in this item, compared to 31 December 2017, is due mainly to amortisation for the period.

The “**Other**” item, amounting to €32,189 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

	31.03.2018	31.12.2017	Useful life
Acquisition of the PSC group (on 30 November 2006)	12,725	13,495	
<i>PATENTS</i>	12,725	13,495	20
Acquisition of Evolution Robotics Retail Inc. (on 01 July 2010)	1,279	1,460	
<i>PATENTS</i>	213	243	10
<i>TRADE SECRETS</i>	1,066	1,217	10
Acquisition of Accu-Sort Inc. (on 20 January 2012)	8,946	9,756	
<i>PATENTS</i>	5,291	5,770	10
<i>TRADE SECRETS</i>	3,655	3,986	10
Licence agreement	3,511	3,729	5-15
Others	5,728	5,912	
TOTAL OTHER INTANGIBLE ASSETS	32,189	34,352	

The “Others” item mainly consists of software licences.

The “Assets in progress and payments on account” item, equal to €4,152 thousand, is attributable, in the amount of €3,192 thousand, to the capitalisation of costs relating to the R&D projects with the features required by IAS 38 and currently still underway, as well as, in the amount of €960 thousand, to software implementations that are not yet completed.

Note 3. Equity investments in associates

Equity investments owned by the Group as at 31 March 2018 were as follows:

	31.12.2017	Increases	Decreases	Exchange rate diff.	Share of profit	31.03.2018
Associates						
CAEN RFID Srl	550					550
Suzhou Mobilead Electronic Technology Co., Ltd.	1,408			10		1,418
R4I Srl	150					150
Datalogic Automation AB	2					2
Specialvideo Srl	29					29
Datasensor GMBH	45					45
TOTAL	2,184	0	0	10	0	2,194

Compared to 31 December 2017, the change in the “Equity investments in associates” item is attributable to translation differences related to the equity investments in the company Suzhou Mobilead Electronic Technology Co., Ltd., as it is expressed in Chinese Renminbi (CNY).

Note 4. Financial instruments by category

The financial statement items coming within the scope of “financial instruments” as defined by IAS/IFRSs are as follows:

31.03.2018	Loans and receivables	Financial assets at fair value charged to the income statement	Available for sale	Total
Non-current financial assets	2,145	31,492	9,466	43,103
Financial assets - Equity investments (5)			9,466	9,466
Financial assets - Securities				0
Financial assets - Loans				0
Financial assets - Other		31,492		31,492
Other receivables (7)	2,145			2,145
Current financial assets	353,912	0	0	353,912
Trade receivables from third parties (7)	72,689			72,689
Other receivables from third parties (7)	21,441			21,441
Financial assets - Other (5)				0
Financial assets - Securities (5)				0
Cash and cash equivalents (10)	259,782			259,782
TOTAL	356,057	31,492	9,466	397,015

31.03.2018	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	0	209,205	209,205
Financial payables (12)		205,717	205,717
Financial liabilities - Derivative instruments (6)			0
Other payables (16)		3,488	3,488
Current financial liabilities	0	196,995	196,995
Trade payables to third parties (16)		91,172	91,172
Other payables (16)		52,614	52,614
Financial liabilities - Derivative instruments (6)	0		0
Short-term financial payables (12)		53,209	53,209
TOTAL	0	406,200	406,200

Most of financial assets and liabilities are short-term financial assets and liabilities for which, given their nature, the book value is considered as a reasonable approximation of fair value.

In the other residual positions, fair value is determined based on methods that can be classified under the various hierarchy levels of fair value, as set forth by IFRS 13.

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).

31.03.2018	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets - Equity investments (5)	9,389		77	9,466
Financial assets - LT securities (5)	0			0
Financial assets - Other LTs (5)	9,957	21,535		31,492
Financial assets - Other (5)				0
Financial assets - Loans				0
Financial assets - ST derivative instruments (6)				0
Total Assets measured at fair value	19,346	21,535	77	40,958
Liabilities measured at fair value				
Financial liabilities - LT derivative instruments (6)				0
Financial liabilities - ST derivative instruments (6)		0		0
Total Liabilities measured at fair value	0	0	0	0

Note 5. Available-for-sale financial assets and Loans

Available-for-sale financial assets include the following items:

	31.03.2018	31.12.2017	Change
Other equity investments	9,466	9,573	(107)
Other financial assets	31,492	31,444	48
Total long-term financial assets	40,958	41,017	(59)
Long-term loans	0	0	0
Total Financial assets	40,958	41,017	(59)

The “Other financial assets” item consists of an investment of corporate liquidity in two insurance policies subscribed in May and July 2014, and a mutual investment fund subscribed in August 2015.

As at 31 March 2018, equity investments held by the Group in other companies were as follows:

	31.12.2017	Increases	Decreases	Adjust. to fair value	Exchange rate adjust.	Reclass.	31.03.2018
Listed equity investments	9,496			(375)	268		9,389
Unlisted equity investments	77						77
Total Shareholdings	9,573	0	0	(375)	268	0	9,466

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

Note 6. Financial derivatives

Interest rate derivatives

As at 31 March 2018, the Group had no interest rate swap contracts in place.

Currency derivatives

As at 31 March 2018, the Group had no active forward contracts for exchange rate risk.

Note 7. Trade and other receivables

Trade and other receivables

	31.03.2018	31.12.2017	Change
Third-party trade receivables	73,784	83,579	(9,795)
Less provision for doubtful receivables	1,095	1,177	(82)
Net third-party trade receivables	72,689	82,402	(9,713)
Receivables from associates	1,189	784	405
Laservall Asia	0	3	(3)
Suzhou Mobilead	0	0	0
Datasensor GMBH	104	83	21
Datalogic Automation AB	1,085	698	387
Related-party receivables	0	9	(9)
Total Trade receivables	73,878	83,195	(9,317)
Other receivables - current accrued income and prepaid expenses	22,091	19,691	2,400
Other receivables - non-current accrued income and prepaid expenses	2,145	2,194	(49)
Total Other receivables - accrued income and prepaid expenses	24,236	21,885	2,351
Less non-current portion	2,145	2,194	(49)
Trade and other receivables - current portion	95,969	102,886	(6,917)

Trade receivables

The “Trade receivables” item, as at 31 March 2018, amounted to €73,878 thousand and decreased by 11.2% (-10.1% at constant exchange rates).

As at 31 March 2018, factored Trade accounts receivables amounted to €28,093 thousand (compared to €33,377 thousand at the end of 2017).

Trade receivables from affiliates arise from commercial transactions carried out at arm’s length conditions.

Customer trade receivables are posted net of bad debt provisions totalling €1,095 thousand (€1,177 thousand as at 31 December 2017).

Other receivables - accrued income and prepaid expenses

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

	31.03.2018	31.12.2017	Change
Other short-term receivables	2,535	1,755	780
Other long-term receivables	2,145	2,194	(49)
VAT receivables	16,239	14,870	1,369
Accrued income and prepaid expenses	3,317	3,066	251
Total	24,236	21,885	2,351

The “Accrued income and prepaid expenses” item is mainly composed of prepaid expenses related to insurance and Hardware and Software instalments.

Note 8. Inventories

	31.03.2018	31.12.2017	Change
Raw and ancillary materials and consumables	38,086	33,101	4,985
Work in progress and semi-finished products	23,209	25,417	(2,208)
Finished products and goods	28,931	27,420	1,511
Total	90,226	85,938	4,288

Inventories are shown net of an obsolescence provision that, as at 31 March 2018, amounted to €9,996 thousand (€9,605 thousand as at 31 December 2017).

Note 9. Tax payables and receivables

As at 31 March 2018, "Tax receivables" amounted to €11,434 thousand, substantially unchanged compared to end of 2017 (€11,430 thousand as at 31 December 2017). The receivables for IRES tax from the parent company Hydra, equal to €7,228 thousand (€6,771 thousand as at 31 December 2017) are classified under this item. This amount is due under tax consolidation.

As at 31 March 2018, "Tax payables" amounted to €16,197 thousand, up by €2,006 thousand (€14,191 thousand as at 31 December 2017). The amount payable to the parent company Hydra for IRES tax, due under tax consolidation, is classified in this item and amounted to €6,835 thousand (€4,865 thousand as at 31 December 2017).

Note 10. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	31.03.2018	31.12.2017	Change
Cash and cash equivalents shown on financial statements	259,782	256,212	3,570
Restricted cash	(11)	(11)	0
Current account overdrafts	(278)	(92)	(186)
Cash and cash equivalents for statement	259,493	256,109	3,384

According to the requirements of Consob Communication no. 15519 of 28 July 2006, the Group's financial position is reported in the following table:

	31.03.2018	31.12.2017
A. Cash and bank deposits	259,771	256,201
B. Other cash and cash equivalents	11	11
<i>b1. restricted cash deposit</i>	11	11
C. Securities held for trading	0	0
<i>c1. Short-term</i>	0	0
<i>c2. Long-term</i>	0	0
D. Cash and equivalents (A) + (B) + (C)	259,782	256,212
E. Current financial receivables	0	0
F. Other current financial receivables	0	0
<i>f1. hedging transactions</i>	0	0
G. Bank overdrafts	278	92
H. Current portion of non-current debt	48,717	48,108
I. Other current financial payables	4,214	2,913
<i>i1. hedging transactions</i>	0	0
<i>i2. payables for leasing</i>	0	0
<i>i3. current financial payables</i>	4,214	2,913
J. Current net financial debt/(current net financial position) (G) + (H) + (I)	53,209	51,113
K. Current net financial debt/(current net financial position) (J) - (D) - (E) - (F)	(206,573)	(205,099)
L. Non-current bank borrowing	205,717	205,656
M. Other financial assets (*)	31,492	31,444
N. Other non-current liabilities	0	750
<i>n1. hedging transactions</i>		
<i>n2. lease payables</i>	0	0
<i>n3. non-current financial payables</i>	0	750
O. Non-current financial debt (L) - (M) + (N)	174,225	174,962
P. Net financial debt/(net financial position) (K) + (O)	(32,348)	(30,137)

(*) The "Other financial assets" item consists of an investment of corporate liquidity in two insurance policies and a mutual investment fund that are readily convertible into cash.

Net Financial Position as at 31 March 2018 was positive by €32,348 thousand, an improvement of €2,211 thousand compared to 31 December 2017 (positive by €30,137 thousand).

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY AND LIABILITIES

Note 11. Shareholders' Equity

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

	31.03.2018	31.12.2017
Share capital	30,392	30,392
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held in portfolio	6,120	6,120
Treasury share reserve	2,026	2,026
Share premium reserve	106,940	106,940
Share capital and capital reserves	148,291	148,291
Cash-flow hedge reserve	(864)	(948)
Translation reserve	(93)	5,939
Reserve for exchange rate adjustment	1,971	4,500
Actuarial gains/(losses) reserve	(371)	(371)
Held-for-sale financial assets reserve	5,588	5,695
Other reserves	6,231	14,815
Retained earnings	189,923	129,843
Earnings carried forward	174,269	114,189
Capital contribution reserve	958	958
Legal reserve	6,078	6,078
IAS reserve	8,618	8,618
Profit for the year	11,183	60,080
Total Group shareholders' equity	355,628	353,029

Share capital

As at 31 March 2018, no changes were reported in the share capital, as per the table hereunder:

	Number of shares	Share capital	Extraordinary share- cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
01.01.2018	58,229,477	30,392	2,813	6,120	2,026	106,940	148,291
Purchase of treasury shares							
Sale of treasury shares							
31.03.2018	58,229,477	30,392	2,813	6,120	2,026	106,940	148,291

Extraordinary share-cancellation reserve

The Extraordinary Shareholders' Meeting of Datalogic S.p.A., held on 20 February 2008, approved a reduction of share capital through the cancellation of 5,409,981 treasury shares (equal to 8.472% of the share capital), owned by the Company.

When these shares were cancelled, as resolved by the Extraordinary Shareholders' Meeting, an extraordinary share-cancellation reserve was set aside for the amount of €2,813 thousand, through the use of the share premium reserve. Therefore, this reserve remained classified under item "Share Capital".

Ordinary shares

As at 31 March 2018, the total number of ordinary shares was 58,446,491, including 217,014 held as treasury shares, making the number of shares in circulation at that date 58,229,477. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, amounting to €6,120 thousand, includes capital gains/(losses) resulting from the sale of treasury shares, net of purchases and related charges (€8,146 thousand).

Other Reserves

Cash-flow hedge reserve

Pursuant to provisions set forth by IAS 39, the change in fair value of derivative contracts, designated as effective hedging instruments, is recognised in accounts directly with Shareholders' Equity, in the cash-flow hedge reserve. These contracts were entered to hedge exposure to the risk of interest rate fluctuations on loans. The reserve, negative by €864 thousand, includes the fair value of the hedging instrument related to refinancing.

Translation reserve

In compliance with IAS 21, translation differences arising from translation of the foreign currency financial statements of consolidated companies into the Group accounting currency are classified as a separate equity component.

Reserve for exchange rate adjustment

In application to IAS 21.40, this reserve comprises profits/losses generated by monetary elements which are an integral part of the net investment of foreign managements. In particular, it relates to the effect of exchange rates measurement at year-end for receivables for loans in US dollars granted to some Group companies by the Parent Company Datalogic S.p.A. and Datalogic USA Inc. For these loans no regulation and/or defined reimbursement plan are provided, nor is it deemed probable that they will be reimbursed in the foreseeable future.

Actuarial gains/(losses) reserve

Pursuant to IAS 19, this reserve includes actuarial gains and losses, which are now recognised under other components in the Statement of Comprehensive Income and excluded from the Income Statement.

Retained earnings

IAS reserve

This reserve was created upon first-time adoption of international accounting standards as at 01 January 2004 (Consolidated Financial Statements for the year ended 31 December 2003) pursuant to IFRS 1.

Profits/losses of previous years

This item includes equity changes occurring in consolidated companies after acquisition date.

Dividends

On 20 March 2018, the Board of Directors resolved on approving the proposal, made to the Shareholders' Meeting of Datalogic S.p.A., to distribute an ordinary unit dividend, gross of legal withholdings, of 50 cents per share with coupon detachment on 28 May 2018 (record date 29 May 2018) and payment from 30 May 2018, for a maximum amount of €29,223,245, also taking resources from the reserve available related to the profit from previous years, to the extent necessary.

The reconciliation between the Parent Company's Shareholders' Equity and net profit and the corresponding consolidated amounts is as shown below:

	31 March 2018		31 December 2017	
	Total equity	Period results	Total equity	Period results
Parent Company shareholders' equity and profit	289,177	419	291,639	25,592
Difference between consolidated companies' shareholders' equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	122,899	7,636	119,689	62,913
Reversal of dividends				(30,428)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	
Effect of acquisition under common control	(31,733)		(31,733)	
Elimination of capital gain on sale of business branch	(17,067)		(17,067)	183
Effect of eliminating intercompany transactions	(10,237)	3,321	(12,276)	1,769
Reversal of write-downs and capital gains on equity investments	5,517		5,517	
Other	(1,319)	25	(1,349)	(137)
Deferred taxes	4,218	(218)	4,436	188
Group shareholders' equity	355,628	11,183	353,029	60,080

Note 12. Financial payables

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

	31.03.2018	31.12.2017	Change
Long-term financial payables	205,717	206,406	(689)
Short-term financial payables	53,209	51,113	2,096
Total Financial payables	258,926	257,519	1,407

The breakdown of this item is as detailed below:

	31.03.2018	31.12.2017	Change
Bank loans	254,434	253,764	670
Other	1,250	2,000	(750)
Payables to factoring companies	2,964	1,663	1,301
Payables for leasing	0	0	0
Bank overdrafts (ordinary current accounts)	278	92	186
Total Financial payables	258,926	257,519	1,407

The breakdown of changes in the “Bank loans” item as at 31 March 2018 and 31 March 2017 is shown below:

	2018	2017
1 January	253,764	169,501
Increases	670	0
Repayments	0	0
Decreases for loan repayments	0	(6,958)
31 March	254,434	162,543

The increase is related primarily to the share of interest accrued and still unpaid.

The “Others” item includes the financial debt related to the acquisition of the company Soredi Touch Systems GmbH.

Note 13. Net deferred taxes

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

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

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

For a better disclosure of deferred tax assets and liabilities, albeit not required by IAS 12, the total of net deferred taxes is reported compared with the previous year.

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

	31.03.2018	31.12.2017	change
Deferred tax assets	48,238	47,864	374
Deferred tax liabilities	(21,833)	(23,138)	1,305
Net deferred taxes	26,405	24,726	1,679

The breakdown per company of deferred taxes is shown below:

	31.03.2018	31.12.2017	change
Datalogic S.p.A.	(1,511)	(1,437)	(74)
Datalogic RE France SaS	52	52	0
Datalogic RE UK Ltd	102	100	2
Datalogic IP Tech S.r.l.	1,043	1,331	(288)
Datalogic USA Inc.	18,917	17,721	1,196
Datalogic S.r.l.	(194)	(647)	453
Datalogic Slovakia S.r.o.	4,895	4,895	0
Datalogic ADC do Brazil Ltd.	206	129	77
Datalogic Scanning Eastern Europe GmbH	90	90	0
Datalogic Vietnam LLC	307	259	48
Datalogic Australia Pty Ltd	153	160	(7)
Datalogic ADC Singapore	2	2	0
Informatics Holdings Inc.	385	419	(34)
Solution Net Systems, Inc.	79	89	(10)
Total Net long-term deferred taxes	24,526	23,163	1,363
Deferred taxes recognised due to the consolidation entries	1,879	1,563	316
Total Net long-term deferred taxes	26,405	24,726	1,679

Note 14. Post-employment benefits

The breakdown of changes in the “Post-employment benefits” item as at 31 March 2018 and 31 March 2017 is shown below:

	2018	2017
1 January	6,633	6,647
Amount allocated in the period	473	451
Uses	(498)	(173)
Other movements	(26)	(2)
Social security receivables for the employee severance indemnity reserve	(16)	(180)
31 March	6,566	6,743

Note 15. Provisions for risks and charges

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

	31.03.2018	31.12.2017	Change
Short-term provisions for risks and charges	8,304	7,157	1,147
Long-term provisions for risks and charges	14,256	13,602	654
Total	22,560	20,759	1,801

Below we show the detailed breakdown of and changes in this item:

	31.12.2017	Increases	(Uses) and (Releases)	Exchange rate diff.	31.03.2018
Product warranty provision	11,618	118	0	(190)	11,546
Provision for management incentive scheme	6,264	776	0	(52)	6,988
“Stock rotation” provision	1,664	223	(53)	(26)	1,808
Other	1,213	1,148	(140)	(3)	2,218
Total Provisions for risks and charges	20,759	2,265	(193)	(271)	22,560

The “**Product warranty provision**” covers the estimated cost of repairing products sold up to 31 March 2018 and covered by periodical warranty. It amounts to €11,546 thousand (of which €6,869 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

The “**Provision for management incentive scheme**” is attributable to the long-term incentive plan for directors and top managers.

The “**Other**” item mainly comprises:

- €377 thousand for agent termination indemnities;
- €1,141 thousand for transactions in progress with employees;
- €486 thousand for contingent tax liabilities.

Note 16. Trade and other payables

This table shows the details of trade and other payables:

	31.03.2018	31.12.2017	Change
Trade payables due within 12 months	91,172	107,051	(15,879)
Third-party trade payables	91,172	107,051	(15,879)
Payables to associates	98	347	(251)
<i>Laservall Asia</i>	0	7	(7)
<i>R4I Srl</i>	0	61	(61)
<i>Caen RFID Srl</i>	94	277	(183)
<i>Suzhou Mobilead</i>	2	0	0
<i>Datalogic Automation AB</i>	2	2	0
Payables to the parent company	0	0	0
<i>Hydra SpA</i>	0	0	0
Payables to related parties	24	253	(229)
Total Trade payables	91,294	107,651	(16,359)
Other payables - current accrued liabilities and deferred income	52,614	50,273	2,341
Other payables - non-current accrued liabilities and deferred income	3,488	3,566	(78)
Total Other payables - accrued liabilities and deferred income	56,102	53,839	2,263
Less non-current portion	3,488	3,566	(78)
Current portion	143,908	157,924	(14,018)

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	31.03.2018	31.12.2017	Change
Other long-term payables	3,488	3,566	(78)
Other short-term payables:	26,868	25,849	1,019
Payables to employees	19,682	17,220	2,462
Payables to pension and social security agencies	5,200	6,021	(821)
Other payables	1,986	2,608	(622)
VAT liabilities	3,823	2,982	841
Accrued liabilities and deferred income	21,923	21,442	481
Total	56,102	53,839	2,263

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at the reporting date.

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

INFORMATION ON THE STATEMENT OF INCOME

Note 17. Revenues

	Quarter ended		Change
	31.03.2018	31.03.2017	
Revenues from sale of products	134,847	133,609	1,238
Revenues from services	8,095	7,915	180
Total Revenues	142,942	141,524	1,418

In the first quarter of 2018, consolidated net revenue amounted to €142,942 thousand, up by 1% compared to €141,524 thousand reported in the same period of 2017 (+7.8% at constant exchange rate).

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

	Quarter ended				Change	% change
	31.03.2018	%	31.03.2017 (**)	%		
Italy	14,379	10.1%	12,271	8.7%	2,108	17.2%
EMEA (except Italy)	67,403	47.2%	66,355	46.9%	1,048	1.6%
<i>Total EMEA (*)</i>	<i>81,782</i>	<i>57.2%</i>	<i>78,626</i>	<i>55.6%</i>	<i>3,156</i>	<i>4.0%</i>
North America	39,642	27.7%	43,590	30.8%	(3,948)	(9.1%)
Latin America	2,897	2.0%	2,612	1.8%	285	10.9%
APAC (*) (incl. China)	18,621	13.0%	16,696	11.8%	1,925	11.5%
Total Revenues	142,942	100.0%	141,524	100.0%	1,418	1.0%

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

(**) As from June 2017, data related to geographical areas are disclosed to reflect the actual involvement of each area within the new commercial organisation of the Group. Comparative data as at 31 March 2017 are disclosed accordingly.

Note 18. Cost of goods sold and operating costs

	Quarter ended		Change
	31.03.2018	31.03.2017	
TOTAL COST OF GOODS SOLD (1)	73,136	75,329	(2,193)
<i>of which non-recurring</i>	<i>0</i>	<i>0</i>	<i>0</i>
TOTAL OPERATING COSTS (2)	53,743	51,156	2,587
Research and Development expenses	14,543	13,252	1,291
<i>of which non-recurring</i>	<i>0</i>	<i>23</i>	<i>(23)</i>
<i>of which amortisation, depreciation pertaining to acquisitions</i>	<i>24</i>	<i>27</i>	<i>(3)</i>
Distribution expenses	25,771	24,458	1,313
General and administrative expenses	12,936	12,979	(43)
<i>of which non-recurring</i>	<i>760</i>	<i>251</i>	<i>509</i>
<i>of which amortisation, depreciation pertaining to acquisitions</i>	<i>1,082</i>	<i>1,250</i>	<i>(168)</i>
Other operating costs	493	467	26
TOTAL (1+2)	126,879	126,485	394
of which non-recurring costs	760	274	486
of which amortisation, depreciation pertaining to acquisitions	1,106	1,277	(171)

Non-recurring costs, equal to €760 thousand (€274 thousand in the first quarter of 2017) are related primarily to restructuring of some corporate functions.

Amortisation/depreciation from acquisitions (equal to €1,106 thousand), mainly included under “General and administrative expenses” (€1,082 thousand), are comprised of:

	Quarter ended		Change
	31.03.2018	31.03.2017	
Acquisition of the PSC group (on 30 November 2006)	411	475	(64)
Acquisition of Evolution Robotics Retail Inc. (on 01 July 2010)	143	164	(21)
Acquisition of Accu-Sort Inc. (on 20 January 2012)	552	638	(86)
TOTAL	1,106	1,277	(171)

Total Cost of goods sold (1)

This item is equal to €73,136 thousand and increased by 2.9% compared to the same period in 2017. At constant exchange rate and less non-recurring costs, this item increased by 4.8%, while its impact on revenues decreased by 1.5 percentage points. The improvement is primarily due to the efficiency in costs of materials.

Total Operating costs (2)

Operating costs, less non-recurring items and amortisation/depreciation pertaining to acquisitions, increased by 4.6% (+13.7% at constant exchange rates), from €49,605 thousand to €51,877 thousand, up by 1.2 percentage points as impact on sales, from 35.1% to 36.3% (+1.9 percentage points at constant exchange rates).

In particular:

- “**R&D expenses**” amounting to €14,543 thousand and, less non-recurring costs and amortisation/depreciation from acquisitions, increased by €1,317 thousand compared to the previous year (+€3,069 thousand at constant exchange rate). This increase is primarily attributable to the increase in payroll & employee benefits, project consultancy services, consumables and self-made equipment.
- “**Distribution expenses**” amounted to €25,771 thousand and, net of non-recurring costs, increased by €1,313 thousand compared to the same period of the previous year (+€3,340 thousand at constant exchange rates). This increase is due mainly to an increase in payroll & employee benefits, travel and accommodation expenses, meetings and exhibitions, and is partially offset by the decrease in marketing costs.
- “**General and administrative expenses**” amounted to €12,936 thousand. This item, net of non-recurring costs and amortisation/depreciation resulting from acquisitions, decreased by €384 thousand compared to the same period of the previous year (up €347 thousand at constant exchange rates).

The breakdown of “Other operating costs” is as follows:

	Quarter ended		Change
	31.03.2018	31.03.2017	
Non-income taxes	312	321	(9)
Provisions for doubtful accounts	142	46	96
Capital losses on assets	14	54	(40)
Contingent and unsubstantiated liabilities	3	2	1
Cost charge backs	14	38	(24)
Other	8	6	2
Total	493	467	26

Breakdown of costs by type

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

	Quarter ended		Change
	31.03.2018	31.03.2017	
Purchases	59,113	61,093	(1,980)
Inventory change	(7,379)	(5,232)	(2,147)
Payroll & employee benefits	43,688	41,440	2,248
Amortisation, depreciation and write-downs	4,672	5,235	(563)
Goods receipt & shipment	4,200	3,888	312
Travel & accommodation	2,513	1,946	567
Technical, legal and tax advisory services	2,410	2,185	225
Repairs and allocation to the warranty provision	1,789	1,466	323
Marketing expenses	1,722	2,006	(284)
Building expenses	1,611	1,569	42
Subcontracted work	1,551	389	1,162
EDP expenses	1,119	980	139
Material collected from the warehouse	882	1,177	(295)
Consumables and R&D materials	818	805	13
Royalties	749	984	(235)
Meeting expenses	671	295	376
Telephone expenses	560	734	(174)
Utilities	545	588	(43)
Directors' remuneration	509	464	45
Financial St. certification costs and other services	488	456	32
Sundry service costs	468	412	56
Commissions	446	421	25
Expenses for plant and machinery and other assets	441	278	163
Quality certification expenses	327	348	(21)
Vehicle expenses	310	274	36
Insurance	224	218	6
Entertainment expenses	158	148	10
Training courses for employees	115	123	(8)
Stationery and printings	54	62	(8)
Other	2,105	1,733	372
Total Cost of goods sold and operating costs	126,879	126,485	394

The decrease in the “Amortisation, depreciation and write-downs” item is due primarily to the exchange rate effect and to the write-down (€298 thousand) of tangible fixed assets that occurred last year.

The “Marketing expenses” item, equal to €1,722 thousand, decreased by €284 thousand compared to the same period of 2017, mainly due to the decrease in advertising costs and generally to a more efficient management of Marketing expenses.

Costs related to “Subcontracted work” amounted to €1,551 thousand (up €1,162 thousand compared to the same period of 2017) and refer primarily to orders in the Solution Net System division.

Expenses reported in the “Travel & accommodation” item and in the “Meetings” item increased due to the organisation of some commercial events which involved a higher number of customers compared to the previous year.

The detailed breakdown of payroll & employee benefits is as follows:

	Quarter ended		Change
	31.03.2018	31.03.2017	
Wages & salaries	32,969	32,069	900
Social security charges	6,174	5,793	381
Employee severance indemnities	560	547	13
Retirement and similar benefits	321	286	35
Medium- to long-term managerial incentive plan	774	774	0
Vehicle expenses for employees	795	801	(6)
Other costs	1,328	1,013	315
Early retirement incentives	767	157	610
Total	43,688	41,440	2,248

The “Wages and salaries” item, equal to €32,969 thousand, includes Sales commissions and incentives of €4,588 thousand (€4,238 thousand as at 31 March 2017). This item reported an increase of €900 thousand (up €3,477 thousand at constant exchange rates) compared to the same period of the previous year.

The “Early retirement incentives” item includes costs, totalling €512 thousand, stated under “Non-recurring costs and revenues” and mainly result from the re-organisation of some corporate departments.

Note 19. Other operating revenues

The detailed breakdown of this item is as follows:

	Quarter ended		Change
	31.03.2018	31.03.2017	
Miscellaneous income and revenues	322	183	139
Rents	18	23	(5)
Capital gains on asset disposals	80	1	79
Contingent assets	12	1	11
Other	25	8	17
Total	457	216	241

The “Miscellaneous income and revenues” mainly includes revenues for internal building works, in the amount of €232 thousand as at 31 March 2018 (€157 thousand as at 31 March 2017).

Note 20. Net financial income (expenses)

	Quarter ended		Change
	31.03.2018	31.03.2017	
Financial income/(expenses)	(799)	(445)	(354)
Foreign exchange differences	(779)	(356)	(423)
Bank expenses	(363)	(411)	48
Other	97	83	14
Total Net financial income (expenses)	(1,844)	(1,129)	(715)

Net financial income (expenses) is negative by €1,844 thousand, compared to a negative result of €1,129 thousand reported in the same period of 2017, mainly due to the trend of exchange differences, negative by €779 thousand, due to the depreciation of the Dollar on Group net balances and increased financial charges.

The “Financial income/(expenses)” item increased by €354 thousand, mainly by reason of the increased gross indebtedness, due to the entering of a new loan agreement with a pool of banks for the amount of €250 million on 13 April 2017 and the redemption, at the same time, of pre-existing loan amounting to €126 million. This transaction permitted to increase the average life of the financial debt and therefore reduce the exposure to variable interest rates as the new contract is at fixed rate.

Note 21. Taxes

	Quarter ended		Change
	31.03.2018	31.03.2017	
Pre-tax profit	14,676	13,986	690
Income tax	3,253	5,916	(2,663)
Deferred taxes	240	(3,836)	4,076
Total	3,493	2,080	1,413
Tax Rate	23.8%	14.9%	8.9%

The average tax rate comes to 23.8% (14.9% as at 31 March 2017). Taxes were calculated by using the best estimate of the annual tax rate expected at the reporting date.

Note 22. Earnings/loss per share

Earnings/loss per share

	Quarter ended	
	31.03.2018	31.03.2017
Group earnings/(loss) for the period	11,183,000	11,906,000
Average number of shares	58,229,477	58,144,262
Basic earnings/(loss) per share	0.19	0.20
Average number of shares	58,229,477	58,144,262
Diluted effect	0	0
Basic earnings/(loss) per share	0.19	0.20

EPS as at 31 March 2018 was calculated by dividing Group net profit of €11,183 thousand (Group net profit of €11,906 thousand as at 31 March 2017) by the average number of ordinary shares outstanding as at 31 March 2018, equal to 58,229,477 shares (58,144,262 as at 31 March 2017).

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

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

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

Intragroup 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 the ordinary operations and at arm’s length conditions, with an irrelevant amount and by the effects of the “**OPC Procedure**”, chiefly with Hydra S.p.A. or entities under joint control (with Datalogic S.p.A.), or with individuals that carry out the coordination and management of Datalogic S.p.A. (including entities controlled by the same and close relatives).

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

Pursuant to Art. 5, par. 8, of the Consob Regulations, it should be noted that, over the period 01/01/2018 - 31/03/2018, the Company’s Board of Directors did not approve any relevant transaction, as set out by Art. 3, par. 1, lett. b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

	Parent Company	Subsidiaries of Hydra SpA	Not consolidated companies on a line-by-line basis	member of BoD	TOTAL 31.03.2018
Equity investments	0	0	2,194		2,194
Non-current assets	0	0	258	0	258
Held-for-sale assets	0	0	0	0	0
Trade receivables - accrued income and prepaid expenses	0	76	1,763	0	1,839
Receivables pursuant to tax consolidation	7,228	0	0	0	7,228
Financial receivables	0	0	0	0	0
Liabilities pursuant to tax consolidation	6,835	0	0	0	6,835
Trade Payables	0	8	98	4	110
Financial payables	0	0	0	0	0
Sales/service expenses/allocations	0	284	105	5	394
Commercial revenues	0	0	1,172	0	1,172
Financial income	0	0	0	0	0
Profits/(losses) from associates	0	0	0	0	0

NUMBER OF EMPLOYEES

	Quarter ended		Change
	31.03.2018	31.03.2017	
Datalogic	2,846	2,630	216
Solution Net Systems	39	39	0
Informatics	77	90	(13)
Total	2,962	2,759	203

EVENTS OCCURRING AFTER YEAR END

On 3 April 2018, Datalogic signed a buy back agreement with a broker for the repurchase of treasury shares on the market, according to the resolution made on 4 May 2017 by the Shareholders' Meeting to authorise the purchase and sale of treasury shares.

The broker will purchase the shares in full independence, within the parameters and criteria that are contractually predefined, in addition to restrictions set out by applicable law and the resolution taken by the Shareholders' Meeting on 4 May 2017. The purchases will be carried out to ensure equal treatment to shareholders as per Art. 132 of T.U.F. [Consolidated Law on Finance], as well as in compliance with operating modalities set out by organisational and management regulations of Borsa Italiana S.p.A..

In particular, the agreement envisages the repurchase of 500,000 shares maximum and a term of 7 months starting from 3 April 2018.

On 23 April 2018, the Board of Directors of Datalogic S.p.A., after hearing the opinion of the Audit and Risk Management Committee, Remuneration and Appointments Committee, resolved on the guidelines of the new "2018-2021 Remuneration Plan" that will be submitted for approval on the occasion of the Shareholders' Meeting, already called for 23 May 2018.

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

DICHIARAZIONE AI SENSI DELL'ART. 154 BIS, COMMA 2, D.LGS. N. 58/1998

Resoconto Intermedio di gestione al 31 marzo 2018

Il sottoscritto Dott. Alessandro D'Aniello, quale Dirigente Preposto alla redazione dei documenti contabili societari di Datalogic S.p.A.

attesta

in conformità a quanto previsto dal secondo comma dell'art. 154 bis, comma secondo, del decreto legislativo 24 febbraio 1998, n. 58 che il resoconto intermedio di gestione al 31 marzo 2018 corrisponde alle risultanze documentali, ai libri e alle scritture contabili.

Datalogic S.p.A.

Il Dirigente Preposto alla redazione
dei documenti contabili
Alessandro D'Aniello

