

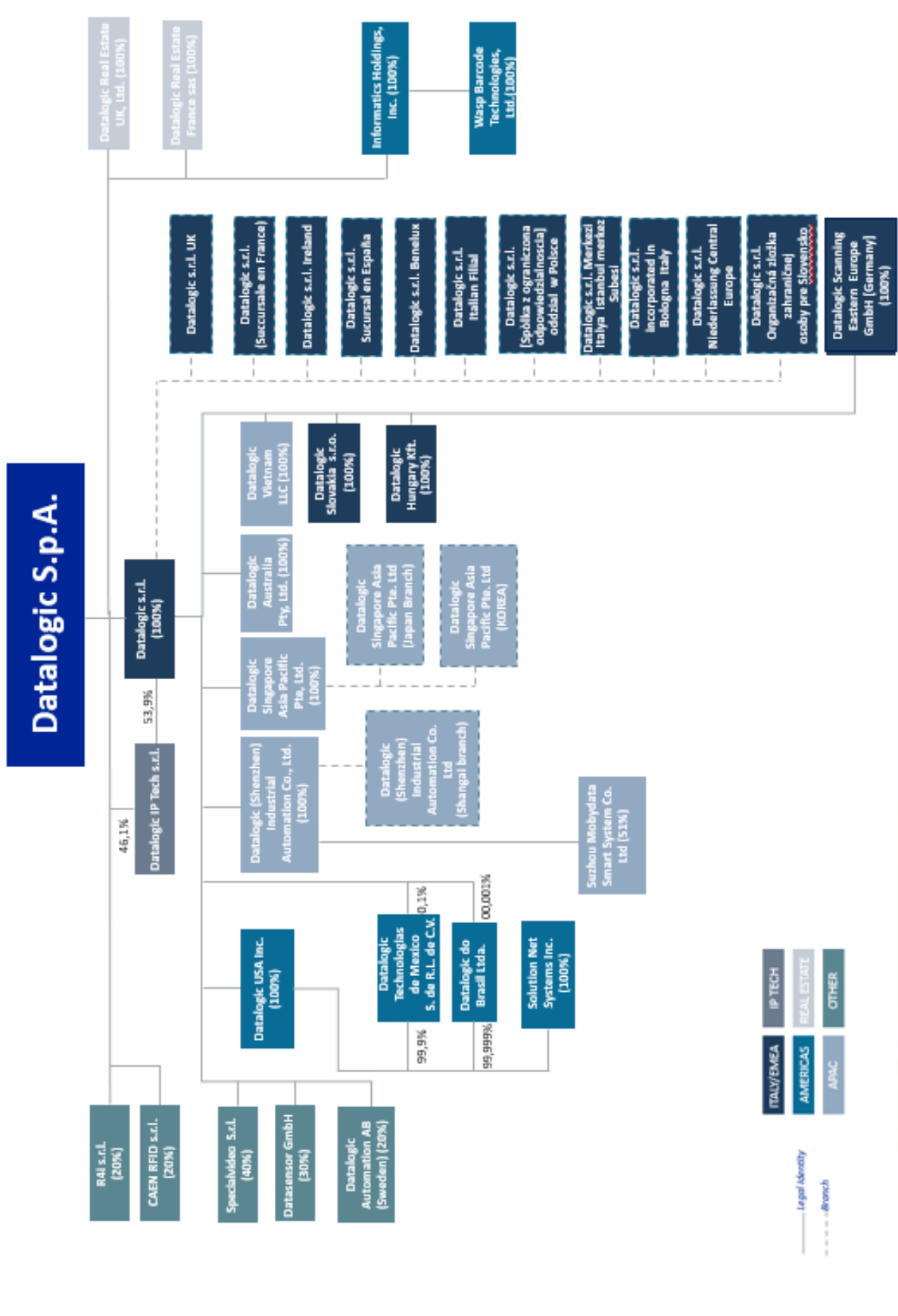
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DISCLAIMER

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

GROUP STRUCTURE



COMPOSITION OF CORPORATE BODIES

Board of Directors ⁽¹⁾

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

Board of Statutory Auditors ⁽³⁾

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

Audit and Risk, Remuneration and Appointments Committee

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

Independent Auditor ⁽⁴⁾

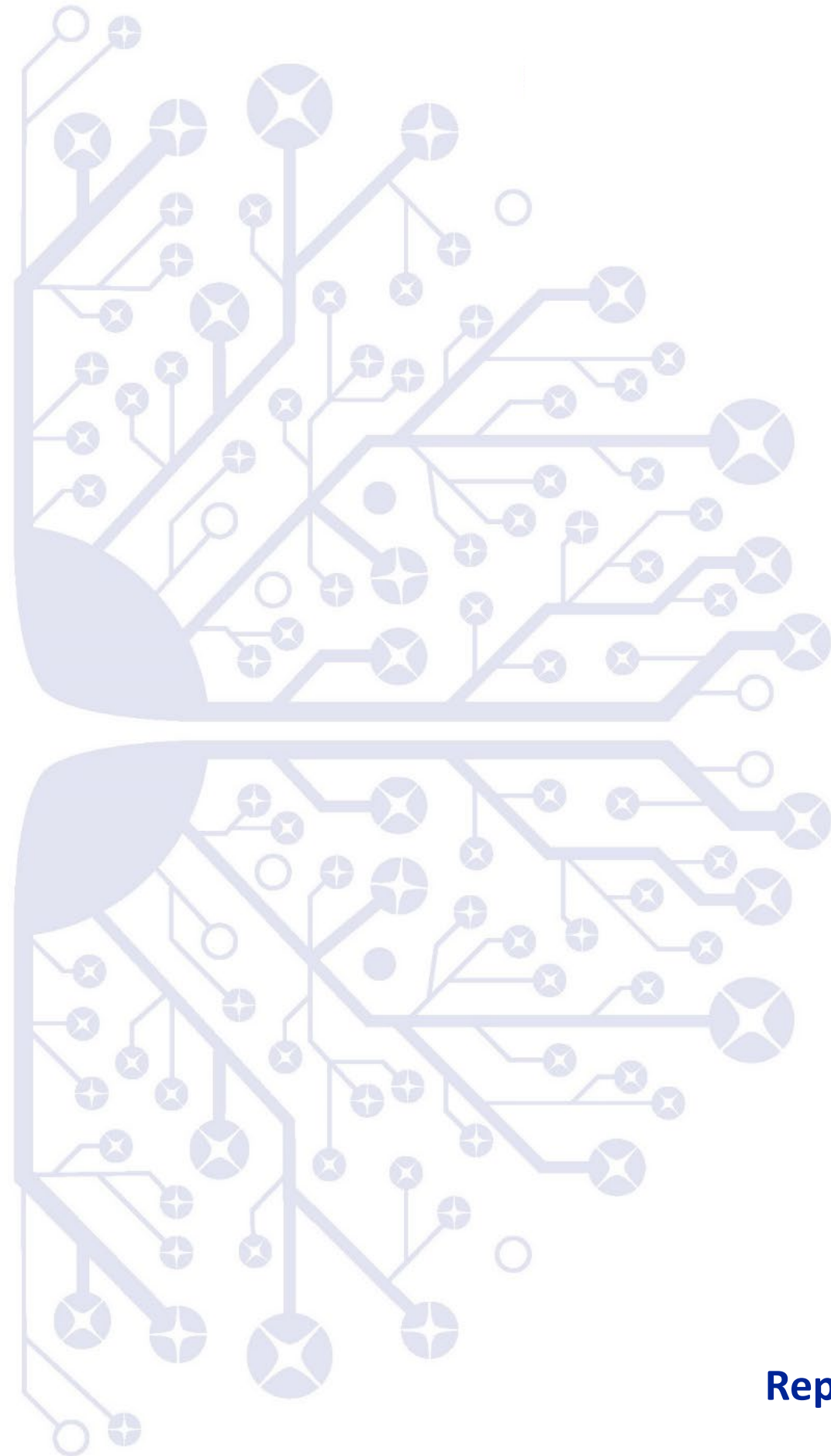
Deloitte & Touche S.p.A.

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

(2) Legal representative as regards third parties.

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

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



REPORT ON OPERATIONS

INTRODUCTION

This Interim Report as at 31 March 2020 was drawn up pursuant to Art. 154 ter 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 31 March 2020 in comparison with the same period a year earlier:

	31.03.2020	Quarter ended		Change	% Change	% ch. net FX	
		% on Revenues	31.03.2019				% on Revenues
Revenues	124,168	100.0%	144,647	100.0%	(20,479)	-14.2%	-15.0%
Adjusted EBITDA	7,330	5.9%	21,647	15.0%	(14,317)	-66.1%	-63.4%
Operating result (EBIT)	(1,197)	-1.0%	14,822	10.2%	(16,019)	n.a.	n.a.
Net Profit/(Loss) for the period	(4,265)	-3.4%	12,567	8.7%	(16,832)	n.a.	n.a.
Net financial position (NFP)	(21,004)		(3,925)		(17,079)		

In the first quarter of 2020, revenues came to €124.2 million, showing a decline of 14.2% on the same period of 2019, Adjusted EBITDA decreased to €7.3 million, taking the Adjusted EBITDA margin to 5.9% (15.0% as at 31 March 2019).

All reference geographical areas reported a decrease, for the first quarter of 2020. EMEAI reported a drop of -14.8%, mitigated by +3.5% growth in Italy, -13.7% in the Americas and 11.7% in APAC.

The net loss for the quarter amounted to €4.3 million (profit of €12.6 million in the same period of 2019).

As at 31 March 2020, the Net Financial Position was negative for €21.0 million, with a decrease of respectively €17.1 million compared to 31 March 2019 (negative by €3.9 million) and €34.4 million compared to 31 December 2019 (positive for €13.4 million).

PERFORMANCE ALTERNATIVE INDICATORS (NON-GAAP MEASURES)

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

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

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

	Quarter ended					
	31.03.2020		31.03.2019		Change	% Change
Revenues	124,168	100.0%	144,647	100.0%	(20,479)	-14.2%
Cost of goods sold	(66,189)	-53.3%	(74,496)	-51.5%	8,307	-11.2%
Gross Operating Margin	57,979	46.7%	70,151	48.5%	(12,172)	-17.4%
Research and Development expenses	(16,927)	-13.6%	(14,304)	-9.9%	(2,623)	18.3%
Distribution expenses	(28,795)	-23.2%	(29,102)	-20.1%	307	-1.1%
General and Administrative expenses	(11,594)	-9.3%	(11,107)	-7.7%	(487)	4.4%
Other operating income/(expenses)	601	0.5%	580	0.4%	21	3.6%
Total Operating expenses and others	(56,715)	-45.7%	(53,933)	-37.3%	(2,782)	5.2%
Non-recurring costs/revenues and write-downs	(1,228)	-1.0%	(199)	-0.1%	(1,029)	517.1%
Amortisation and depreciation from acquisitions	(1,233)	-1.0%	(1,197)	-0.8%	(36)	3.0%
Operating result (EBIT)	(1,197)	-1.0%	14,822	10.2%	(16,019)	n.a.
Financial Income/(Expenses)	(2,269)	-1.8%	(215)	-0.1%	(2,054)	955.3%
Foreign exchange gains/(losses)	(3,023)	-2.4%	1,504	1.0%	(4,527)	n.a.
Profit/(Loss) before taxes (EBT)	(6,489)	-5.2%	16,111	11.1%	(22,600)	n.a.
Taxes	2,224	1.8%	(3,544)	-2.5%	5,768	n.a.
Net Profit/(Loss) for the period	(4,265)	-3.4%	12,567	8.7%	(16,832)	n.a.
Non-recurring costs/revenues and write-downs	(1,228)	-1.0%	(199)	-0.1%	(1,029)	517.1%
Depreciation of tangible assets	(4,488)	-3.6%	(4,158)	-2.9%	(330)	7.9%
Amortisation of intangible assets	(2,811)	-2.3%	(2,468)	-1.7%	(343)	13.9%
Adjusted EBITDA	7,330	5.9%	21,647	15.0%	(14,317)	-66.1%

Consolidated revenues were €124.2 million, down by 14.2% compared to €144.7 million in the same period of the previous year.

The following table shows the breakdown by **geographical area** of Group revenues achieved in the first quarter of 2020, compared with the same period of the previous year:

	Quarter ended						
	31.03.2020	% Change	31.03.2019 (Restated) ¹	% Change	Change	% Change	% ch. net FX
<i>Italy</i>	11,750	9.5%	11,353	7.8%	397	3.5%	3.5%
<i>EMEA (excluding Italy)</i>	59,493	47.9%	72,304	50.0%	(12,811)	-17.7%	-18.0%
Total EMEA	71,243	57.4%	83,657	57.8%	(12,414)	-14.8%	-15.1%
Americas	39,781	32.0%	46,100	31.9%	(6,318)	-13.7%	-15.5%
APAC	13,143	10.6%	14,890	10.3%	(1,747)	-11.7%	-12.4%
Total Revenues	124,168	100.0%	144,647	100.0%	(20,480)	-14.2%	-15.0%

¹ Comparison data as at 31 March 2019 were restated to reflect the new allocations of Group revenues to geographical areas and business segments, as they were redefined by the Management. Reference should be made to Annex 4 for more details.

All reference geographical areas reported a decrease, for the first quarter of 2020. EMEAI reported a drop of -14.8%, mitigated by +3.5% growth in Italy, -13.7% in the Americas and -11.7% in APAC. The trend of the period was affected by an expected weakness in the markets, which had already emerged at the end of 2019, when investment decisions were postponed and was affected by an unfavorable comparison with the same period of 2019 due to the roll-outs of fixed retail scanners in the main retail chains and the completion of important multi-year projects in the Transportation & Logistics segment. The restrictive measures adopted first in APAC and subsequently in Europe and North America further led to a more pronounced contraction in volumes, both due to the slowdown in the supply chain and to the demand of end customers and distributors.

Gross Operating Margin was €58.0 million, down by 17.4% from €70.2 million reported in the first quarter of the previous year. As a percentage of revenues, it decreased by 1.8 percentage points compared to the same period in 2019, going from 48.5% in the first quarter of 2019 to 46.7% in the first quarter of 2020. Net of exchange rate effect, the impact of Gross Operating Margin on revenues decreased by 1.3 percentage points, compared to the same period in the previous year, mainly volumes decrease and to some extent to price effect.

Operating expenses and others, were €56.7 million, increased by 5.2% compared to €53.9 million in the same period of 2019, and by 8.4 as a percentage of turnover, from 37.3% to 45.7%, mainly due to investments in R&D and lower volumes.

A 18.3% increase in **Research and Development expenses**, which amounted at €16.9 million, (13.6% of revenues) compared to 9.9% reported in the first quarter of 2019 (€14.3 million).

In the first quarter of 2020, Research and Development spending, including investments, increased from €14.0 million to €18.8 million. The percentage of turnover is around 15.1%, compared to 9.7% reported in the first quarter of 2019, with an increase of 5.4 percentage points.

Distribution expenses, equal to €28.8 million, resulted slightly lower than the previous period (€29.1 million in the first period of 2019), with a percentage of 23.2% on revenues, compared to 20.1% recorded in 2019. Net of the one off effect of the first quarter of 2019 for the bad debt release on a project of Solution Net Systems Inc. division resolved positively for €1.8 million, distribution expenses decrease in the first quarter of 2020 by 6.8% thanks to efficiencies gained in APAC, EMEAI and marketing.

Adjusted EBITDA was €7.3 million (€21.6 million in the first quarter of 2019) and showed 9.1% decrease as percentage on revenue (8.5% decrease at constant exchange rate), equal to 5.9% compared to 15.0% recorded in the first quarter of 2019. Margin trend recorded over the period reflected the decrease in volumes and the price effects, mainly due to the Covid-19 scenario, as well as the increase in R&D investments, deemed strategic for the Group growth over the medium-long term.

EBIT is negative at €1.2 million, compared to positive €14.8 million reported in the same period of the previous year, primarily due to the effects of the Covid-19 scenario.

FINANCIAL INCOME/(EXPENSES)

	Quarter ended		Change
	31.03.2010	31.03.2019	
Financial Income/(Expenses)	(503)	(625)	122
Fair Value	(1,567)	742	(2,309)
Foreign exchange gains/losses	(3,023)	1,504	(4,527)
Bank expenses	(220)	(302)	82
Others	21	(29)	50
Total Financial Income/(Expenses)	(5,292)	1,290	(6,582)

Net Financial Income/(Expenses), negative by €5.3 million, worsened by €6.6 million, mainly due to the unfavourable performance of foreign exchange differences, negative by €3.0 million (positive by €1.5 million as at 31 March 2019) and to the negative fair value of cash equivalents investments (€-1.6 million in the first quarter 2020, compared to positive €0.7 million reported in the same quarter of 2019) driven by the downturn of financial markets at quarter end.

Net loss amounted to €4.3 million (profit of €12.6 million as at 31 March 2019).

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. Consistently with the previous year, the operating segments were included in the following divisions:

- **Datalogic**, which represents the Group's core business and designs and produces bar code scanners, mobile computers, detection, measurement and security sensors, vision and laser marking and RFID systems that contribute to increasing the efficiency and quality of processes in the areas of Retail, Manufacturing, Transportation & Logistics and Healthcare, along the entire value chain;
- **Solution Net Systems**, specialised in supplying and installing integrated solutions for the postal segment and distribution centres in the Retail sector;
- **Informatics**, which 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 Adjusted EBITDA achieved in the first quarter of 2020 and those achieved in the same period of 2019:

	Quarter ended		31.03.2019	% on revenues	Change	%
	31.03.2020	% on revenues				
Datalogic	115,252	92.8%	135,647	93.8%	(20,395)	-15.0%
Solution Net Systems	5,522	4.4%	5,465	3.8%	57	1.0%
Informatics	4,187	3.4%	4,292	3.0%	(105)	-2.4%
Adjustments	(793)	-0.6%	(757)	(0.5%)	(36)	
Total Revenues	124,168	100.0%	144,647	100.0%	(20,479)	-14.2%

	Quarter ended		Quarter ended		Change	%
	31.03.2020	% on revenues	31.03.2019	% on revenues		
Datalogic	6,972	6.0%	20,694	15.3%	(13,722)	-66.3%
Solution Net Systems	110	2.0%	985	18.0%	(875)	-88.8%
Informatics	218	5.2%	(73)	(1.7%)	291	n.a.
Adjustments	30	-3.8%	41	(5.4%)	(11)	
Total Adjusted EBITDA	7,330	5.9%	21,647	15.0%	(14,317)	-66.1%

DATALOGIC DIVISION

In the first quarter of 2020, the Datalogic Division reported a turnover of €115.3 million, down (-15.0%) compared to the same period of 2019, with a drop in all geographical areas, especially EMEAI and Americas.

Divisional Adjusted EBITDA amounted to €7.0 million, decreasing with respect to the same period of 2019, with an Adjusted EBITDA margin of 6.0% (15.3% as at 31 March 2019). Net of exchange rate effect, Adjusted EBITDA margin of the division was 6.6%.

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

	Quarter ended		Quarter ended		Change	%	% ch. net FX
	31.03.2020	%	31.03.2019 (Restated) ²	%			
Retail	47,273	41.0%	51,650	38.1%	(4,377)	-8.5%	-9.6%
Manufacturing	25,935	22.5%	28,544	21.0%	(2,609)	-9.1%	-9.7%
Transportation & Logistics	8,513	7.4%	14,085	10.4%	(5,571)	-39.6%	-40.2%
Healthcare	4,076	3.5%	4,951	3.6%	(875)	-17.7%	-18.9%
OEM	472	0.4%	224	0.2%	248	110.4%	104.2%
Channel	28,982	25.1%	36,194	26.7%	(7,212)	-19.9%	-20.1%
Total Revenues	115,252	100%	135,647	100.0%	(20,395)	-15.0%	-15.8%

▪ Retail

The Retail sector decreased by 8.5% compared to the same period of the previous year, with a slowdown in APAC (-14.7%) and EMEAI (-18.3%) areas, the latter penalized by the conclusion of the roll outs in the fixed retail scanner segment of the main retail chains, mitigated by a double-digit growth recorded in the Americas (+14.2%).

▪ Manufacturing

The Manufacturing sector decreased by 9.1%, compared to the same period of the previous year, due to the persistent economic slowdown in the automotive sector, especially in EMEAI and North America, while APAC remained substantially unchanged.

▪ Transportation & Logistics

The Transportation & Logistics sector reported a decrease, equal to 39.6%, compared to the same period of 2019, driven by a negative performance in all geographical areas, especially North America, where an unfavorable comparison basis is recorded compared to the first quarter of 2019 following the conclusion of some multi-year projects.

² Comparison data as at 31 March 2019 were restated to reflect the new allocations of Group revenues to geographical areas and business segments, as they were redefined by the Management. Reference should be made to Annex 4 for more details.

- **Healthcare**

The Healthcare sector recorded 17.7% decrease, compared to the same quarter of 2019, especially in EMEAI and APAC, albeit a slight growth was recorded in North America.

- **OEM**

The OEM sector reported a very positive performance in all geographical areas, despite its still marginal contribution to Group revenues.

- **Channel**

The sales through distribution channel to small and medium-sized customers reported a 19.9% decrease, compared to the same quarter of 2019.

SOLUTION NET SYSTEMS DIVISION

In the first quarter of 2020, the Solution Net Systems Division recorded revenues amounting to €5.5 million, in line with the same period of 2019. Divisional Adjusted EBITDA amounted to €0.1 million, down compared to the same period of 2019, due to the different mix and the stage of completion of ongoing projects.

INFORMATICS DIVISION

In the first quarter of 2020, the Informatics Division recorded a turnover of €4.2 million (€4.3 million in the same period of 2019). Divisional Adjusted EBITDA was positive by €0.2 million (up by €0.3 million compared to the same period of 2019), it improved thanks to the increased sales of services and shift to the new business model “Software as a Service”.

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD

The following table shows the main financial and equity items for the Datalogic Group as at 31 March 2020, compared with 31 December 2019.

	31.03.2020	31.12.2019	Change	% Change
Intangible assets	52,433	50,471	1,962	3.9%
Goodwill	190,557	186,126	4,431	2.4%
Tangible assets	102,223	99,355	2,868	2.9%
Financial assets and equity investments in associates	6,916	10,241	(3,325)	-32.5%
Other non-current assets	49,451	44,906	4,545	10.1%
Total Fixed Assets	401,580	391,099	10,481	2.7%
Trade receivables	74,363	78,203	(3,840)	-4.9%
Trade payables	(84,591)	(106,029)	21,438	-20.2%
Inventories	103,312	102,921	391	0.4%
Net Trade Working Capital	93,084	75,095	17,989	24.0%
Other current assets	50,553	49,345	1,208	2.4%
Other current liabilities and Provisions for risks, current	(77,571)	(78,219)	648	-0.8%
Net Working Capital	66,066	46,221	19,845	42.9%
Other non-current liabilities	(34,139)	(34,571)	432	-1.2%
Employee severance indemnity	(6,987)	(7,026)	39	-0.6%
Provisions for risks, non-current	(4,923)	(4,916)	(7)	0.1%
Net Invested Capital	421,597	390,807	30,790	7.9%
Shareholders' Equity	(400,593)	(404,171)	3,578	-0.9%
Net financial position (NFP)	(21,004)	13,364	(34,368)	-257.2%

As at 31 March 2020, **Net Trade Working Capital** was €93.1 million (15.7% of revenues), increasing by €18.0 million compared to 31 December 2019 (equal to €75.1 million), following the lower commercial exposure to suppliers due to costs and volumes reduction.

Net Invested Capital, reached €421.6 million (€390.8 million as at 31 December 2019), increased by €30.8 million compared to the previous year, of which €6.1 million due to exchange rate effect. The increase is due to net working capital, in the amount of €19.8 million, as well as to fixed assets, amounting to €10.5 (of which €5.4 million due to exchange rate effect), following investments in R&D and in production facilities.

As at 31 March 2020, the **Net Financial Position** was negative for €21.0 million, with a decrease of respectively €17.1 million compared to 31 March 2019 (negative by €3.9 million) and €34.4 million compared to 31 December 2019.

Negative **Free cash flow** of €27.0 million in the first quarter of 2020 (negative by €12.0 million in the same period of 2019), due to cash absorption of operations within the Covid scenario and higher investments in R&D, strategic for the medium-term growth of the Group. Net financial negative by €3.2 million, reported a worsening, compared to the first quarter of 2019, due to the unfavourable performance of exchange rates and fair value of cash equivalents investments. They were however offset by a lower cash absorption of other operating assets and liabilities.

Cash flows, which brought about the change in Consolidated Net Financial Position as at 31 March 2020, are summarised as follows:

	31.03.2020	31.03.2019	Change
Net Financial Position/(Net Financial Debt) at the beginning of the period	13,365	23,843	(10,478)
Adjusted EBITDA	7,330	21,647	(14,317)
Change in net trade working capital	(17,989)	(18,264)	275
Net investments	(8,676)	(6,082)	(2,594)
Change in taxes	(4,426)	(4,504)	78
Financial Incomes/(Expenses)	(3,207)	1,289	(4,496)
Dividend distribution	-	-	-
Treasury shares	(2,470)	(2,497)	27
Other changes	(1,621)	(5,247)	3,626
Change in Net financial position (NFP) before IFRS 16	(31,059)	(13,658)	(17,401)
IFRS 16	(3,311)	(14,110)	10,799
Change in Net financial position	(34,370)	(27,768)	(6,602)
Net Financial Position/(Net Financial Debt) at the end of the period	(21,005)	(3,925)	(17,080)

As at 31 March 2020, the Net Financial Debt/(Net Financial Position) is broken down as follows:

	31.03.2020	31.12.2019
A. Cash and bank deposits	121,948	151,829
B. Other cash equivalents	12	12
<i>b1. restricted cash</i>	12	12
C. Securities held for trading	-	-
<i>c1. short-term</i>	-	-
<i>c2. long-term</i>	-	-
D. Cash and cash equivalents (A) + (B) + (C)	121,960	151,841
E. Current financial receivables	29,633	31,200
<i>e1. other current financial receivables</i>	29,633	31,200
F. Bank overdrafts	205	221
G. Current portion of non-current debt	49,187	47,421
H. Other current financial liabilities	6,411	6,457
<i>h1. hedging instruments</i>	-	-
<i>h2. leasing payables</i>	5,172	4,589
<i>h3. current financial liabilities</i>	1,239	1,868
I. Current financial debt (F) + (G) + (H)	55,803	54,099
J. Current net financial debt/(Current net financial position) (I) - (E) - (D)	(95,790)	(128,942)
K. Non-current bank borrowing	110,025	110,106
L. Bonds	-	-
M. Other non-current liabilities	6,769	5,472
<i>m1. hedging instruments</i>	-	-
<i>m2. leasing payables</i>	6,769	5,472
<i>m3. non-current financial liabilities</i>	-	-
N. Non-current financial debt (K) + (L) + (M)	116,794	115,578
O. Net financial debt/(Net financial position) (J) + (N)	21,004	(13,364)

As at 31 March 2020, the Group has credit lines in place amounting to €338.4 million, of which €177.8 million unused including €100.0 million long-term subscribed during the month of March 2020, aimed at supporting investments, and €77.8 million short-term.

RECONCILIATION OF THE NET RESULT AND THE EQUITY OF THE PARENT COMPANY WITH THE GROUP

The Reconciliation between Equity and Net Profit of Datalogic S.p.A. and the corresponding consolidated values as at 31 March 2020 and 31 December 2019, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006, are disclosed here below.

	31 March 2020		31 December 2019	
	Shareholders' Equity	Profit/loss for the period	Shareholders' Equity	Profit/loss for the period
Parent Company's equity and profit	350,773	(359)	353,548	105,040
Shareholders' equity and profit/(loss) of consolidated companies	103,160	(5,348)	105,404	56,671
Elimination of dividends				(114,470)
Amortisation of intangible assets - Business Combination	(5,827)		(5,827)	
Business Combination under common control	(31,733)		(31,733)	
Elimination of capital gain on sale of business branch	(17,067)		(17,067)	
Elimination of intercompany transactions	(7,452)	2,033	(9,485)	2,792
Adjustment of write-downs and capital gains on equity investments	5,517		5,517	
Goodwill impairment	(1,395)		(1,395)	
Others	238	(377)	616	(218)
Tax effect	4,380	(214)	4,594	466
Consolidated's equity and profit	400,593	(4,265)	404,171	50,281

SIGNIFICANT EVENTS OF THE PERIOD

In the first quarter of 2020, a reorganization of the commercial structure was launched in order to strengthen the end-users and partners' markets overseen in the respective geographies.

The first quarter of 2020, as previously outlined, was significantly affected by the spread of the Covid pandemic, for which the Group implemented all the necessary measures to protect the safety of its employees, through the activation of smart-working, sanitization of the work environments, the implementation of health and safety devices, to manage the business in the lockdown phase, as well as the phase of progressive restart, in the best possible way without interruption.

During the month of March 2020, the Group subscribed additional credit lines for an amount of €100 million, which has not been used at the date of this document, aimed at supporting the Group's growth and investments.

On 30 March 2020, the Company postponed from 30 April 2020 to 4 June 2020 the Shareholders' Meeting that will be called, inter alia, to examine the Financial Statements as at 31 December 2019, in view of the health emergency related to Covid-19 (Coronavirus) and the regulations issued by Decree Law no. 18 of 17 March 2020 (so-called Decree Law "Cura Italia").

The Board of Directors also confirmed that it will propose to the aforesaid Shareholders' Meeting the distribution of an ordinary unit dividend, gross of legal withholdings, equal to 30 Euro cents per share, for a maximum total amount of €17,533,947, with coupon detachment on 15 June 2020 (record date 16 June 2020) and payment as from 17 June 2020

SUBSEQUENT EVENTS

After the end of the quarter, the Covid-19 emergency continued and stricter measures were adopted by the various Government authorities. This led to an extension of the lockdown, in April and partly in May, in Europe and its gradual activation in the United States, the Group's main markets.

In response to this situation, the Company had adopted an action plan aimed at mitigating the impact of Covid-19 already in March, managing the emergency by focusing on the safety of its own resources first and foremost, but at the same time ensuring business continuity in order to protect the Group's economic and financial performance and equity soundness. These measures, which at the date of the hereby document are still partially being defined in light of recent regulatory developments, are and will be implemented through careful financial planning to be executed through cost and investment reduction plans not strictly necessary, as well as through the use of social safety nets.

FORESEEABLE EVOLUTION

Given the current uncertainty about the duration and intensity of the health and socio-economic emergency related to Covid-19, as well as the timing of a possible return to normal life, the Group deems that it is not yet possible to estimate the overall impact that this epidemic will have over the year.

The economic and financial performance recorded in the first quarter of 2020 reflects the impact of the spread, first in China and then in the rest of the world, of the pandemic and the resulting restrictive measures adopted by local Governments and implemented by the Datalogic Group to protect the health of its employees, and which, while designed to ensure business continuity, have nevertheless led to a reduction, even significant, in business activities.

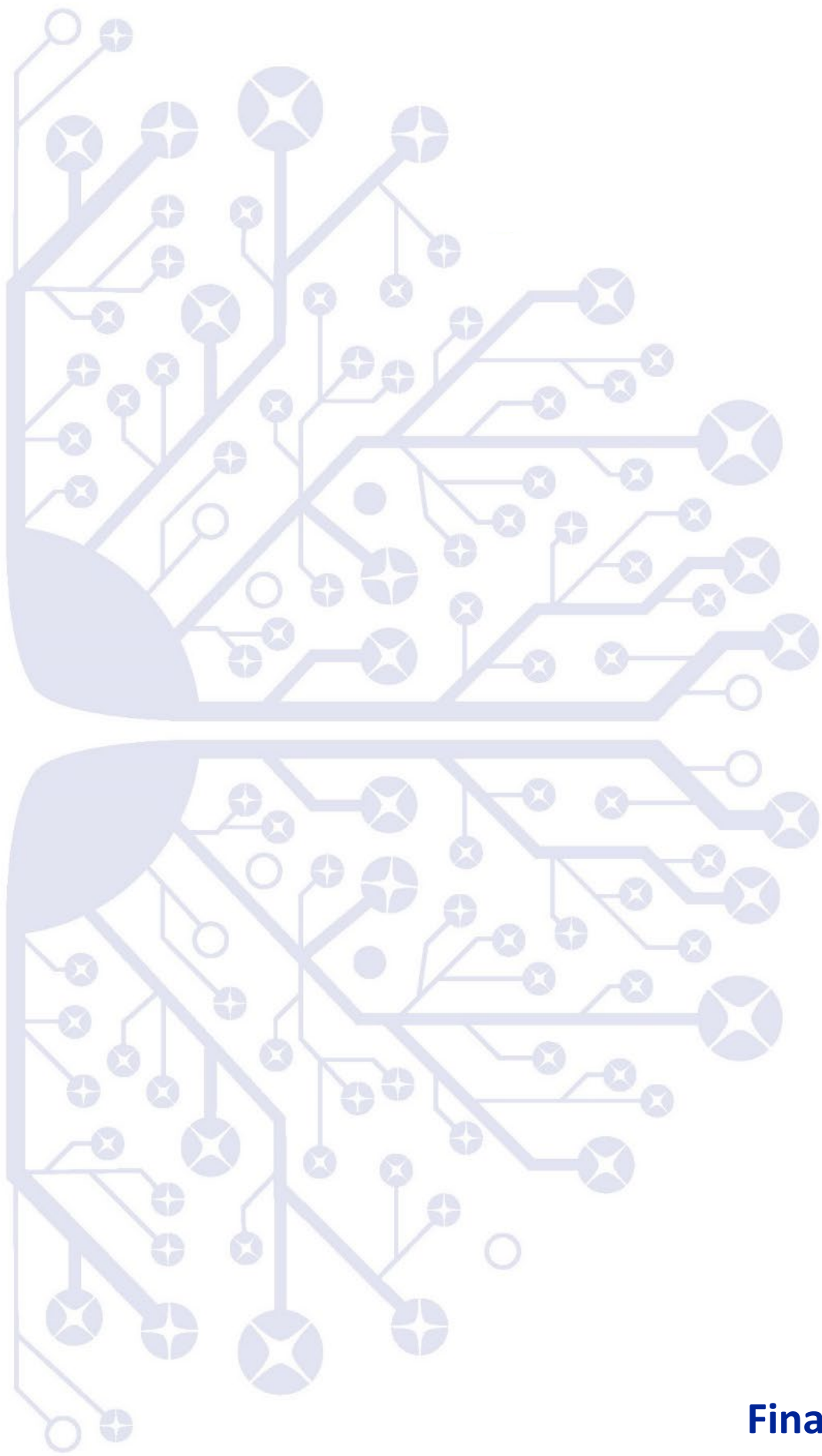
To date, the elements underlying the development of forecasts for the year remain very uncertain. The evolution of the pandemic, the resolutions of the Authorities on the recovery of economic activities, which are still partially in lockdown today, as well as the reaction of the markets, in a context of recession that could emerge in several regions of the world, have resulted in negative growth forecasts for the first half of the year and potentially for the remainder of 2020.

Despite the expected short-term negative performance, the Group believes that, once the current emergency eases, the sound economic and financial fundamentals will lead Datalogic to grow again in the medium term.

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

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



**Consolidated
Financial Statements**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Note	31.03.2020	31.12.2019
A) Non-current assets (1+2+3+4+5+6+7+8)		401,580	391,099
1) Tangible assets		90,638	89,602
Land	1	8,773	8,778
Buildings	1	31,413	31,820
Other assets	1	34,160	35,418
Assets in progress and payments on account	1	16,292	13,586
2) Intangible assets		242,990	236,597
Goodwill	2	190,557	186,126
Development costs	2	9,637	9,927
Other	2	27,391	28,430
Assets in progress and payments on account	2	15,405	12,114
3) Right-of-use assets	3	11,585	9,753
4) Equity investments in affiliates	4	776	776
5) Financial assets		6,140	9,465
Equity investments	6	6,140	9,465
Securities	6	0	0
6) Non-current financial receivables		0	0
7) Trade and other receivables	7	1,554	1,334
8) Deferred tax assets	13	47,897	43,572
B) Current assets (9+10+11+12+13+14+15)		379,821	413,510
9) Inventories		103,312	102,921
Raw and ancillary materials and consumables	8	47,081	41,754
Work in progress and semi-finished products	8	20,315	23,582
Finished products and goods	8	35,916	37,585
10) Trade and other receivables		99,259	103,127
Trade receivables	7	74,363	78,203
<i>of which from associates</i>	7	<i>846</i>	<i>895</i>
<i>of which from related parties</i>	7	<i>0</i>	<i>0</i>
Other receivables, accrued income and prepaid expenses	7	24,896	24,924
<i>of which from associates</i>		<i>5</i>	<i>0</i>
<i>of which from related parties</i>		<i>77</i>	<i>77</i>
11) Tax receivables	9	25,657	24,421
<i>of which from parent company</i>		<i>12,742</i>	<i>12,742</i>
12) Financial assets		29,633	31,200
Securities	6	0	0
Other	6	29,633	31,200
13) Current financial receivables		0	0
14) Financial assets - Derivative instruments	6	0	0
15) Cash and cash equivalents		121,960	151,841
C) Held-for-sale assets		0	0
Total Assets (A+B+C)		781,401	804,609

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (€/000)	Note	31.03.2020	31.12.2019
A) Total Shareholders' Equity (1+2+3+4+5+6)	10	400,593	404,171
1) Share capital	10	30,392	30,392
2) Reserves	10	129,660	128,972
3) Retained earnings	10	243,003	192,885
4) Profit/(Loss) for the period	10	(4,204)	50,069
5) Group Shareholders' Equity	10	398,852	402,318
6) Profit/(Loss) for the period - Minorities	10	(61)	212
6) Minority share capital	10	1,803	1,641
6) Minority interests		1,742	1,853
B) Non-current liabilities (7+8+9+10+11+12+13)		162,843	162,091
7) Non-current financial payables	11	116,794	115,578
8) Non-current financial liabilities		0	0
9) Tax payables		67	68
10) Deferred tax liabilities	12	18,275	17,819
11) Post-employment benefits	13	6,987	7,026
12) Provisions for risks and charges, non-current	14	4,923	4,916
13) Other liabilities	15	15,797	16,684
C) Current liabilities (14+15+16+17+18)		217,965	238,347
14) Trade and other payables		133,068	154,153
Trade payables	15	84,591	106,029
<i>of which to associates</i>	15	63	55
<i>of which to related parties</i>		112	133
Other payables, accrued liabilities and deferred income	15	48,477	48,124
15) Tax payables	9	24,778	25,822
<i>of which to parent company</i>		15,913	15,913
16) Provisions for risks and charges, current	14	4,316	4,273
17) Current financial liabilities		0	0
18) Current financial payables	11	55,803	54,099
Total Liabilities (A+B+C)		781,401	804,609

CONSOLIDATED INCOME STATEMENT

(€/000)	Note	31.03.2020	31.03.2019
1) Revenues	16	124,168	144,647
Revenues from sale of products		114,994	135,995
Revenues from services		9,174	8,652
<i>of which from related parties and associates</i>		1,166	1,067
2) Cost of goods sold	17	66,568	74,496
<i>of which to related parties and associates</i>		126	229
Gross Operating Margin (1-2)		57,600	70,151
3) Other operating revenues	18	1,165	1,127
4) Research and development expenses	17	17,056	14,330
<i>of which to related parties and associates</i>		143	155
5) Distribution expenses	17	29,200	29,106
<i>of which to related parties and associates</i>	6	17	-
6) General and administrative expenses	17	13,142	12,473
<i>of which to related parties and associates</i>		51	173
7) Other operating expenses	17	564	547
Total operating costs		59,962	56,456
Operating result		(1,197)	14,822
8) Financial income	19	8,540	10,834
9) Financial expenses	19	13,832	9,545
Financial Income/(Expenses) (8-9)		(5,292)	1,289
10) Profits from associates		-	-
Profit/(Loss) before taxes from continuing operations		(6,489)	16,111
Income taxes	20	(2,224)	3,544
Profit/(loss) for the period		(4,265)	12,567
Basic earnings/(loss) per share (Euro)	21	(0.07)	0.22
Diluted earnings/(loss) per share (Euro)	21	(0.07)	0.22
Attributable to:			
Shareholders of the Parent Company		(4,204)	12,567
Minority interests		(61)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Note	31.03.2020	31.03.2019
Profit/(loss) for the period		(4,265)	12,567
Other components of the statement of comprehensive income:			
Other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the period:		-	-
Profit/(Loss) on derivative financial instruments (cash flow hedge)	10	54	69
Profit/(Loss) due to translation of the accounts of foreign companies	10	6,429	2,486
Profit/(Loss) from financial assets at FVOCI	10	(3,325)	2,053
<i>of which tax effect</i>		39	(549)
Total other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the period		3,158	4,608
Other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the period			
Actuarial gains (losses) on defined-benefit plans			
<i>of which tax effect</i>			
Total other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the period		-	-
Total profit/(loss) of Comprehensive Income Statement		3,158	4,608
Total comprehensive profit/(loss) for the period		(1,107)	17,175
Attributable to:			
Shareholders of the Parent Company		(1,046)	17,175
Minority interests		(61)	-

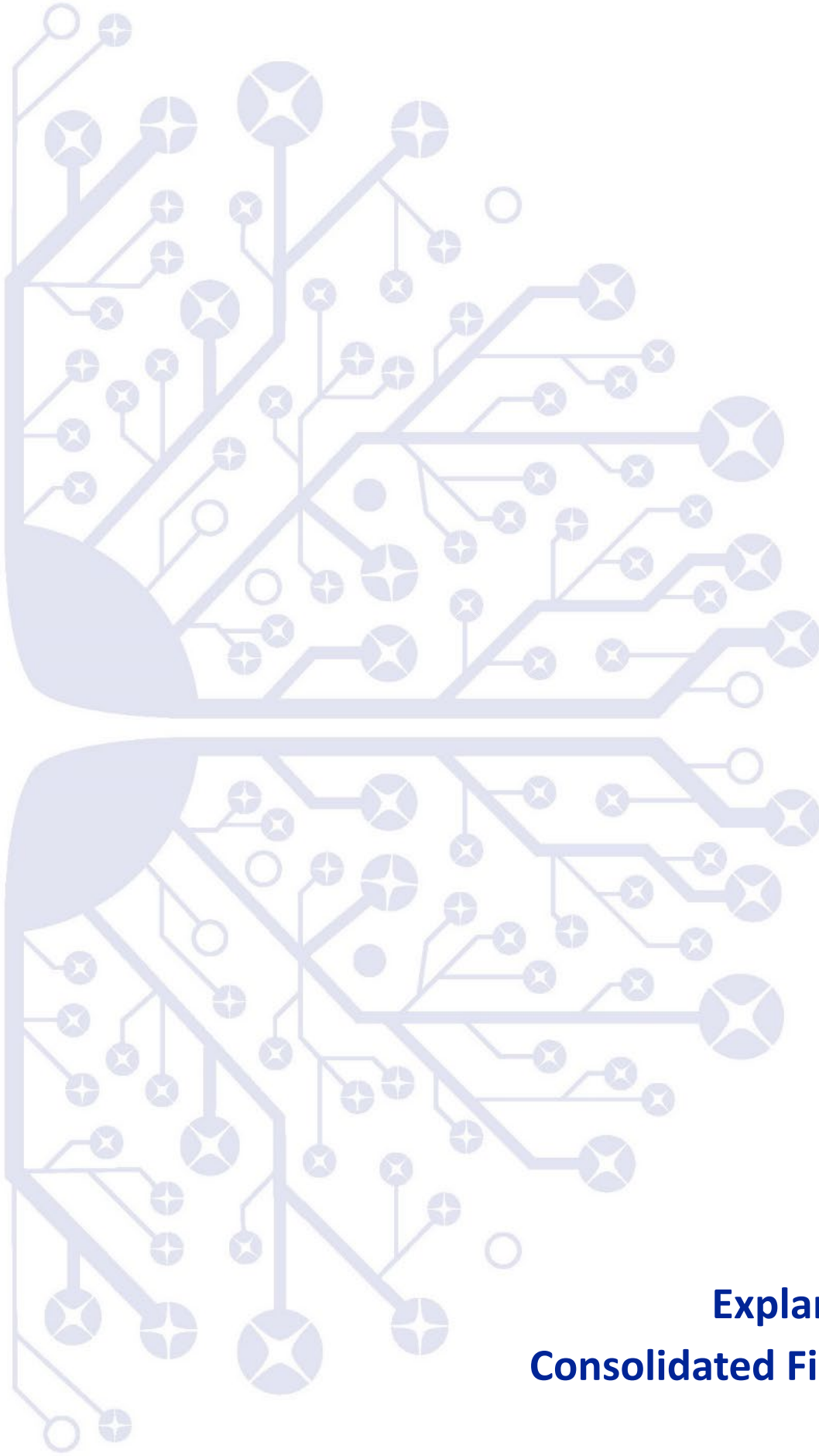
CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	Note	31.03.2020	31.03.2019
Profit/(loss) before taxes		(6,489)	16,111
Depreciation of tangible assets and write-downs	1, 2	3,105	4,166
Amortisation of intangible assets and write-downs	1, 2	2,812	2,471
Depreciation of right-of-use assets	3	1,382	1,303
Losses (Gains) from sale of fixed assets	18, 19	(9)	15
Change in provisions for risks and charges	15	52	(761)
Change in bad debt provisions	18	96	(1,755)
Change in employee benefits reserve	14	(39)	99
Other non-monetary changes		5,346	(1,893)
Cash flow generated (absorbed) from operations before changes in working capital		6,256	19,756
Change in trade receivables	7	3,744	13,358
Change in final inventories	8	(391)	(11,909)
Change in trade payables	16	(21,438)	(17,958)
Change in other current assets	7	28	(11)
Change in other current liabilities	16	353	(7,768)
Change in other non-current assets	7	(220)	3,497
Change in other non-current liabilities	16	(887)	534
Cash flow generated (absorbed) from operations after changes in working capital		(12,555)	(501)
Change in taxes		(4,426)	(4,504)
Interest paid		(745)	(840)
Interest collected		107	147
Cash flow generated (absorbed) from operations (A)		(17,619)	(5,698)
Increase in intangible assets	2	(4,294)	(1,626)
Decrease in intangible assets	2		(9)
Increase in tangible assets	1	(4,399)	(4,508)
Decrease in tangible assets	1	17	61
Increase in right-of-use assets		(3,311)	
Change in consolidation area			
Change in non-current financial assets	5		
Cash flow generated (absorbed) from investments (B)		(11,987)	(6,082)
Change in financial receivables	5		743
Change in financial payables	12, 6	1,040	(1,187)
Repayment of lease financial payables		2,018	(1,368)
(Purchase)/sale of treasury shares	11	(2,470)	(2,497)
Dividend payment	11		
Effect of change in cash and cash equivalents		(1,002)	673
Other changes		139	(231)
Cash flow generated (absorbed) from financial activity (C)		(275)	(3,868)
Net increase (decrease) in available cash (A+B+C)	10	(29,881)	(15,648)
Net cash and cash equivalents at beginning of period	10	151,841	181,430
Net cash and cash equivalents at end of period	10	121,960	165,782

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 Min. interests	Profit (Loss)	Shareholders' Equity
01.01.2020	30,392	111,779	(15,113)	26,530	5,776	192,885	50,069	402,318	212	1,853	50,281	404,170
Allocation of earnings						50,069	(50,069)		(212)	212	(50,281)	
Dividends												
Treasury shares			(2,470)					(2,470)				(2,470)
Stock Grant												
Other changes						(11)		(11)		(50)		
Profit/(loss) for the period							(4,204)	(4,204)	(61)		(4,265)	(4,265)
Other components of the statement of comprehensive income				6,429	(3,271)			3,158				3,158
Comprehensive profit (loss)				6,429	(3,271)		(4,204)	(1,046)	(61)	(61)	(4,265)	(1,107)
31.03.2020	30,392	111,779	(17,583)	32,948	2,505	242,954	(4,204)	398,791	(61)	1,803	(4,265)	400,593

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 Min. interests	Profit (Loss)	Shareholders' Equity
01.01.2019	30,392	111,779	(10,811)	20,401	2,545	159,292	62,210	375,809			62,210	375,809
Allocation of earnings						62,210	(62,210)				(62,210)	
Dividends												
Treasury shares			(2,566)					(2,566)				(2,566)
Stock Grant					69			69				69
Other changes												
Profit/(loss) for the period							12,567	12,567			12,567	12,567
Other components of the statement of comprehensive income				4,341	267	(2)		4,606				4,606
Comprehensive profit (loss)				4,341	267	(2)	12,567	17,173			12,567	17,173
31.03.2019	30,392	111,779	(13,377)	24,742	2,881	221,500	12,567	390,485			12,567	390,485



**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 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 31 March 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 31 March 2020 of the Datalogic Group was authorised by resolution of the Board of Directors dated 14 May 2020.

BASIS OF PRESENTATION

1) General criteria

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

Therefore, this Consolidated Interim Report must be read together with the Consolidated Financial Statements and the Explanatory Notes as at 31 December 2019, which have been prepared in accordance with IFRS accounting standards endorsed by the European Union, approved at the Shareholders’ Meeting held on 19 March 2020 and available in the section Investor Relations at 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 which 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.

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

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

No new accounting standards or interpretations and amendments were adopted in this Consolidated Interim Report.

4) New accounting standards issued but still not in force

At the reporting date of this Consolidated Interim Report, some accounting criteria were issued but are not yet applicable, as described in the Group Consolidated Financial Statements as at 31 December 2019, to which reference is made. The Group intends to adopt these standards and interpretations, if applicable, when they will enter into force.

5) Use of estimates and assumptions

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

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

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

6) Consolidation area

During the first three months of 2020, no changes occurred in the consolidation area.

7) Translation criteria of items in foreign currency

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

Currency (ISO Code)	Quantity of currency/1 Euro			
	March 2020	March 2020	December 2019	March 2019
	Final exchange rate	Average exchange rate for the period	Final exchange rate	Average exchange rate for the period
US Dollar (USD)	1.0956	1.1027	1.1234	1.1358
British Pound Sterling (GBP)	0.8864	0.8623	0.8508	0.8725
Swedish Krona (SEK)	11.0613	10.6689	10.4468	10.4187
Singapore Dollar (SGD)	1.5633	1.5281	1.5111	1.5388
Japanese Yen (JPY)	118.9000	120.0973	121.9400	125.0835
Australian Dollar (AUD)	1.7967	1.6791	1.5595	1.5944
Hong Kong Dollar (HKD)	8.4945	8.5686	8.7473	8.9116
Chinese Renminbi (CNY)	7.7784	7.6956	7.8205	7.6635
Real (BRL)	5.7001	4.9167	4.5157	4.2775
Mexican Pesos (MXN)	26.1772	22.0918	21.2202	21.8057
Hungarian Forint (HUF)	360.0200	339.1370	330.5300	317.9075

SEGMENT DISCLOSURE

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

For 2020, the operating segments were included in the following divisions:

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

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

The **income statement information** related to operating segments as at 31 March 2020 and 31 March 2019 are as follows (€/000):

<i>Segment economic position</i>	Datalogic Business	Solution Net System	Informatics	Adjustments	Total Group 31.03.2020
Revenues	115,252	5,522	4,187	(793)	124,168
Adjusted EBITDA	6,972	110	218	30	7,330
<i>% Revenues</i>	<i>6.00%</i>	<i>1.99%</i>	<i>5.21%</i>		<i>5.9%</i>
EBIT	(1,415)	97	91	30	(1,197)

<i>Segment economic position</i>	Datalogic Business	Solution Net System	Informatics	Adjustments	Total Group 31.03.2019
Revenues	135,647	5,465	4,292	(757)	144,647
Adjusted EBITDA	20,694	985	(73)	41	21,647
<i>% Revenues</i>	<i>15.26%</i>	<i>18.02%</i>	<i>-1.70%</i>		<i>14.97%</i>
EBIT	14,120	963	(302)	41	14,822

The **balance-sheet information** related to operating segments as at 31 March 2020 and 31 March 2019 are as follows (€/000):

<i>Segment financial position</i>	Datalogic Business	Solution Net System	Informatics	Adjustments	Total Group 31.03.2020
Total Assets	779,970	13,206	20,927	(32,702)	781,401
Total Liabilities	368,753	7,294	5,175	(414)	380,808
Shareholders' Equity	411,217	5,912	15,752	(32,288)	400,593

<i>Segment financial position</i>	Datalogic Business	Solution Net System	Informatics	Adjustments	Total Group 31.03.2019
Total Assets	831,678	16,411	20,585	(23,386)	845,288
Total Liabilities	429,453	7,276	5,949	12,125	454,803
Shareholders' Equity	402,225	9,135	14,636	(35,511)	390,485

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Over the period, recognised net investments amounted to €4,382 thousand, and depreciation amounted to €3,105 thousand, while the exchange rates were negative by €241 thousand. Tangible assets are broken down as at 31 March 2020 and 31 December 2019 as follows:

	31.03.2020	31.12.2019	Change
Land	8,773	8,778	(5)
Buildings	31,413	31,820	(407)
Other assets	34,160	35,418	(1,258)
Assets in progress and payments on account	16,292	13,586	2,706
Total	90,638	89,602	1,036

The “Other assets” item as at 31 March 2020 includes the following categories: Plant and machinery (€11,240 thousand), Industrial equipment and moulds (€10,419 thousand), Office furniture and machines (€9,586 thousand), General plants related to buildings (€1,396 thousand), Commercial equipment and demo room (€818 thousand), Maintenance on third-party assets (€560 thousand), and Motor vehicles (€66 thousand).

The balance of item “Assets in progress and payments on account”, equal to €16,292 thousand, is mainly composed of the following: €12,456 thousand for investments made for the building and enlargement of Group plants, €3,261 thousand for moulds under construction, €454 thousand for self-manufactured equipment and production lines. The increase for the period is due primarily to the construction of Buildings in Germany (€702 thousand) and in the United States (€1,267 thousand), in addition to moulds under construction (€1,180 thousand).

Note 2. Intangible assets

Over the period, recognised net investments amounted to €4,294 thousand, and amortisation amounted to €2,812 thousand, while the exchange rates amounted to €4,911 thousand. Intangible assets are broken down as at 31 March 2020 and 31 December 2019 as follows:

	31.03.2020	31.12.2019	Change
Goodwill	190,557	186,126	4,431
Development costs	9,637	9,927	(290)
Other intangible assets	27,391	28,430	(1,039)
Assets in progress and payments on account	15,405	12,114	3,291
Total	242,990	236,597	6,393

Goodwill

“Goodwill”, totalling €190,557 thousand, consisted of the following items:

	31.03.2020	31.12.2019	Change
CGU Datalogic	176,802	172,642	4,159
CGU Informatics	13,755	13,483	272
Total	190,557	186,126	4,431

The change in “Goodwill”, compared to 31 December 2019, is mainly attributable to translation differences. This Goodwill has been allocated to the CGUs (Cash Generating Units) corresponding to the individual companies and/or sub-groups to which they pertain.

As at 31 March 2020, the Directors deemed that assumptions underlying the impairment tests and related sensitivity tests undergone for the aforesaid CGUs as at 31 December 2019 and the related Business plans were still valid. Therefore, no impairment indicators were reported with reference to recognised goodwill. In this evaluation, Directors took account of results achieved as at 31 March 2020 and estimated for the entire year 2020.

Development costs, Other and Assets in progress and payments on account

The “**Development costs**” item, amounting to €9,637 thousand, is composed of specific product development projects. The “**Other**” item, amounting to €27,391 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group. Details are shown in the following table:

	31.03.2020	31.12.2019	Change
Patents	13,480	14,184	(704)
Know-how	2,843	3,066	(223)
Licence agreement	2,884	2,943	(59)
Software	8,148	8,098	50
Others	36	138	(102)
Total	27,391	28,430	(1,039)

The “**Assets in progress and payments on account**” item, equal to €15,405 thousand, is attributable, in the amount of €12,803 thousand, to the capitalisation of costs relating to Research and Development projects that are currently underway, as well as, in the amount of €2,602 thousand, to software implementations that are not yet completed.

Note 3. Right-of-use assets

Over the period, recognised net investments amounted to €3,313 thousand, and depreciation amounted to €1,382 thousand, while the exchange rates were negative by €99 thousand. Right-of-use assets are broken down as at 31 March 2020 and 31 December 2019 as follows:

	31.03.2020	31.12.2019	Change
Buildings	9,037	7,560	1,477
Vehicles	2,417	2,041	376
Office equipment	131	152	(21)
Total	11,585	9,753	1,832

Note 4. Equity investments in associates

Equity investments owned by the Group as at 31 March 2020 remained unchanged compared to the previous year and they are broken down as follows:

	31.12.2019	Increases	Decreases	Transfers	31.03.2020
CAEN RFID Srl	550				550
R4I	150				150
Datalogic Automation AB	2				2
Specialvideo Srl	29				29
Datasensor GMBH	45				45
Total	776	-	-	-	776

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	31.03.2020
Non-current financial assets	1,554		6,140	7,694
Financial assets - Equity investments			6,140	6,140
Financial assets - Securities				
Financial assets - Loans				
Financial assets - Other				
Other receivables	1,554			1,554
Current financial assets	221,219	29,633		250,852
Trade receivables	74,363			74,363
Other receivables	24,896			24,896
Financial assets - Other		29,633		29,633
Financial assets - Securities				
Cash and cash equivalents	121,960			121,960
Total	222,773	29,633	6,140	258,546

	Derivatives	Financial liabilities at amortised cost	31.03.2020
Non-current financial liabilities		132,591	132,591
Financial payables		116,794	116,794
Financial liabilities - Derivative instruments			
Other payables		15,797	15,797
Current financial liabilities		188,696	188,696
Trade payables		84,416	84,416
Other payables		48,477	48,477
Financial liabilities - Derivative instruments			0
Short-term financial payables		55,803	55,803
Total		321,287	321,287

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

Fair value – hierarchy

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

Level 1: market prices;

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

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

	Level 1	Level 2	Level 3	31.03.2020
Assets measured at fair value				
Financial assets - Equity investments	5,535		605	6,140
Financial assets - Non-current securities				
Financial assets - Other non-current financial assets				
Financial assets - Other	18,590	11,043		29,633
Financial assets - Loans				
Financial assets - Derivative instruments				
Total Assets measured at fair value	24,125	11,043	605	35,773

Note 6. Financial assets

The financial assets include the following:

	31.03.2020	31.12.2019	Change
Non-current financial assets	6,140	9,465	(3,325)
Current financial assets	29,633	31,200	(1,567)
Total	35,773	40,665	(4,892)

The “Current financial assets” item 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.

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	Fair value Adj.	Transaltion Effects	31.03.2020
Listed equity investments	8,860	(3,463)	138	5,535
Unlisted equity investments	605			605
Total	9,465	(3,463)	138	6,140

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

Note 7. Trade and other receivables

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

	31.03.2020	31.12.2019	Change
Trade receivables	71,943	73,164	(1,220)
Contract assets	3,744	5,361	(1,618)
Bad debt provision	(1,324)	(1,217)	(107)
Trade receivables	73,363	77,308	(2,945)
Receivables from associates	846	895	(49)
Total Trade receivables	74,363	78,203	(3,840)
Other receivables - current accrued income and prepaid expenses	24,896	24,924	(28)
Other receivables - non-current accrued income and prepaid expenses	1,554	1,334	220
Total Other receivables - accrued income and prepaid expenses	26,450	26,258	192
Trade and other receivables - Non-current	1,554	1,334	220
Trade and other receivables - current	99,259	103,127	(3,868)

Trade receivables

The “Trade receivables” item as at 31 March 2020, gross of bad debt provisions, amounted to €74,363 thousand, representing a decrease of 4.9%. As at 31 March 2020, factored trade receivables amounted to €26,483 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 detail of the “Other receivables - accrued income and prepaid expenses” item is shown below:

	31.03.2020	31.12.2019	Change
Other short-term receivables	2,706	2,311	395
Other long-term receivables	1,554	1,334	220
VAT receivables	17,514	18,534	(1,020)
Accrued income and prepaid expenses	4,676	4,079	597
Total	26,450	26,258	192

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

Note 8. Inventories

	31.03.2020	31.12.2019	Change
Raw and ancillary materials and consumables	47,081	41,754	5,327
Work in progress and semi-finished products	20,315	23,582	(3,267)
Finished products and goods	35,916	37,585	(1,669)
Total	103,312	102,921	391

Inventories are disclosed net of an obsolescence provision totalling €10,238 thousand as at 31 March 2020 (€10,121 thousand as at 31 December 2019) and are substantially in line with the previous year.

Note 9. Tax payables and receivables

	31.03.2020	31.12.2019	Change
Tax receivables	25,657	24,421	1,236
<i>of which from parent company</i>	12,742	12,742	-
Tax payables	(24,778)	(25,822)	1,044
<i>of which to parent company</i>	(15,913)	(15,913)	-
Total	879	(1,401)	2,280

As at 31 March 2020, the “Tax receivables” item amounted to €25,657 thousand, up €1,236 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., equal to €12,742 thousand (€12,742 thousand as at 31 December 2019) are classified under this item.

The “Tax payables” item amounted to €24,778 thousand as at 31 March 2020, down €1,044 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 €15,913 thousand (€15,913 thousand as at 31 December 2019) are classified under this item.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

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

	31.03.2020	31.12.2019	Change
Share capital	30,392	30,392	
Share premium reserve	111,779	111,779	
Treasury shares held in portfolio	(17,583)	(15,113)	(2,470)
Share capital and capital reserves	124,588	127,058	(2,470)
Translation reserve	32,959	26,530	6,429
Other reserves	2,505	5,777	(3,272)
Retained earnings	244,806	194,527	50,279
Profit/(loss) for the period	(4,265)	50,279	(54,544)
Total consolidated Shareholders' Equity	400,593	404,171	(3,578)

Share capital

As at 31 March 2020, the share capital amounted to €30,392 thousand, representing the share capital, entirely subscribed and paid by the Parent Company Datalogic S.p.A.. The share capital comprises a total number of ordinary shares of 58,446,491, including 1,370,337 held as treasury shares, for a counter-value of €17,583 thousand, making the number of outstanding shares at that date 57,076,154. The shares have a nominal unit value of €0.52.

Other Reserves

As at 31 March 2020, changes in other reserves are broken down as follows:

- change in the translation reserve, amounting to €6,429 thousand;
- change in the cash flow hedge reserve, amounting to €54 thousand;
- negative change in financial assets reserve, measured at FVOCI, amounting to €3,325 thousand.

Note 11. Financial payables

Financial payables are broken down as follows:

	31.03.2020	31.12.2019	Change
Non-current financial payables	116,794	115,578	1,216
Current financial payables	55,803	54,099	1,704
Total	172,597	169,677	2,920

The breakdown of this item is detailed below:

	31.03.2020	31.12.2019	Change
Borrowings from Bank	157,715	157,527	188
Others	1,497		1,497
Financial payables IFRS 16	11,941	10,061	1,880
Payables to factoring companies	1,239	1,868	(629)
Bank overdrafts	205	221	(16)
Total	172,597	169,677	2,920

Covenants

Some borrowing contracts envisage the compliance, by the Group, with some financial covenants, measured every six months as at 30 June and as at 31 December, as summarised in the following table:

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

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 based on assumptions of the future recoverability of the temporary differences that originated them, that is based on economic and fiscal strategic plans.

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

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

	31.03.2020	31.12.2019	Change
Deferred tax assets	47,897	43,572	4,325
Deferred tax liabilities	(18,275)	(17,819)	(456)
Net deferred taxes	29,622	25,753	3,869

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.

Note 13. Post-employment benefits

The breakdown of changes in the "Post-employment benefits" item as at 31 March 2020 and 31 March 2019 is shown below:

	2020	2019
1 January	7,026	6,541
Accrual	445	571
Payments	(361)	(163)
Other movements		6
Social security receivables for post-employment benefits	(123)	(315)
31 March	6,987	6,640

Note 14. Provisions for risks and charges

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

	31.03.2020	31.12.2019	Change
Provisions for risks and charges, current	4,316	4,273	43
Provisions for risks and charges, non-current	4,923	4,916	7
Total	9,239	9,189	50

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

	31.12.2019	Increases	Foreign exchange gains/losses	31.03.2020
Product warranty provision	8,305		2	8,307
Others	885	48		933
Total	9,189	48	2	9,239

The “**Product warranty provision**” item covers the estimated cost of repairing products sold up to 31 March 2020 and covered by a warranty period. It amounts to €8,307 thousand (of which €4,633 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

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

Note 15. Trade and other payables

The breakdown of trade and other payables is summarised in the following table:

	31.03.2020	31.12.2019	Change
Trade payables	83,506	104,193	(20,687)
Contract liabilities - customer advances	910	1,648	(738)
Trade payables	84,416	105,841	(21,451)
Payables to associates	63	55	8
Payables to related parties	112	133	(21)
Total Trade payables	84,591	106,029	(21,438)
Other payables - current accrued liabilities and deferred income	48,477	48,124	353
Other payables - non-current accrued liabilities and deferred income	15,797	16,684	(887)
Total Other payables - accrued liabilities and deferred income	64,274	64,808	(534)
Less: non-current portion	15,797	16,684	(887)
Current portion	133,068	154,153	(21,085)

Trade payables amounted to €84,591 thousand, down by €21,250 thousand compared to the previous year.

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	31.03.2020	31.12.2019	Change
Non-current accrued liabilities and deferred income	15,797	16,684	(887)
Other short-term payables:	28,605	27,134	1,471
Payables to employees	20,739	17,883	2,856
Payables to pension and social security agencies	5,886	6,382	(496)
Other payables	1,980	2,869	(889)
VAT payables	2,721	3,673	(952)
Current accrued liabilities and deferred income	17,151	17,317	(166)
Total	64,274	64,808	(534)

Payables to employees represents the amount due for salaries and vacations accrued by employees as at 31 March 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:

	Quarter ended		Change
	31.03.2020	31.03.2019	
Revenues from sale of products	114,994	135,564	(20,570)
Revenues from services	9,174	9,083	91
Total Revenues	124,168	144,647	(20,479)

In the first quarter of 2020, consolidated net revenues amounted to €124,168 thousand, down by 14.2% compared to €144,647 thousand in the same period of 2019.

In the first quarter of 2020, the Datalogic division reported revenues amounting to €115,252 thousand, with a negative performance in all geographical areas. The business segments that contribute the most as regards revenues over the period are Retail, Manufacturing and Channel. The segments that reported the best performances in terms of growth are OEM and GCO.

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

	Datalogic	Solution Net System	Informatics	Adjustments	31.03.2020
Revenues broken down by recognition method					
Revenues from the sale of goods and services - point in time	104,359	955	3,195	(793)	107,716
Revenues from the sale of goods and services - over the time	10,893	4,567	992		16,452
Total	115,252	5,522	4,187	(793)	124,168

	Datalogic	Solution Net System	Informatics	Adjustments	31.03.2019
Revenues broken down by recognition method					
Revenues from the sale of goods and services - point in time	123,491	379	3,628	(757)	126,741
Revenues from the sale of goods and services - over the time	12,156	5,086	664		17,906
Total	135,647	5,465	4,292	(757)	144,647

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.

	Datalogic	Solution Net System	Informatics	Adjustments	31.03.2020
Revenues broken down by type					
Sale of goods	107,514	5,176	3,001	(697)	114,994
Sale of services	7,738	346	1,186	(96)	9,174
Total	115,252	5,522	4,187	(793)	124,168

	Datalogic	Solution Net System	Informatics	Adjustments	31.03.2019
Revenues broken down by type					
Sale of goods	127,959	4,829	3,964	(757)	135,995
Sale of services	7,688	636	328		8,652
Total	135,647	5,465	4,292	(757)	144,647

Note 17. Cost of goods sold and operating costs

	Quarter ended		Change
	31.03.2020	31.03.2019	
Cost of goods sold	66,568	74,496	(7,928)
Operating costs	59,962	56,456	3,507
Research and Development expenses	17,056	14,330	2,726
Distribution expenses	29,200	29,106	94
General and Administrative expenses	13,142	12,473	670
Other operating expenses	564	547	17
Total	126,530	130,952	(4,421)

Cost of goods sold

This item amounted to €66,568 thousand, down by 10.6% compared to the same period of 2019. The percentage on revenues increased by 2.1% and amounted to 53.6% (51.5% in the same period of 2019).

Operating costs

Operating costs increased by 6.2%, from €56,456 thousand to €59,962 thousand. The percentage on turnover increased from 39.0% to 48.3%, reporting a 9.3% worsening. In particular:

- **“Research and development expenses”** amounted to €17,056 thousand and increased, compared to the same period of the previous year, with a percentage on turnover of 13.7% (9.9% in the same period of the previous year).
- **“Distribution expenses”** amounted to €29,200 thousand, in line compared to the same period of the previous year, with a percentage increase on turnover from 20.1% to 23.5%.
- **“General and administrative expenses”** amounted to €13,142 thousand, up by 6.0%.

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

	Quarter ended		Change
	31.03.2020	31.03.2019	
Non-income taxes	493	250	243
Provision risk accrual	6	6	0
Accrual/(Releases) for doubtful accounts	0	5	(5)
Cost charge-backs	60	247	(187)
Loss on disposal of fixed assets	1	39	(38)
Others	4	0	4
Total	564	547	17

Breakdown of costs by type

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

	Quarter ended		Change
	31.03.2020	31.03.2019	
Purchases	47,746	65,707	(17,962)
Change in inventories	(661)	(10,561)	9,901
Labour cost	44,876	46,429	(1,553)
Amortisation, depreciation and write-downs	7,299	6,625	674
Goods receipt and shipment expenses	3,741	4,605	(864)
Travel and meetings expenses	2,298	3,509	(1,211)
Technical, legal and tax advisory consultancies	2,837	1,746	1,091
Subcontracted work	2,598	1,455	1,143
Quality certification expenses	2,543	539	2,004
Consumables and R&D material	2,061	1,965	96
EDP expenses	1,540	1,108	432
Marketing expenses	1,352	1,969	(617)
Repairs and warranty provision accrual	1,233	351	882
Building expenses	872	570	302
Royalties	641	708	(67)
Utilities	572	599	(27)
Directors' remuneration	551	550	1
Telephone expenses	545	462	83
Sundry service costs	381	540	(159)
Expenses for plant and machinery and other assets	354	349	5
Entertainment expenses	310	200	110
Vehicle expenses	305	327	(22)
Insurances	273	188	85
Commissions	262	302	(40)
Others	2,002	710	1,292
Total Cost of goods sold and operating costs	126,530	130,952	(4,422)

Costs for purchases and change in inventories decreased by €8,061 thousand (-14.6%), compared to the same period of 2019, and remained unchanged in terms of percentage on total revenues.

Labour cost amounted to €44,876 thousand (€46,429 thousand in the same period of 2019) and reported a decrease of €1,553 thousand compared to the previous year (-3.3%). The change, compared to 31 March 2019, is due to the decrease in the average number of employees on a payroll during the period, mainly in Europe. The detailed breakdown of labour cost is as follows:

	Quarter ended		Change
	31.03.2020	31.03.2019	
Wages and salaries	34,819	35,231	(412)
Social security charges	7,056	7,699	(643)
Employee severance indemnities	620	708	(88)
Retirement and similar benefits	404	394	10
Other labour costs	1,977	2,397	(420)
Total	44,876	46,429	(1,553)

The increase of €674 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 €3,741 thousand, recorded a 18.8% decrease, with a better percentage on turnover compared with the previous period (-0.2%).

Costs related to “**Subcontracted work**” amounted to €2,598 thousand and refer primarily to orders in the Solution Net Systems division. They increased compared to the same period of the previous year according to the progress of some projects.

Expenses related to “**Technical, legal and tax advisory consultancies**”, amounting to €2,837 thousand, increased by €1,091 thousand compared to the same period of 2019. In particular, they are related to technical consultancies in R&D.

“**Quality certification expenses**”, amounting to 2,543 thousand, increased by €2,004 thousand compared to the same period of 2019, following the certification of new products.

Pursuant to provisions as per Law no. 124/2017, art. 1, par. 125-129, it is noted that grants to research and development expenses are due primarily to the portion pertaining to the year of grants received on the following projects:

- “**Rossini**” (RObot enhanced SenSing, INtelligence and actuation to Improve job quality in manufacturing) financed by the European Commission within the Horizon 2020 program;
- “**Flute**” (FLexibility, Usability, easy installation and configuration faciLiTy, Eco-sustainability), financed by the Emilia Romagna Region (Regional Law 14/2014).

Note 18. Other revenues

	Quarter ended		Change
	31.03.2020	31.03.2019	
Grants to research and development expenses	626	0	626
Miscellaneous income and revenues	492	1,092	(600)
Rents	24	24	0
Income on disposal of fixed assets	10	24	(14)
Contingent assets	0	2	(2)
Others	13	(15)	28
Total	1,165	1,127	38

The “**Grants to research and development expenses**” item includes the tax receivables for R&D activities (€500 thousand).

Note 19. Financial Income/(Expenses)

	Quarter ended		Change
	31.03.2020	31.03.2019	
Financial Income/(Expenses)	(2,070)	117	(2,187)
Foreign exchange gains/losses	(3,023)	1,504	(4,527)
Bank expenses	(220)	(302)	82
Others	21	(29)	50
Total Financial Income/(Expenses)	(5,292)	1,290	(6,582)

Due to the unfavourable trend of exchange rates and the negative result from cash investments, the Net Financial Income/(Expenses) item was negative for €5,292 thousand, a worsening of €6,582 thousand compared to a positive result of €1,290 thousand reported in the same period of 2019, mainly due to the unfavourable performance of foreign exchange differences and to the negative fair value of cash equivalents.

Note 20. Taxes

	Quarter ended		Change
	31.03.2020	31.03.2019	
Profit/(Loss) before taxes from continuing operations	(6,489)	16,111	(22,600)
Income taxes	1,002	3,001	(1,999)
Deferred taxes	(3,226)	543	(3,769)
Total	(2,224)	3,544	(5,768)
Tax Rate	34.3%	22.0%	12.3%

The average tax rate came to 34.3% in the first quarter 2020 (22.0% as at 31 March 2019). The tax rate in the first quarter is positive due to the recognition of deferred tax assets over tax losses of Italian companies.

Note 21. Earnings/loss per share**Earnings/loss per share**

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

	Quarter ended	
	31.03.2020	31.03.2019
Group profit/(loss) for the period	(4,265)	12,567
Average number of shares (thousands)	58,025	57,469
Basic earnings/(loss) per share	(0.07)	0.22
Group profit/(loss) for the period	(4,265)	12,567
Average number of shares (thousands) - Diluted effect	57,851	57,477
Diluted earnings/(loss) per share	(0.07)	0.22

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.

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.

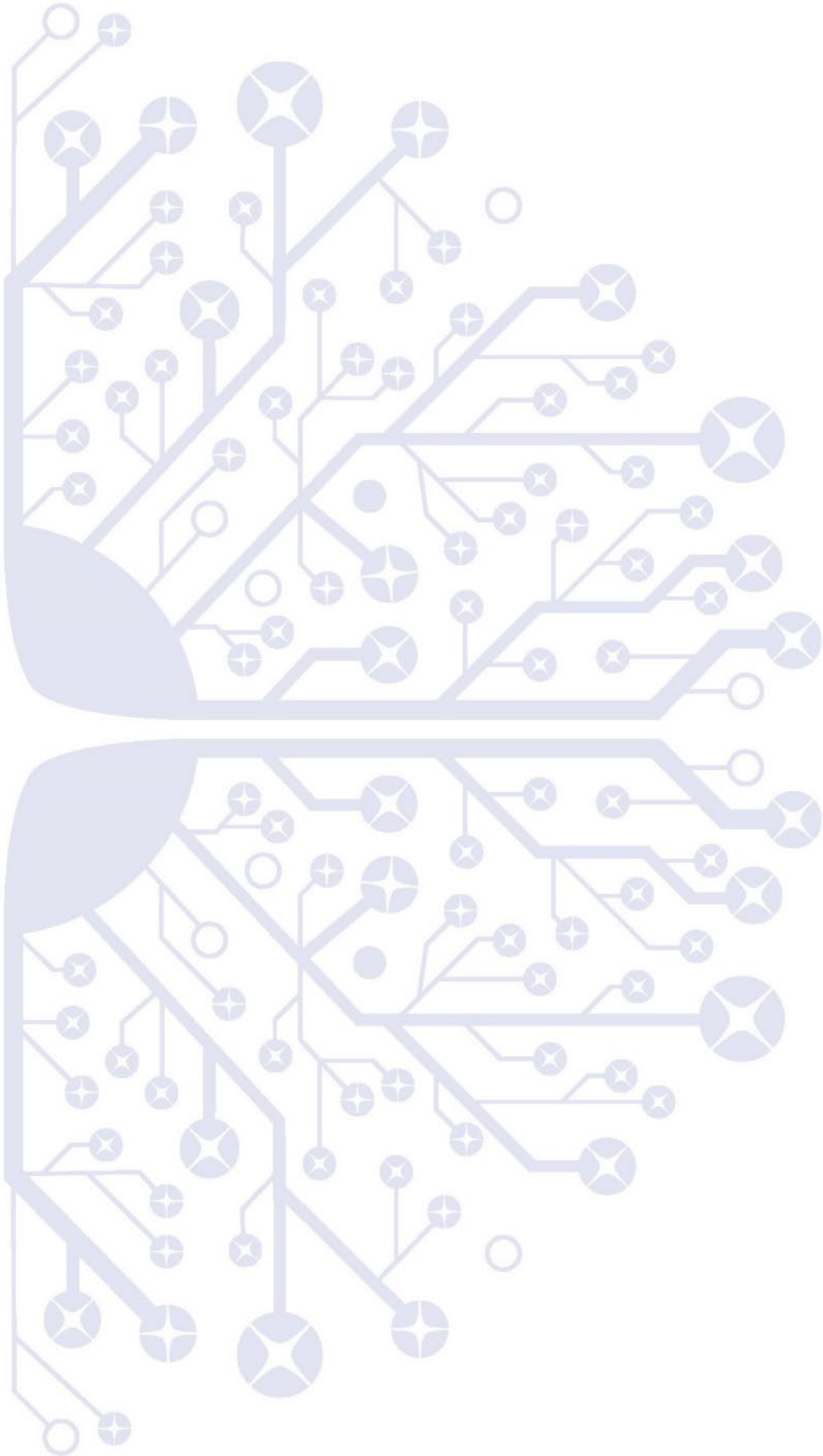
Pursuant to Art. 5, par. 8, of the Consob Regulations, it should be noted that, over the period 01/01/2020 - 31/03/2020, the Company's Board of Directors did not approve any relevant transaction, as set out by Art. 3, par. 1, lett. b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

	Parent Company	Company controlled by Chairman of BoD	Not consolidated companies on a line-by-line basis	31.03.2020
Equity investments	-	-	776	776
Held-for-sale assets	-	-	-	-
Other trade receivables - accrued income and prepaid expenses	-	77	851	928
Receivables pursuant to tax consolidation	12,742	-	-	12,742
Financial receivables	-	-	-	-
Payables pursuant to tax consolidation	15,913	-	-	15,913
Trade payables	-	112	80	192
Financial payables	-	-	-	-
Operating expenses	-	290	47	337
Trade and other revenues	-	-	1,168	1,168
Financial income	-	-	-	-
Profits/(losses) from associates	-	-	-	-

NUMBER OF EMPLOYEES

	31.03.2020	31.03.2019	Change
Datalogic	2,901	3,017	(116)
Solution Net Systems	36	42	(6)
Informatics	75	84	(9)
Total	3,012	3,143	(131)

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



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ANNEX 1

STATEMENT PURSUANT TO ART. 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE NO. 58/1998

Interim Report as at 31 March 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 Article 154 bis, of Legislative Decree no. 58 of 24 February 1998, the Consolidated Interim Report as at 31 March 2020 is consistent with the accounting records.

Lippo di Calderara di Reno (BO), 14 May 2020

Datalogic S.p.A.

Manager in charge of drawing up
the accounting statements
Laura Bernardelli

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ANNEX 2

CONSOLIDATION AREA

The Consolidated Financial Statements include interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. 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 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	Euro	30,392,175	350,773	(359)	
Datalogic Real Estate France Sas	Paris – France	Euro	2,227,500	3,726	25	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	5,457	44	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	22,761	163	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	15,521	7	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	231	9	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	2,898	(13)	100%
Datalogic Hungary Kft	Fonyod - Hungary	HUF	3,000,000	4,845	266	100%
Solution Net Systems, Inc.	Quakertown, PA - USA	USD		5,912	(141)	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	147,514	(9,457)	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	Euro	66,388	7,887	1,459	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	230,907	1,048	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	580	211	100%
Datalogic Tecnologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(283)	(69)	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	Euro	25,000	3,800	10	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	866	26	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	28,066	910	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	3,418	279	100%
Suzhou Mobydata Smart System Co. Ltd	Suzhou, JiangSu - China	CNY	161,224	3,679	(125)	51%

The following companies were consolidated at cost as at 31 March 2020:

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	840	205	40%
Datasensor GmbH (*)	Otterfing - Germany	Euro	150,000	29	29	30%
CAEN RFID S.r.l. (*)	Viareggio (LU) - Italy	Euro	150,000	1,233	49	20%
R4I S.r.l. (*)	Benevento	Euro	131,250	403	(43)	20%
Datalogic Automation AB (**)	Malmö, Sweden	SEK	100,000	807	368	20%

(*) data as at 31 December 2018

(**) data as at 30 June 2018

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ANNEX 3

RESTATEMENT OF SEGMENT DISCLOSURE

As envisaged by the International Accounting Standards regarding segment disclosure, in the case of reorganisation of business segments, comparative periods are restated to allow for a uniform comparison. Below are the restated results for the first quarter 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 with the aim of ensuring the supervision of the different types of end-user customers and partners alongside the geographical one of the Country.

REVENUES BY GEOGRAPHICAL AREA

	31.03.2019 Reported	Restatement	31.03.2019 Restated
<i>Italy</i>	11,765	(412)	11,353
<i>EMEA (excluding Italy)</i>	71,850	454	72,304
Total EMEA	83,615	42	83,657
Americas	46,272	(172)	46,100
APAC	14,760	130	14,890
Total Revenues	144,647	-	144,647

REVENUES BY BUSINESS SEGMENT

	31.03.2019 Reported	Restatement	31.03.2019 Restated
Retail	63,565	(11,915)	51,650
Manufacturing	38,885	(10,341)	28,544
Transportation & Logistics	14,744	(659)	14,085
Healthcare	5,427	(476)	4,951
OEM		224	224
Channel	13,026	23,168	36,194
Total Revenues	135,647	-	135,647

Within the reorganization of the commercial function, the revenue allocation criteria were partially modified, by re-allocating to the Channel segment a portion of the sales made to “partner” customers and previously classified under the industries according to a turnover prevalence criterion, as communicated by the distribution network. 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 individual segments, to which only revenues from direct sales to end customers are attributed according to the segment to which they belong. The rationale of the change in approach is based on the desire to make the measurement of market trends in individual sectors more accurate and timelier, in order to strengthen the effectiveness and timeliness of strategic go to market decisions.

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ANNEX 4

RECONCILIATION - ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

The following table shows the reconciliation between EBITDA and Adjusted EBITDA as at 31 March 2020, compared with 31 March 2019.

	31.03.2020		31.03.2019		Change	% Change
Adjusted EBITDA	7,330	5.9%	21,647	15.0%	(14,317)	-66.1%
Cost of goods sold	379	0.3%	0	0.0%	379	n.a.
Research and development expenses	102	0.1%	0	0.0%	102	n.a.
Distribution expenses	405	0.3%	4	0.0%	401	n.a.
General and administrative expenses	342	0.3%	195	0.1%	147	75.4%
Other operating income/(expenses)	0	0.0%	0	0.0%	0	n.a.
Non-recurring costs/revenues and write-downs	1,228	1.0%	199	0.1%	1,029	517.1%
EBITDA	6,102	4.9%	21,448	14.8%	(15,346)	-71.5%

Non-recurring costs and revenues refer to income and charges recognised and borne mainly due to corporate and segment reorganisations started in 2019, in addition to costs related to the Covid-19 emergency. The latter refer primarily to higher lockdown-related procurement and distribution costs, as well as costs of sanitation and purchase of workplace safety devices, penalties for cancellation of trade fairs and events and internal personnel costs for the handling of emergency.