



**Consolidated Half-Year Financial
Report
30 June 2020**

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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⁾

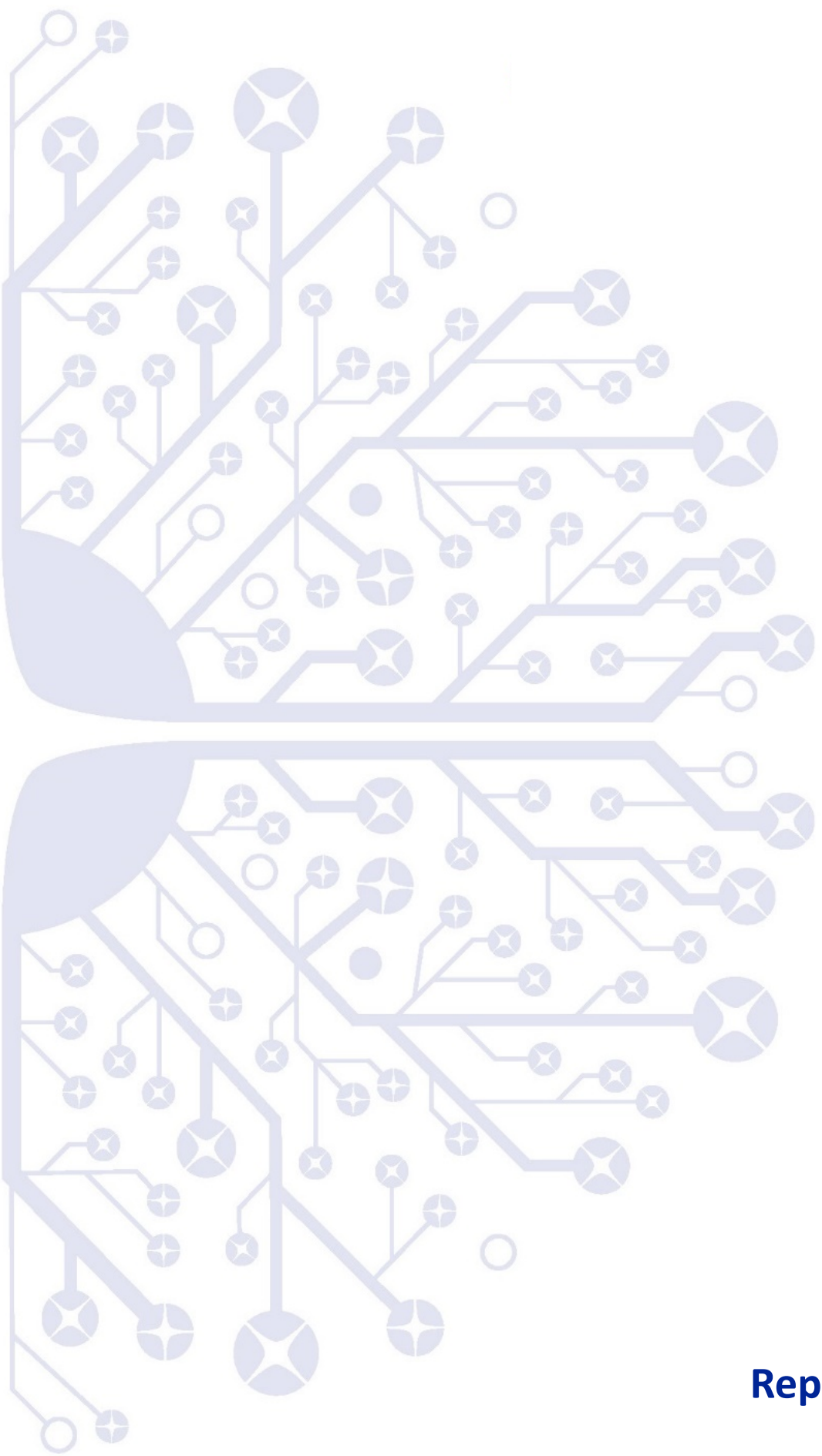
Deloitte & Touche S.p.A.

(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

REPORT ON OPERATIONS

INTRODUCTION

This Half-Year Financial Report as at 30 June 2020 was drawn up pursuant to Art. 154 of Consolidated Law on Finance (T.U.F.) and was prepared in compliance with the international accounting standards (IAS/IFRS) endorsed by the European Union.

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

GROUP PROFILE

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

HIGHLIGHTS OF THE PERIOD

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

The comparative economic data as at 30 June 2019 were restated, as envisaged by the accounting standard IFRS 5, following the classification of results of the investee Solution Net Systems Inc., Group operating segment, under assets held for sale.

	30.06.2020	Half year ended		Change	% change	% ch. net FX
		% on Revenues	30.06.2019 Restated			
Revenues	230,414	100.0%	291,419	100.0%	(61,005)	-20.9%
Adjusted EBITDA	18,365	8.0%	45,819	15.7%	(27,454)	-59.9%
Operating result (EBIT)	334	0.1%	32,108	11.0%	(31,774)	-99.0%
Net Profit/(Loss) for the period	(13)	0.0%	25,251	8.7%	(25,264)	n.a.
Net financial position (NFP)	(15,383)		(17,803)		2,420	

During the first half of 2020, the Group reported **revenues** equal to €230.4 million, down by 20.9% compared to the same period of 2019 (-21.4% net FX). The Adjusted EBITDA stood at €18.4 million, with the Adjusted EBITDA margin of 8.0% (15.7% as at 30 June 2019).

In the first half of 2020, in an unprecedented economic context caused by the Covid-19, consolidated revenues fell in the main geographic areas, -25.5% in EMEAI and -22.5% in the Americas, while APAC recorded the first positive signs of

growth (+5.4%, with a second quarter that grew by 19.1%) thanks to the progressive easing of restrictive measures, which instead weighed on performance in Europe and the United States in particular in the second part of the semester.

Thanks to a specific cost saving plan, launched in the second quarter of the year, and despite the above-mentioned reduced volumes, the Group achieved a break-even **result** in the first half of the year (negative by €13 thousand), compared to €25.3 million profit in the same period of 2019.

As at 30 June 2020, the **Net Financial Position** was negative for €15.4 million, with an increase of €2.4 million compared to 30 June 2019 (negative by €17.8 million) and a decrease of €28.7 million compared to 31 December 2019 (positive by €13.4 million).

Excluding the recognition of cash and cash equivalents of the investee Solution Net Systems Inc. among the assets held for sale, the improvement in the net financial position would have been €5.1 million compared to the same period of 2019.

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 and rights of use, financial income and expenses and income taxes.
- **Adjusted EBITDA:** this indicator is defined as Profit/Loss for the period before depreciation and amortisation of tangible and intangible assets and right of use, financial income and expenses and income taxes, as well as of costs and revenues considered by the Management as non-recurring because they are significant in amount and type and, as such, do not reflect the Group's core business, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006.
- **Net Trade Working Capital:** this indicator is calculated as the sum of Inventories and Trade Receivables, less Trade Payables.
- **Net Working Capital:** this indicator is calculated as the sum of Net 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 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 half year, compared with the same period in the previous year:

	Half year ended					
	30.06.2020		30.06.2019 Restated		Change	% change
Revenues	230,414	100.0%	291,419	100.0%	(61,005)	-20.9%
Cost of goods sold	(124,535)	-54.0%	(145,928)	-50.1%	21,393	-14.7%
Gross Operating Margin	105,879	46.0%	145,491	49.9%	(39,612)	-27.2%
Research and Development expenses	(29,162)	-12.7%	(31,146)	-10.7%	1,984	-6.4%
Distribution expenses	(51,136)	-22.2%	(59,862)	-20.5%	8,726	-14.6%
General and administrative expenses	(20,818)	-9.0%	(22,180)	-7.6%	1,362	-6.1%
Other (expenses)/income	1,633	0.7%	2,971	1.0%	(1,338)	-45.0%
Total Operating and other costs	(99,483)	-43.2%	(110,217)	-37.8%	10,734	-9.7%
Non-recurring costs/revenues and write-downs	(3,595)	-1.6%	(759)	-0.3%	(2,836)	373.6%
Amortisation and depreciation from acquisitions	(2,467)	-1.1%	(2,407)	-0.8%	(60)	2.5%
Operating result (EBIT)	334	0.1%	32,108	11.0%	(31,774)	-99.0%
Financial Income/(Expenses)	(1,980)	-0.9%	(712)	-0.2%	(1,268)	178.1%
Foreign exchange gains/(losses)	(3,178)	-1.4%	(703)	-0.2%	(2,475)	352.1%
Profit/(Loss) before taxes (EBT)	(4,824)	-2.1%	30,693	10.5%	(35,517)	n.a.
Taxes	4,345	1.9%	(6,815)	-2.3%	11,160	n.a.
Net Profit/(Loss) for the period from continuing operations	(479)	-0.2%	23,878	8.2%	(24,357)	n.a.
Net Profit/(Loss) for the period from assets held for sale	466	0.2%	1,373	0.5%	(907)	-66.1%
Net Profit/(Loss) for the period	(13)	0.0%	25,251	8.7%	(25,264)	n.a.
Non-recurring costs/revenues and write-downs	(3,595)	-1.6%	(759)	-0.3%	(2,836)	373.6%
Amortisation of tangible assets	(8,898)	-3.9%	(8,006)	-2.7%	(892)	11.1%
Amortisation of intangible assets	(5,538)	-2.4%	(4,946)	-1.7%	(592)	12.0%
Adjusted EBITDA	18,365	8.0%	45,819	15.7%	(27,454)	-59.9%

Consolidated revenues, amounting to €230.4 million, decreased by 20.9% compared to €291.4 million in the same period of the previous year. The following table shows the breakdown by **geographic area** of Group revenues achieved in the first half of 2020, compared with the same period of the prior year.

	Half year ended						% ch. net FX
	30.06.2020	%	30.06.2019 Restated	%	Change	%	
<i>Italy</i>	18,743	8.1%	24,430	8.4%	(5,687)	-23.3%	-23.3%
<i>EMEA (excluding Italy)</i>	100,081	43.4%	135,073	46.4%	(34,992)	-25.9%	-26.1%
Total EMEA	118,824	51.6%	159,503	54.7%	(40,679)	-25.5%	-25.7%
Americas	76,360	33.1%	98,478	33.8%	(22,118)	-22.5%	-23.4%
APAC	35,230	15.3%	33,438	11.5%	1,792	5.4%	5.3%
Total Revenues	230,414	100.0%	291,419	100.0%	(61,005)	-20.9%	-21.4%

Revenue performance for the semester reflected, in the first months of the year, the expected weakness in the markets due to the postponement of some investment decisions following the reduced business activities in the markets caused by the pandemic, as well as to the completion of important roll-out of fixed retail scanners contracts in the Retail

segment, started in 2018, and the completion of long-term projects in the Transportation & Logistics segment. Subsequently, the restrictive measures resulting from the Covid, adopted first in APAC and then in Europe and North America, which had resulted in an initial phase of contraction in demand towards the end of the first quarter, intensified in the second half of the semester with the lockdown measures adopted by governments in Europe and America. Conversely, during first half of the year, Asian markets recorded a substantial recovery reaching a double-digit growth in the second quarter.

Gross Operating Margin was €105.9 million, 46.0% of turnover (49.9% in the first half of 2019), decreasing by 27.2% compared to €145.5 million reported in the same period of the previous year, primarily due to the contraction in volumes and the price and mix effect.

Operating and other costs, equal to €99.5 million, decreased by 9.7% compared to €110.2 million in the same period of 2019, due to a careful cost reduction plan implemented by the Management as a response to the contraction in the market. Measures adopted were aimed at making cost structure more flexible to minimize production inefficiencies related to the discontinuity of business activity and low volumes, also adopting social safety nets and flexibility tools. Operating costs as well as discretionary investments were deferred, while investments in R&D and strategic activities were reinforced pursuing the Group's strategy focused on innovation.

Research and development expenses decreased by 6.4%, to €29.2 million, reaching 12.7% on revenues compared to 10.7% in the first half of 2019, balancing efficiencies while strengthening investments pursuing strategic goals. During the half year, albeit in the difficult market context, the total research and development spending, gross of capital expenditure, increased from €32.1 million to €34.2 million, reaching 14.8% on revenues, compared to 11.0% reported in the same period of 2019, increasing by 3.8 percentage points. Thanks to its equity and financial fortress, the Group was able to maintain, even in a short-term recessionary scenario, the strategic investments in the development of new products and solutions, aimed at strengthening and innovating its offer.

Distribution expenses amounted to €51.1 million, down by 14.6% compared to the previous period (€59.9 million in the first half of 2019), 22.2% of revenues, as a result of the efficiencies achieved in APAC and EMEA on sales and distribution as well as in marketing costs.

Adjusted EBITDA was €18.4 million (€45.8 million in the first half of 2019) and showed 7.7% decrease as percentage on revenue, dropping to 8.0% compared to 15.7% recorded in the first half of 2019. Margin trend recorded over the period reflected the contraction in volumes and the price effects, due to scenario that arose following the spread of Covid-19 pandemic and to the less favourable sales mix, partially offset by efficiencies achieved on fixed costs.

EBIT stood at €0.3 million, compared to €32.1 million in the same period of the previous year, as a result of the trends described above.

FINANCIAL INCOME/(EXPENSES)

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Financial Income/(Expenses)	(1,659)	(100)	(1,559)
Foreign exchange gains/losses	(3,178)	(703)	(2,475)
Bank expenses	(423)	(609)	186
Others	102	(3)	105
Total Financial Income/(Expenses)	(5,158)	(1,415)	(3,743)

Net Financial Income (Expenses), negative by €5.2 million, worsened by €3.7 million compared to the first half of 2019, due to the unfavourable trend of exchange differences, negative for €3.2 million (negative for €0.7 million as at 30 June 2019) and to the negative fair value recorded on cash equivalents investments (€-0.7 million in the first half of 2020, compared to €0.9 million in the same half of 2019), caused by the performance of the financial markets in the first quarter, which however showed signs of recovery in the latter part of the first half.

Net result of assets held for sale, represented by the investee Solution Net Systems Inc., was positive for €0.4 million, compared to €1.4 million in the first half of 2019.

Net result of the first half of the year at break-even, with a net loss of €13 thousand (net profit of €25.3 million as at 30 June 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. Compared to the previous period, the division Solution Net Systems Inc. (SNS) is not included in the operating segments, as it is classified as asset available for sale:

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

The following tables show the comparison between the divisional Revenues and Adjusted EBITDA achieved in the first half of 2020 and those achieved in the same period of 2019:

	Half year ended		30.06.2019		Change	%	% change net FX
	30.06.2020	%	Restated	%			
Datalogic	223,184	96.9%	282,581	97.0%	(59,398)	-21.0%	-21.4%
Informatics	7,864	3.4%	9,300	3.2%	(1,436)	-15.4%	-17.4%
Adjustments	(634)	-0.3%	(462)	-0.2%	(171)	37.1%	
Total Revenues	230,414	100.0%	291,419	100.0%	(61,005)	-20.9%	-21.4%

	Half year ended		30.06.2019		Change	%
	30.06.2020	% on revenues	Restated	% on revenues		
Datalogic	18,411	8.2%	45,218	16.0%	(26,807)	-59.3%
Informatics	(81)	-1.0%	515	5.5%	(596)	n.a.
Adjustments	35	-5.5%	86	-18.6%	(51)	
Total Adjusted EBITDA	18,365	8.0%	45,819	15.7%	(27,454)	-59.9%

DATALOGIC DIVISION

In the first half of the year 2020, the **Datalogic** division recorded sales revenues of €223.2 million, down 21% compared to the same period of 2019.

Adjusted EBITDA for the division amounted to €18.4 million, decreasing compared to the same period of 2019, 8.2% on revenues (16.0% as at 30 June 2019). Net of exchange rate effect, the division's Adjusted EBITDA margin was 8.7%.

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

	Half year ended		30.06.2019		Change	%	% ch. net FX
	30.06.2020	%	Restated	%			
Retail	90,858	40.7%	105,350	37.3%	(14,491)	-13.8%	-14.5%
Manufacturing	53,388	23.9%	58,678	20.8%	(5,290)	-9.0%	-9.4%
Transportation & Logistics	20,731	9.3%	32,548	11.5%	(11,816)	-36.3%	-36.8%
Healthcare	8,294	3.7%	9,276	3.3%	(982)	-10.6%	-11.8%
Channel	49,912	22.4%	76,730	27.2%	(26,818)	-35.0%	-34.8%
Total Revenues	223,184	100%	282,581	100.0%	(59,398)	-21.0%	-21.4%

▪ Retail

The Retail sector recorded an overall decrease of 13.8% compared to the same period of the previous year, with a more pronounced slowdown in EMEA (-18.9%), penalised by the conclusion of roll-outs in the fixed retail scanner segment in the main Retail chains, which started in 2018 and gradually concluded during 2019. Better performance in Americas, decreasing to -4.5% despite the economic scenario.

Manufacturing

The manufacturing sector suffered a 9.0% decline, compared to the same period of previous year, due to the persistent economic slowdown in the automotive sector, especially in North America and EMEAI, while APAC returned to growth, with 31.1% increase, also thanks to the recovery of the consumer electronics segment.

Transportation & Logistics

The Transportation & Logistics sector reported a decrease of 36.3%, compared to the same period of 2019, with a negative performance, especially in North America, which reflects the unfavourable comparison with the first half of 2019, following the completion of long-term projects.

Healthcare

The Healthcare sector showed signs of growth in North America (+6.7%), not fully offset by the slowdown in APAC and EMEAI, which suffered by the postponement of some projects.

Channel

Sales through the distribution channel to small and medium-sized customers, recorded 35.0% decrease (-34.8% net FX), compared to the same period of 2019, with a more pronounced decline in EMEAI and United States during the lockdown.

INFORMATICS DIVISION

In the first half of 2020, the **Informatics Division** recorded a turnover of €7.9 million (€9.3 million in the same period of 2019). Adjusted EBITDA in the division was negative by €0.1 million, decreasing by €0.6 million compared to the same period of 2019, following the contraction in volumes, which in the US market, especially in the segment of small and medium-sized companies, during the lockdown.

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE SECOND QUARTER

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

	2Q 2020	<i>% on Revenues</i>	2Q 2019 Restated	<i>% on Revenues</i>	Change	<i>% change</i>	% change net FX
Revenues	111,226	100.0%	151,634	100.0%	(40,408)	-26.6%	-26.8%
EBITDA (Adjusted EBITDA)	11,144	10.0%	25,163	16.6%	(14,019)	-55.7%	-54.4%
Operating result (EBIT)	1,628	1.5%	18,256	12.0%	(16,628)	-91.1%	-89.1%
Net Profit/(Loss) for the period	4,252	3.8%	12,684	8.4%	(8,432)	-66.5%	-66.5%

In the second quarter of 2020, when pandemic containment measures, particularly in Europe and North America, caused a severe contraction in demand over several weeks, revenues decreased by 26.6% to €111.2 million.

The Adjusted EBITDA, equal to €11.1 million (10.0% on revenues), decreased compared to the same period of the previous year, when it reached 16.6% of turnover, but recorded an improvement over the first quarter of the year of +4.1%, thanks to the cost reduction plan implemented by the Management to address the negative economic situation caused by Covid.

Net profit for the quarter, equal to €4.3million, entirely absorbed the loss recorded in the first three months of the year, although it reflects a decrease compared to the second quarter of 2019, when the percentage of revenues was 8.4% compared to 3.8%.

GROUP DIVISIONAL ECONOMIC RESULTS FOR THE SECOND QUARTER

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

	2Q 2020	%	2Q 2019 Restated	%	Change	%	% ch. net FX
Datalogic	107,932	97.0%	146,934	96.9%	(39,002)	-26.5%	-26.7%
Informatics	3,677	3.3%	5,008	3.3%	(1,332)	-26.6%	-28.0%
Adjustments	(382)		(308)		(74)		
Total Revenues	111,226	100.0%	151,634	100.0%	(40,408)	-26.6%	-26.8%

	2Q 2020	% on revenues	2Q 2019 Restated	% on revenues	Change	%
Datalogic	11,437	10.6%	24,531	16.7%	(13,094)	53.4%
Informatics	(299)	-8.1%	588	11.7%	(887)	n.a.
Adjustments	6		44		(38)	86.4%
Total Adjusted EBITDA	11,144	10.0%	25,163	16.6%	(14,019)	-55.7%

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

	2Q 2020	%	2Q 2019 Restated	%	Change	%	% ch. net FX
<i>Italy</i>	6,991	6.3%	13,076	8.6%	(6,085)	-46.5%	-46.5%
<i>EMEA (excluding Italy)</i>	40,586	36.5%	62,777	41.4%	(22,191)	-35.3%	-35.5%
Total EMEA	47,577	42.8%	75,853	50.0%	(28,276)	-37.3%	-37.4%
Americas	41,562	37.4%	57,234	37.7%	(15,672)	-27.4%	-27.8%
APAC	22,087	19.9%	18,547	12.2%	3,540	19.1%	19.5%
Total Revenues	111,226	100.0%	151,634	100.0%	(40,408)	-26.6%	-26.8%

DATALOGIC DIVISION

In the second quarter of 2020, the Datalogic Division reported a turnover of €107.9 million, down in aggregate by 26.5% compared to the same period of 2019. The geographical area that mostly suffered from the market decline was EMEA, where the division achieved 44.1% of turnover in the second quarter of 2020, compared to 51.6% in the same period of 2019, declining by 37.3%. The contribution from the Americas to Group's turnover was stable at 35.4%, where the decrease (-27.2%) was more limited compared to Europe, also due to the timing difference in implementing Covid-related restrictive measures. Very positive recovery signs were reported in APAC, with a double-digit increase in turnover (19.1%).

Adjusted EBITDA related to the division amounted to €11.4 million, down by 53.4% compared to the same quarter of 2019, 10.6% percentage of revenues, compared to 16.7% recorded in the second quarter of 2019. The cost saving plan, implemented to face the negative scenario, has obtained the first results in the second quarter of the year, while allowing a recovery of 4.6 percentage points, compared to the first quarter of 2020, in the division margins.

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

	2Q 2020	%	2Q 2019 Restated	%	Change	%	% ch. net FX
Retail	43,845	40.6%	53,776	36.6%	(9,931)	-18.5%	-18.8%
Manufacturing	27,492	25.5%	30,139	20.5%	(2,647)	-8.8%	-8.9%
Transportation & Logistics	12,238	11.3%	18,463	12.6%	(6,226)	-33.7%	-34.2%
Healthcare	4,235	3.9%	4,337	3.0%	(102)	-2.4%	-3.6%
Channel	20,122	18.6%	40,219	27.4%	(20,097)	-50.0%	-50.0%
Total Revenues	107,932	100%	146,934	100.0%	(39,002)	-26.5%	-26.7%

▪ Retail

The Retail sector decreased in aggregate by 18.5%, compared to the same quarter of last year, with a slowdown in all geographical areas: APAC (-19.8%), EMEAI (-19.1%) and the Americas (-17.5%), where, due to the lockdown, the Retail chains postponed investments.

▪ Manufacturing

The Manufacturing sector decreased by 8.8% compared to the same quarter of 2019. The recovery of APAC (+57.9%), in fact, has partially offset the slowdown recorded in the Americas (-45.6%) and in EMEAI (-26.2%), specially determined by the automotive sector.

▪ Transportation & Logistics

The Transportation & Logistics sector recorded a 33.7% decrease, compared to the second quarter of 2019, albeit recording an improvement of around 6 percentage points over the first quarter of 2020, with a stable performance in APAC (+0.4%), negative in EMEAI (-30.8%) and in the Americas (-43.9%), which report an unfavourable comparison with the previous year following the conclusion of some multi-annual projects and the impossibility of completing on-site activities during lockdown.

▪ Healthcare

The Healthcare sector recovered well in the second quarter of 2020, compared to the first quarter of the year, where a decrease of 17.7% was recorded, reporting a slight decrease (-2.4%) compared to 2019 thanks to the growth in America (+8.7%), which counts for 57.0% of total revenues in the sector. This offset the 6.4% fall in EMEAI.

▪ Channel

The sales through the distribution channel to small and medium-sized customers recorded a 50.5% decrease compared to the same quarter of 2019, where the EMEAI region resulted strongly hit by the unfavourable markets and the lockdown. Meanwhile, the Americas recorded -30.3% and APAC +5.5% thanks to the release of restrictive measures.

INFORMATICS DIVISION

The Informatics Division worsened in the second quarter of 2020 due to the Covid pandemic, mitigated by positive performances recorded in the first part of the year, where the adoption of a new business model in the “Software as a Service” segment led to growing margins. Turnover stood at €3.7 million, down by 26.6% compared to the second quarter of 2019. Divisional EBITDA was negative by €0.3 million (positive by €0.6 million in the second quarter of 2019).

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD

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

	30.06.2020	31.12.2019	Change	% Ch.
Intangible assets	54,823	50,471	4,352	8.6%
Goodwill	186,688	186,126	562	0.3%
Tangible assets	100,043	99,355	688	0.7%
Financial assets and investments in associates	8,100	10,241	(2,141)	-20.9%
Other non-current assets	48,585	44,906	3,679	8.2%
Total Fixed Assets	398,239	391,099	7,140	1.8%
Trade receivables	56,855	78,203	(21,348)	-27.3%
Trade payables	(94,050)	(106,029)	11,979	-11.3%
Inventories	103,339	102,921	418	0.4%
Net Trade Working Capital	66,144	75,095	(8,951)	-11.9%
Other current assets	47,454	49,345	(1,891)	-3.8%
Net assets available-for-sale	577		577	n.a.
Other current liabilities and current Provisions for risks	(73,111)	(78,218)	5,107	-6.5%
Net Working Capital	41,064	46,222	(5,158)	-11.2%
Other non-current liabilities	(33,786)	(34,571)	785	-2.3%
Post-employment benefits	(6,852)	(7,026)	174	-2.5%
Non-current Provisions for risks	(4,592)	(4,916)	324	-6.6%
Net Invested Capital	394,073	390,808	3,265	0.8%
Shareholders' Equity	(378,690)	(404,171)	25,481	-6.3%
Net financial position (NFP)	(15,383)	13,363	(28,746)	-215.1%

As at 30 June 2020, the **Net Trade Working Capital** was amounting at €66.1 million, substantially unchanged in terms of percentage of turnover (12.6% compared to 12.3% as at 31 December 2019) improving of 1.3 percentage points compared to 13.3% in the first half of 2019. The working capital decreased by € 9.0 million, compared to 31 December 2019, following the reduction in trade receivables of €21.3 million linked to sales performance and the lower commercial exposure to suppliers due to reduction in costs and volumes. The contribution of inventories to the working capital remained unchanged, although increasing as a percentage of turnover compared to the previous periods, aimed at ensuring continuity in the supply chain (primarily in APAC), in a still uncertain scenario in terms of evolution of the Covid-19 pandemic and related restrictive measures in the second half of the year.

Net Invested Capital, equal €394.1 million (€390.8 million as at 31 December 2019), increased by €3.3 million. The change is mainly attributable to the decrease in net working capital, by €5.2 million, which benefits from the decrease in other net assets and liabilities, mainly related to VAT and payables to employees as well as the increase in fixed assets for €7.1 million for ongoing investments in R&D and in production facilities.

The **Net Financial Position** as at 30 June 2020 was negative by €15.4 million, improving by €2.4 million compared to 30 June 2019 (when it was negative by €17.8 million). Excluding the recognition of cash and cash equivalents of the investee Solution Net Systems Inc. among the assets available for sale, the improvement of the net financial position would have been €5.1 million.

Despite the decline in volumes and partly in margins, in this unprecedented macroeconomic context, positive operating cash flow was generated in an amount of €1.3 million in the first half of 2020, an improvement compared to €0.4 million for the same period of 2019, despite higher investments in R&D, offset by reduction in operating costs. Changes in net financial debt due to financial cash flow, negative by €3.1 million, reported a worsening compared to the first half of 2019 due to the less favourable exchange rates and the fair value of cash equivalents investments, but were offset by a lower cash absorption of other operating assets and liabilities. Dividend distribution and the purchase of treasury shares absorbed cash for €23.8 million in 2020 (€31.3 million in the same half of 2019).

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

	30.06.2020	30.06.2019	Change
Net Financial Position/(Net Financial Debt) at the beginning of the period	13,365	23,843	(10,478)
Adjusted EBITDA	18,365	47,678	(29,313)
Change in net trade working capital	8,951	(14,370)	23,321
Net investments	(17,014)	(14,851)	(2,163)
Change in taxes	(2,031)	(8,786)	6,755
Financial Incomes/(Expenses)	(3,107)	(718)	(2,389)
Dividend distribution	(17,007)	(28,712)	11,705
Treasury shares	(6,811)	(2,566)	(4,245)
Changes in assets available-for-sale	(2,649)		(2,649)
Other changes	(3,891)	(8,597)	4,706
Change in Net Financial Position (NFP) before IFRS 16	(25,193)	(30,922)	5,728
IFRS 16	(3,554)	(10,724)	7,170
Change in Net Financial Position	(28,747)	(41,646)	12,898
Net Financial Position/(Net Financial Debt) at the end of the period	(15,383)	(17,803)	2,420

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

	30.06.2020	31.12.2019
A. Cash and bank deposits	110,413	151,829
B. Other cash equivalents	12	12
<i>b1. restricted cash</i>	12	12
C. Securities held for trading	0	0
D. Cash and cash equivalents (A) + (B) + (C)	110,425	151,841
E. Current financial receivables	21,718	31,200
<i>e1. other current financial receivables</i>	19,485	31,200
<i>e2. financial receivables</i>	2,233	
F. Bank overdrafts	56	221
G. Current portion of non-current debt	46,658	47,421
H. Other current financial liabilities	6,405	6,457
<i>h2. lease payables</i>	5,548	4,589
<i>h3. current financial liabilities</i>	857	1,868
I. Current financial debt (F) + (G) + (H)	53,119	54,099
J. Current Net Financial Debt/(Net Financial Position) (I)-(E)-(D)	(79,024)	(128,942)
K. Non-current bank borrowing	89,252	110,106
L. Bonds	0	0
M. Other non-current liabilities	5,155	5,472
<i>m2. lease payables</i>	5,155	5,472
N. Non-current Financial Debt (K) + (L) + (M)	94,407	115,578
O. Net Financial Debt/(Net Financial Position) (J) + (N)	15,383	(13,364)

As at 30 June 2020, the Group had credit lines in place amounting to €314.4 million, of which €177.8 million unused including €100.0 million subscribed during the month of March 2020 for possible investments and €77.8 million short-term.

SIGNIFICANT EVENTS DURING THE PERIOD

COVID-19 UPDATE

As previously highlighted, 2020 was characterised by the spread of the Covid-19 pandemic, which severely influenced global macroeconomic performance and, also due to the restrictive measures adopted by the various Governments, resulting in a contraction in demand and a progressive slowdown of the market.

The health emergency has not yet been resolved on a global level, and the epidemic is currently reaching a peak in various parts of the world, such as the United States, South America and India. Therefore, there remains still highly uncertain with reference to future possible developments of the pandemic, as well as to possible second waves of the infection in Autumn and related repercussions on the economic environment.

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

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

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

This plan may be updated in the medium term as the emergency situation evolves and the markets respond, in order to maintain profitability and cash flow.

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

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

OTHER EVENTS DURING THE PERIOD

A reorganisation of the commercial structure was launched in the first part of 2020, in order to ensure a better coverage of the different types of end-user and partner customers, alongside the geographical country based.

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

On 27 May 2020, the Group finalised an investment of USD 2.5 million in AWM Smart Shelf Inc., a company with registered office in California, specialised in artificial intelligence and computer vision, which operates in the Retail sector (both food and non-food) with self-checkout solutions (AWM Frictionless™), Automated Inventory Intelligence (Aii®), collection of demographic data and monitoring of the consumer behaviour, as well as the Retail Analytics Engine (RAE) software for in-store analysis and reporting.

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

SUBSEQUENT EVENTS

On 24 July 2020, a majority stake equivalent to 85% of the share capital of the investee Solution Net Systems Inc. was sold to Architect Equity, an American investment fund. The investee, a non-core division of the Group, is specialised in supplying and installing integrated solutions for the postal segment and distribution centres in the Retail sector. The countervalue of the transaction amounted to around USD 4 million, subject to price adjustments. Simultaneously with the sale, an exclusive commercial agreement was signed with the company for the supply of Datalogic products, for the three-year period 2020-2023. In the first six months of 2020, Solution Net Systems recorded revenues equal to €10.6 million, compared to €14.5 million of the first half of 2019, and a profit for the period of €0.5 million, compared to €1.4 million related to the same period of the previous year. As at 30 June, the Net Financial Position was positive for €2.6 million.

BUSINESS OUTLOOK

Currently the elements on which 2020 forecasts were based remain very uncertain. The evolution of the pandemic, the authorities' measures on recovery and support for economy, as well as the reaction of the markets in a recessionary environment, lead to negative growth forecasts for the third quarter of 2020, in line with the performances achieved in the second quarter.

While the progressive easing of restrictive measures in Asia, especially in the second quarter of the year, produced encouraging signs of recovery with a double-digit growth, there are still several critical issues, although with a different degree of severity, in Europe, but especially on the American continent, which represent the Group's primary markets.

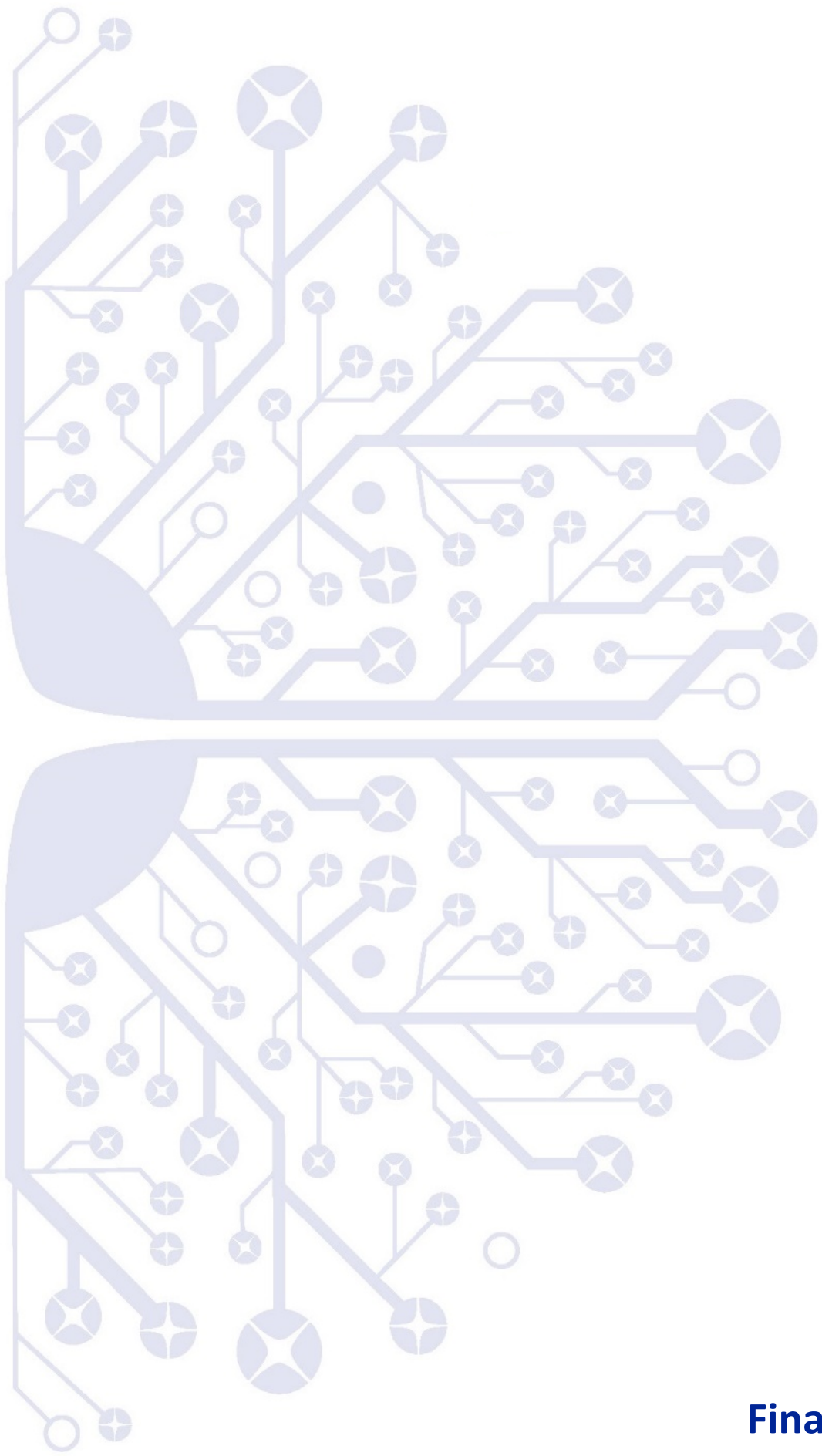
In this unprecedented context, Datalogic, strong of its equity and financial soundness, has demonstrated its ability to promptly react to the changed scenario, not only by adopting measures aimed at protecting both business and profit, but continuing in investing for growth, focusing on innovation in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

The sale of the Solution Net Systems Division, operating in a Datalogic non-core segment of System Integrators, as well as investments in products and markets that are deemed as strategic and the reduction of discretionary operating costs, should allow the Group to maintain its market position at the end of the Covid-19 emergency. Although considers it

inevitable that the persistence of the economic situation, the high degree of uncertainty about the pandemic's evolution and its possible resurgence in the second half of the year may have a negative effect on the results for 2020, slowing down the expected recovery in the first months of 2021, Datalogic is confident that, with the easing of the current emergency situation, the solid fundamentals and the focus on innovation, the Group will be able to return to growth over the medium and long term.

The Chairman of the Board of Directors

(Mr. Romano Volta)



Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Note	30.06.2020	31.12.2019
A) Non-current assets (1+2+3+4+5+6+7+8)		398,239	391,099
1) Tangible assets		89,704	89,602
Land	1	8,691	8,778
Buildings	1	31,108	31,820
Other assets	1	32,919	35,418
Assets in progress and payments on account	1	16,986	13,586
2) Intangible assets		241,511	236,597
Goodwill	2	186,688	186,126
Development costs	2	10,855	9,927
Other	2	25,505	28,430
Assets in progress and payments on account	2	18,463	12,114
3) Right-of-use assets	3	10,339	9,753
4) Equity investments in associates	4	776	776
5) Financial assets		7,324	9,465
Equity investments	6	7,324	9,465
Securities	6	0	0
6) Non-current financial receivables		0	0
7) Trade and other receivables	7	1,280	1,334
8) Deferred tax assets	13	47,305	43,572
B) Current assets (9+10+11+12+13+14+15)		339,791	413,510
9) Inventories		103,339	102,921
Raw and ancillary materials and consumables	8	44,344	41,754
Work in progress and semi-finished products	8	19,774	23,582
Finished products and goods	8	39,221	37,585
10) Trade and other receivables		77,643	103,127
Trade receivables	7	56,855	78,203
<i>of which from associates</i>	7	<i>1,081</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	20,788	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	26,666	24,421
<i>of which from parent company</i>		<i>14,242</i>	<i>12,742</i>
12) Financial assets		19,485	31,200
Securities	6	0	0
Other	6	19,485	31,200
13) Current financial receivables		2,233	0
14) Financial assets - Derivative instruments	6	0	0
15) Cash and cash equivalents		110,425	151,841
C) Assets held-for-sale		8,044	0
Total Assets (A+B+C)		746,074	804,609

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (€/000)	Note	30.06.2020	31.12.2019
A) Total Shareholders' Equity (1+2+3+4+5+6)	10	378,690	404,171
1) Share capital	10	30,392	30,392
2) Reserves	10	120,540	128,972
3) Retained earnings	10	225,943	192,885
4) Profit/(Loss) for the period	10	(118)	50,069
5) Group Shareholders' Equity	10	376,757	402,318
6) Profit/(Loss) for the period - Minorities	10	105	212
6) Minority share capital	10	1,828	1,641
6) Minority interests		1,933	1,853
B) Non-current liabilities (7+8+9+10+11+12+13)		139,637	162,091
7) Non-current financial payables	11	94,407	115,578
8) Non-current financial liabilities		0	0
9) Tax payables		684	68
10) Deferred tax liabilities	12	17,246	17,819
11) Post-employment benefits	13	6,852	7,026
12) Provisions for risks and charge, non-current	14	4,592	4,916
13) Other liabilities	15	15,856	16,684
C) Current liabilities (14+15+16+17+18)		220,280	238,347
14) Trade and other payables		138,399	154,153
Trade payables	15	94,050	106,029
<i>of which from associates</i>	15	84	55
<i>of which from related parties</i>		119	133
Other payables, accrued liabilities and deferred income	15	44,349	48,124
15) Tax payables	9	24,491	25,822
<i>of which from parent company</i>		16,364	15,913
16) Provisions for risks and charges, current	14	4,271	4,273
17) Current financial liabilities		0	0
18) Current financial payables	11	53,119	54,099
D) Liabilities held-for-sale	11	7,467	
Total Liabilities (A+B+C+D)		746,074	804,609

CONSOLIDATED INCOME STATEMENT

(€/000)	Note	30.06.2020	30.06.2019 Restated
1) Revenues	16	230,414	291,419
Revenues from sale of products		212,032	272,719
Revenues from services		18,382	18,700
<i>of which from related parties and associates</i>		2,576	2,491
2) Cost of goods sold	17	126,172	146,244
<i>of which from related parties and associates</i>		251	491
Gross Operating Margin (1-2)		104,242	145,175
3) Other operating revenues	18	2,691	4,248
4) Research and development expenses	17	29,317	31,198
<i>of which from related parties and associates</i>		274	287
5) Distribution expenses	17	51,601	59,985
<i>of which from related parties and associates</i>	6	23	12
6) General and administrative expenses	17	24,329	24,855
<i>of which from related parties and associates</i>		119	180
7) Other operating expenses	17	1,353	1,277
Total operating costs		106,599	117,315
Operating result		334	32,108
8) Financial income	19	10,103	15,535
9) Financial expenses	19	15,261	16,950
Financial income/(expenses) (8-9)		(5,158)	(1,415)
Profit/(Loss) before taxes from continuing operations		(4,824)	30,693
Taxes	20	(4,345)	6,815
Profit/(Loss) for the period from continuing operations		(479)	23,878
Net Profit/(Loss) from assets held for sale	21	466	1,373
Net Profit/(Loss) for the period		(13)	25,251
Basic earnings/(loss) per share (Euro)	22	0.00	0.44
Diluted earnings/(loss) per share (Euro)	22	0.00	0.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Note	30.06.2020	30.06.2019 Restated
Net Profit/(Loss) for the period		(13)	25,251
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	105	56
Profit/(Loss) due to translation of the accounts of foreign companies	10	252	5,431
Profit/(Loss) from financial assets at FVOCI	10	(2,117)	710
<i>of which tax effect</i>		24	(9)
Total other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the period		(1,760)	6,197
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		(1,760)	6,197
Total comprehensive Profit/(Loss) for the period		(1,773)	31,448
Attributable to:			
Shareholders of the Parent Company		(1,878)	31,448
Minority interests		105	-

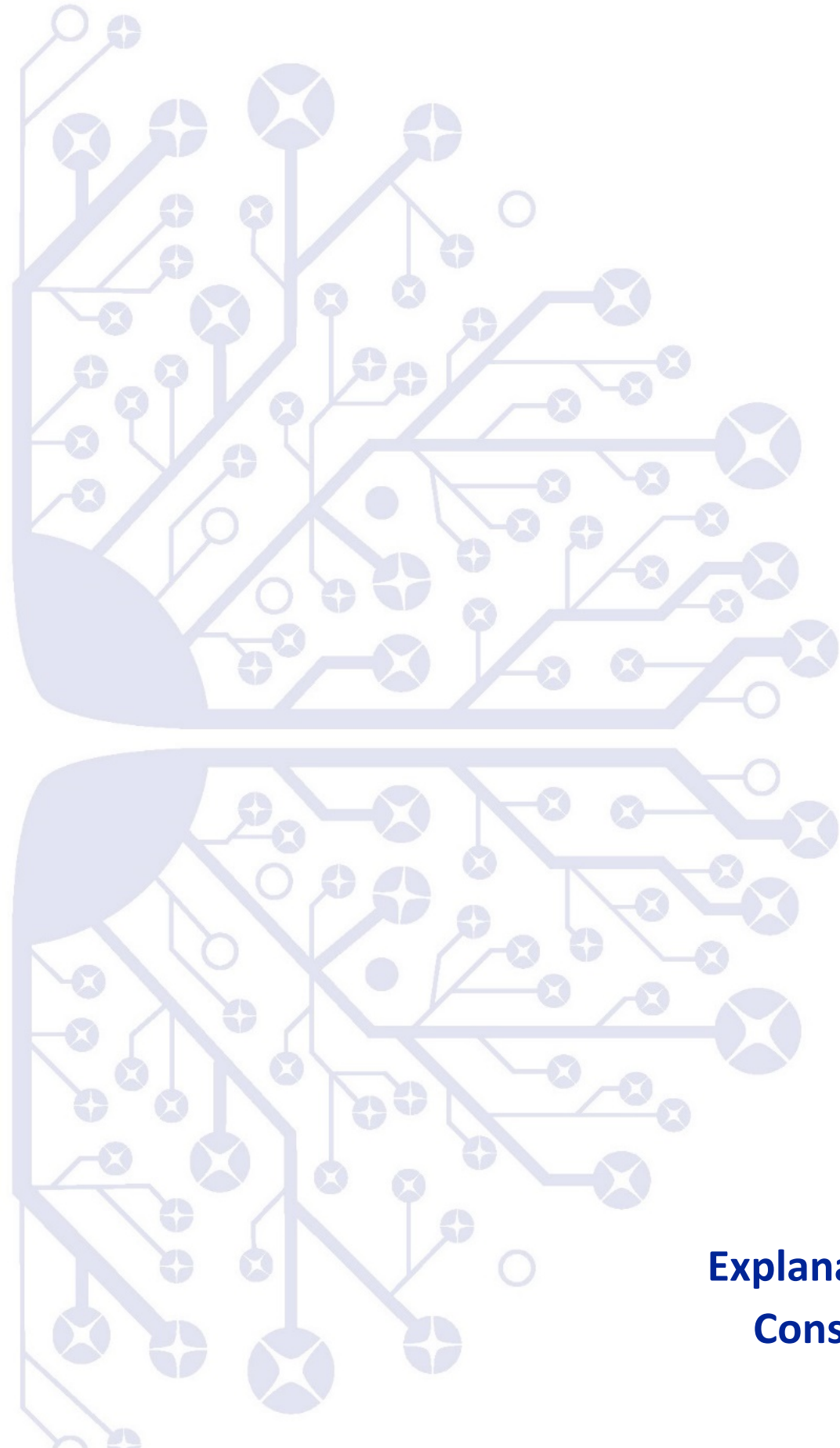
CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	Note	30.06.2020	30.06.2019
Profit/(Loss) before taxes		(4,186)	32,540
Depreciation of tangible assets and write-downs	1, 2	6,148	5,828
Amortisation of intangible assets and write-downs	1, 2	5,537	4,946
Depreciation of right-of-use assets	3	2,750	2,223
Losses (Gains) from sale of fixed assets	18, 19	(14)	(16)
Change in provisions for risks and charges	15	(326)	(590)
Change in bad debt provisions	18	1,131	(1,766)
Change in employee benefits reserve	14	(174)	126
Other non-monetary changes		4,992	2,283
Cash flow generated (absorbed) from operations before changes in working capital		15,858	45,574
Change in trade receivables	7	16,129	(16)
Change in final inventories	8	(1,099)	(13,839)
Change in trade payables	16	(6,050)	1,251
Change in other current assets	7	3,996	(6,759)
Change in other current liabilities	16	(3,659)	1,949
Change in other non-current assets	7		411
Change in other non-current liabilities	16	(823)	671
Cash flow generated (absorbed) from operations after changes in working capital		24,352	29,242
Change in taxes		(2,031)	(8,786)
Interest paid		(1,577)	(2,090)
Interest collected		281	1,372
Cash flow generated (absorbed) from operations (A)		21,025	19,738
Increase in intangible assets	2	(9,755)	(4,180)
Decrease in intangible assets	2		16
Increase in tangible assets	1	(7,283)	(11,236)
Decrease in tangible assets	1	24	549
Change in investments and non-current financial assets		82	(2,011)
Change in investments and current financial assets	5	8,753	20,032
Cash flow generated (absorbed) from investments (B)		(8,179)	3,170
Change in financial payables	12, 6	(25,515)	(27,994)
Repayment of lease financial payables		(2,774)	
(Purchase)/sale of treasury shares	11	(6,811)	(2,566)
Dividend payment	11	(17,007)	(28,712)
Effect of change in cash and cash equivalents		(1,753)	(248)
Cash flow generated (absorbed) from financial activity (C)		(53,860)	(59,520)
Net increase (decrease) in available cash (A+B+C)	10	(41,014)	(36,612)
Net cash and cash equivalents at beginning of period	10	151,841	181,430
Net cash and cash equivalents from assets available-for-sale		(402)	-
Net cash and cash equivalents at end of period	10	110,425	144,818

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other reserves	Retained earnings	Group Profit (Loss)	Group Shareholders' Equity	Profit (Loss) of Minority interests	Shareholders' Equity of Minority interests	Profit (Loss)	Shareholders' Equity
01.01.2020	30,392	111,779	(15,113)	26,530	5,776	192,885	50,069	402,318	212	1,853	50,281	404,171
Allocation of earnings						50,069	(50,069)		(212)		(50,281)	
Dividends						(17,007)		(17,007)				(17,007)
Treasury shares			(6,811)					(6,811)				(6,811)
Stock Grant					139			139				139
Other changes						(4)		(4)		(24)		(28)
Net Profit/(Loss) for the period							(118)	(118)	105	105	(13)	(13)
Other components of the statement of comprehensive income				252	(2,012)			(1,760)				(1,760)
Total comprehensive Profit (Loss)				252	(2,012)		(118)	(1,878)	105	105	(13)	(1,773)
30.06.2020	30,392	111,779	(21,924)	26,782	3,903	225,943	(118)	376,639	105	1,933	(13)	378,690

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



Explanatory Notes to the Consolidated Financial Statements

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

This Consolidated Half-Year Financial Report as at 30 June 2020 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as the “Group”) and its minority interests in associates.

The publication of the Half-Year Financial Report ended 30 June 2020 of the Datalogic Group was authorised by resolution of the Board of Directors dated 5 August 2020.

BASIS OF PRESENTATION

1) General criteria

This Half-Year Financial Report was drawn up pursuant to Art. 154-ter of Italian Legislative Decree 58 (TUF) of 24 February 1998, as subsequently amended and supplemented, as well as to Consob Issuer Regulation. This Half-Year Financial Report complies with IAS 34 “Interim Financial Statements” providing the abbreviated notes required by this international accounting standard, supplemented to provide additional information, as necessary.

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

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

2) Financial statements

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

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

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

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

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

- On 31 October 2018, the IASB issued the document **“Definition of Material (Amendments to IAS 1 and IAS 8)”**. The document introduced an amendment in the definition of “material” included in the IAS 1 – Presentation of Financial Statements e IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of this amendment had no impact on the Group's consolidated financial statements.
- On 22 October 2018, the IASB issued the document **“Definition of a Business (Amendments to IFRS 3)”**. Some clarifications are supplied in the document on the definition of business for a correct application of the IFRS 3 standard. The adoption of this amendment had no impact on the Group's consolidated financial statements.
- On 29 March 2018, the IASB issued an amendment to **“References to the Conceptual Framework in IFRS Standards”**. The amendment is applicable to the annual reporting periods beginning on or after 1 January 2020. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards.
- On 26 September 2019, the IASB issued the amendment entitled **“Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform”**. This document amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, as well as IFRS 7 - Financial Instruments: Disclosures. The adoption of this amendment had no impact on the Group's consolidated financial statements.

4) New accounting standards issued but still not in force

At the reporting date of this Half-Year Financial 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.

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

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

5) Use of estimates and assumptions

The preparation of the IFRS-compliant Half-Year Financial Report requires directors to apply accounting standards and methodologies that, in some cases, are based on valuations and estimates, which in turn refer to historic experience and assumptions based on specific circumstances at any given time. The application of such estimates and assumptions affects the amounts related to revenues, costs, assets and liabilities, as well as contingent liabilities disclosed and any relevant information. With reference to possible impacts resulting from the spread of the Covid-19 pandemic on estimates made, reference is made to comments included in section “Updates on Covid-19”, under significant events for the period in the Report on Operations. The actual amounts of accounting items, for which these estimates and assumptions have been used, might be different from those reported due to the uncertainty characterising the assumptions and conditions on which estimates are based.

6) Consolidation area

During the first half 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:

	Quantity of currency/1 Euro			
	June 2020	June 2020	December 2019	June 2019
	Final exchange rate	Average exchange rate for the period	Final exchange rate	Average exchange rate for the period
US Dollar (USD)	1.1198	1.1020	1.1234	1.1298
British Pound Sterling (GBP)	0.9124	0.8746	0.8508	0.8736
Swedish Krona (SEK)	10.4948	10.6599	10.4468	10.5181
Singapore Dollar (SGD)	1.5648	1.5411	1.5111	1.5356
Japanese Yen (JPY)	120.6600	119.2668	121.9400	124.2836
Australian Dollar (AUD)	1.6344	1.6775	1.5595	1.6003
Hong Kong Dollar (HKD)	8.6788	8.5531	8.7473	8.8611
Chinese Renminbi (CNY)	7.9219	7.7509	7.8205	7.6678
Real (BRL)	6.1118	5.4104	4.5157	4.3417
Mexican Pesos (MXN)	25.9470	23.8430	21.2202	21.6543
Hungarian Forint (HUF)	356.5800	345.2607	330.5300	320.4198

SEGMENT DISCLOSURE

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

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

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

<i>Segment economic position</i>	Datalogic Business	Informatics	Adjustments	Total Group 30.06.2020
Revenues	223,184	7,864	(634)	230,414
EBITDA	18,411	(81)	35	18,365
<i>% Revenues</i>	8.25%	-1.03%		7.97%
EBIT	634	(335)	35	334

<i>Segment economic position - Restated</i>	Datalogic Business	Informatics	Adjustments	Total Group 30.06.2019
Revenues	282,581	9,300	(462)	291,419
EBITDA	45,218	515	86	45,819
<i>% Revenues</i>	16.00%	5.54%		15.72%
EBIT	31,864	158	86	32,108

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

<i>Segment financial position</i>	Datalogic Business	Informatics	Held-for-sale assets	Adjustments	Total Group 30.06.2020
Total Assets	752,713	20,429	8,044	(35,112)	746,074
Total Liabilities	357,521	5,356	7,467	(2,960)	367,384
Shareholders' Equity	395,192	15,073	577	(32,152)	378,690

<i>Segment financial position</i>	Datalogic Business	Solution Net System	Informatics	Adjustments	Total Group 30.06.2019
Total Assets	810,044	19,427	21,302	(34,944)	815,829
Total Liabilities	423,460	9,839	6,532	(57)	439,774
Shareholders' Equity	386,584	9,588	14,770	(34,887)	376,055

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Over the period, recognised net investments amounted to €7,283 thousand, and depreciation amounted to €6,148 thousand, while the exchange rates were negative by €930 thousand. Tangible assets are broken down as at 30 June 2020 and 31 December 2019 are as follows:

	30.06.2020	31.12.2019	Change
Land	8,691	8,778	(87)
Buildings	31,108	31,820	(712)
Other assets	32,919	35,418	(2,499)
Assets in progress and payments on account	16,986	13,586	3,400
Total	89,704	89,602	102

The “Other assets” item as at 30 June 2020 includes the following categories: Plant and machinery (€10,742 thousand), Industrial equipment and moulds (€10,677 thousand), Office furniture and machines (€8,755 thousand), General plants related to buildings (€1,341 thousand), Commercial equipment and demo room (€774 thousand), Maintenance on third-party assets (€480 thousand) and Motor vehicles (€56 thousand).

The balance of item “Assets in progress and payments on account”, equal to €16,986 thousand, is mainly composed of the following: €13,242 thousand for investments made for the building and enlargement of Group plants, €2,375 thousand for moulds under construction, €1,359 thousand for self-manufactured equipment and production lines. The increase for the period is due primarily to investments in the headquarters in Germany (€1,213 thousand) and in the United States (€1,679 thousand), in addition to moulds under construction (€1,157 thousand) and self-manufactured equipment and production lines (€846 thousand).

Note 2. Intangible assets

Over the period, net investments amounted to €9,755 thousand, and amortisation amounted to €5,538 thousand, while the exchange rates amounted to €696 thousand. Details of the item as at 30 June 2020 and 31 December 2019 are as follows:

	30.06.2020	31.12.2019	Change
Goodwill	186,688	186,126	562
Development costs	10,855	9,927	928
Other	25,505	28,430	(2,925)
Assets in progress and payments on account	18,463	12,114	6,349
Total	241,511	236,597	4,914

Goodwill

“Goodwill”, totalling €186,688 thousand, consisted of the following items:

	30.06.2020	31.12.2019	Change
CGU Datalogic	173,170	172,642	528
CGU Informatics	13,518	13,483	34
Total	186,688	186,126	562

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. 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 disposal – to present value using a certain discount rate, based on the Discounted Cash Flow method. The cash flows of the individual CGUs are estimated based on forward-looking plans prepared by Management. These plans represent the best estimate of foreseeable operating performance, based on business strategies and growth indicators in the sector to which the Group belongs and in its reference markets.

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

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

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

The “**Development costs**” item, amounting to €10,855 thousand, is composed of specific product development projects. The “**Other**” item, amounting to €25,505 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group and software implementations. Details are shown in the following table:

	30.06.2020	31.12.2019	Change
Patents	12,427	14,184	(1,757)
Know-how	2,386	3,066	(680)
Licence agreement	2,596	2,943	(347)
Software	8,096	8,098	(2)
Others	0	138	(138)
Total	25,505	28,430	(2,924)

The “**Assets in progress and payments on account**” item, equal to €18,463 thousand, is attributable, in the amount of €15,687 thousand, to the capitalisation of costs for product development projects that are currently underway, as well as, in the amount of €2,775 thousand, to software implementations that are not yet completed.

Note 3. Right-of-use assets

Over the period, net investments amounted to €3,554 thousand, and depreciation amounted to €2,750 thousand, while the exchange rates were negative by €52 thousand. Details of the item as at 30 June 2020 and 31 December 2019 are as follows:

	30.06.2020	31.12.2019	Change
Buildings	7,926	7,560	366
Vehicles	2,300	2,041	259
Office equipment	113	152	(39)
Total	10,339	9,753	586

Note 4. Investments in associates

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

	31.12.2019	Increases	Decreases	Transfers	30.06.2020
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	30.06.2020
Non-current financial assets	1,280	523	6,801	8,604
Financial assets - Investments		523	6,801	7,324
Financial assets - Securities				
Financial assets - Loans				
Financial assets - Other				
Other receivables	1,280			1,280
Current financial assets	186,905	21,718		208,623
Trade receivables	55,774			55,774
Other receivables	20,706			20,706
Financial assets - Other		21,718		21,718
Financial assets - Securities				
Financial assets - Loans				2,233
Cash and cash equivalents	110,425			110,425
Total	188,185	22,241	6,801	217,227

	Derivatives	Financial liabilities at amortised cost	30.06.2020
Non-current financial liabilities		110,263	110,263
Financial payables		94,407	94,407
Financial liabilities - Derivative instruments			0
Other payables		15,856	15,856
Current financial liabilities		191,291	191,291
Trade payables		93,847	93,847
Other payables		44,325	44,325
Financial liabilities - Derivative instruments			0
Short-term financial payables		53,119	53,119
Total		301,554	301,554

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	30.06.2020
Assets measured at fair value				
Financial assets - Investments	6,801		523	7,324
Financial assets - Non-current securities				
Financial assets - Other non-current financial assets				
Financial assets - Other	19,485		2,233	21,718
Financial assets - Loans				0
Financial assets - Derivative instruments				
Total Assets measured at fair value	26,286		2,756	29,042

Note 6. Financial assets

The financial assets include the following:

	30.06.2020	31.12.2019	Change
Non-current financial assets	7,324	9,465	(2,141)
Current financial assets	21,718	31,200	(9,482)
Total	29,042	58,120	(29,078)

The “Current financial assets” item mainly consists of investments in corporate cash, represented by insurance policies and mutual investment funds. The change refers to the measurement at fair value for the period and to the financial investments, convertible into capital, in the company AWM Smart Shelf, and amounting to €2,233 thousand, as well as to the disposal, at arm’s length, of an investment to the parent company.

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

	31.12.2019	Increases	Decreases	Fair value Adjustment	Adjustment on exchange rates	30.06.2020
Listed equity investments	8,860			(2,131)	72	6,801
Unlisted equity investments	605					523
Total	9,465			(2,131)	72	7,324

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

Note 7. Trade and other receivables

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

	30.06.2020	31.12.2019	Change
Trade receivables	54,043	73,164	(19,121)
Contract assets	4,079	5,361	(1,282)
Bad debt provision	(2,348)	(1,217)	(1,131)
Net trade receivables	55,774	77,308	(21,534)
Receivables from associates	1,081	895	186
Total Trade receivables	56,855	78,203	(21,348)
Other receivables - accrued income and prepaid expenses current	20,788	24,924	(4,136)
Other receivables - accrued income and prepaid expenses non-current	1,280	1,334	(54)
Total Other receivables - accrued income and prepaid expenses	22,068	26,258	(4,190)
Trade and other receivables - non-current	1,280	1,334	(54)
Trade and other receivables - current	77,643	103,127	(25,484)

Trade receivables

The “Trade receivables” item as at 30 June 2020, gross of bad debt provisions, amounted to €56,855 thousand, representing a decrease of 27.3%. As at 30 June 2020, factored trade receivables amounted to €25,937 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:

	30.06.2020	31.12.2019	Change
Other receivables - current	2,172	2,311	(139)
Other receivables - non-current	1,280	1,334	(54)
VAT receivables	14,362	18,534	(4,172)
Accrued income and prepaid expenses	4,254	4,079	175
Total	22,068	26,258	(4,190)

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

Note 8. Inventories

	30.06.2020	31.12.2019	Change
Raw and ancillary materials and consumables	44,344	41,754	2,590
Work in progress and semi-finished products	19,774	23,582	(3,808)
Finished products and goods	39,221	37,585	1,636
Total	103,339	102,921	418

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

	2020	2019
1 January	10,121	11,222
Exchange rates adjustment	(88)	17
Provisions	2,500	37
Uses (Releases)	(1,442)	(1,256)
30 June	11,091	10,020

Note 9. Tax payables and receivables

	30.06.2020	31.12.2019	Change
Tax receivables	26,666	24,421	2,245
<i>of which from Parent company</i>	<i>14,242</i>	<i>12,742</i>	<i>1,500</i>
Tax payables	(24,491)	(25,822)	1,331
<i>of which from Parent company</i>	<i>(16,364)</i>	<i>(15,913)</i>	<i>(451)</i>
Total	2,175	(1,401)	3,576

As at 30 June 2020, the "Tax receivables" item amounted to €26,666 thousand, up €2,245 thousand compared to the end of 2019 (€24,421 thousand as at 31 December 2019). The receivables for IRES tax from the parent company Hydra S.p.A., generated within the tax consolidation regime and equal to €14,242 thousand (€12,742 thousand as at 31 December 2019) are classified under this item.

The "Tax payables" item amounted to €24,491 thousand as at 30 June 2020, down €1,331 thousand (€25,822 thousand as at 31 December 2019). The payables for IRES tax to the parent company Hydra S.p.A., generated within the tax consolidation regime and equal to €16,364 thousand (€15,913 thousand as at 31 December 2019) are classified under this item.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

The Shareholders' Equity is broken down as follows.

	30.06.2020	31.12.2019	Change
Share capital	30,392	30,392	0
Share premium reserve	111,763	111,780	(17)
Treasury shares held in portfolio	(21,924)	(15,113)	(6,811)
Share capital and capital reserves	120,231	127,059	(6,828)
Translation reserve	26,802	26,530	272
Other reserves	3,899	5,775	(1,876)
Retained earnings	225,943	192,886	33,057
Group Profit/(Loss) for the period	(118)	50,069	(50,187)
Total Group shareholders' equity	376,757	402,319	(25,562)
Profit/Loss for the period of Minority interests	105	212	(107)
Shareholders' Equity of Minority interests	1,828	1,641	187
Total consolidated Shareholders' Equity	378,690	404,171	(25,481)

Share capital

As at 30 June 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 1,755,000 held as treasury shares, for a countervalue of €21,924 thousand, equal to 3% of the share capital, making the number of outstanding shares at that date equal to 56,691,491. The shares have a nominal value of €0.52 each.

Other Reserves

As at 30 June 2020, changes in other reserves are broken down as follows:

- change in the translation reserve, amounting to €272 thousand;
- change in the cash flow hedge reserve, amounting to €105 thousand;
- change in financial assets reserve, measured at FVOCI, amounting to €2,117 thousand;

Note 11. Financial payables

Financial payables are broken down as follows:

	30.06.2020	31.12.2019	Change
Non-current financial payables	94,407	115,578	(21,171)
Current financial payables	53,119	54,099	(980)
Total	147,526	169,677	(22,151)

The breakdown of this item is detailed below:

	30.06.2020	31.12.2019	Change
Borrowings from Bank	133,664	157,527	(23,863)
Other financial liabilities	2,247		2,247
Financial payables IFRS 16	10,703	10,061	642
Payables to factoring companies	857	1,868	(1,011)
Bank overdrafts	55	221	(166)
Total	147,526	169,677	(22,151)

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

	2020	2019
1 January	157,527	204,721
Increases	-	-
Decreases for borrowing repayments	(24,077)	(23,825)
Recalculation of amortised cost	214	320
30 June	133,664	181,216

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

As at 30 June 2020, all covenants were respected.

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, which 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:

	30.06.2020	31.12.2019	Change
Deferred tax assets	47,305	43,572	3,733
Deferred tax liabilities	(17,246)	(17,819)	573
Net deferred taxes	30,059	25,753	4,306

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

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

Note 13. Post-employment benefits

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

	2020	2019
1 January	7,026	6,541
Accrual	903	571
Payments	(726)	(163)
Discounting	-	-
Other movements	-	6
Social security receivables for post-employment benefits	(351)	(315)
30 June	6,852	6,640

Note 14. Provisions for risks and charges

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

	30.06.2020	31.12.2019	Change
Provisions for risks and charges, current	4,271	4,273	(2)
Provisions for risks and charges, non-current	4,592	4,916	(324)
Total	8,863	9,189	(326)

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

	31.12.2019	Increases	(Uses) and (Releases)	Exchange diff.	30.06.2020
Product warranty provision	8,305	-	(646)	-	7,659
Others	885	360	(28)	(12)	1,205
Total	9,189	360	(674)	(12)	8,863

The “**Product warranty provision**” item covers the estimated cost of repairing products sold up to 30 June 2020 and covered by a warranty period. It amounts to €7,659 thousand (of which €4,296 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

Trade payables amounted to €94,050 thousand, down by €11,979 thousand compared to the previous year.

	30.06.2020	31.12.2019	Change
Trade payables	92,641	104,193	(11,552)
Contract liabilities - customer advances	1,206	1,648	(442)
Trade payables	93,847	105,841	(11,994)
Payables to associates	84	55	29
Payables to related parties	119	133	(14)
Total Trade payables	94,050	106,029	(11,979)
Other payables - current accrued liabilities and deferred income	44,349	48,124	(3,775)
Other payables - non-current accrued liabilities and deferred income	15,856	16,684	(828)
Total Other payables - accrued liabilities and deferred income	60,205	64,808	(4,603)
Less: non-current portion	15,856	16,684	(828)
Current portion	138,399	154,153	(15,754)

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	30.06.2020	31.12.2019	Change
Non-current accrued liabilities and deferred income	15,856	16,684	(828)
Other short-term payables:	24,845	27,134	(2,289)
Payables to employees	16,801	17,883	(1,082)
Payables to pension and social security agencies	5,943	6,382	(439)
Other payables	2,101	2,869	(768)
VAT payables	2,589	3,673	(1,084)
Current accrued liabilities and deferred income	16,915	17,317	(402)
Total	60,205	64,808	(4,603)

Payables to employees represents the amount due for salaries and vacations accrued by employees as at 30 June 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:

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Revenues from sale of products	212,032	272,719	(60,687)
Revenues from services	18,382	18,700	(318)
Total Revenues	230,414	291,419	(61,005)

In the first half of 2020, consolidated net revenues amounted to €230,414 thousand, down by 20.9% compared to €291,419 thousand in the same period of 2019. The Group's revenues, divided by recognition method and business segment, are broken down as follows:

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	30.06.2020
Revenues from the sale of goods and services - point in time	203,032	5,865	(634)	208,263
Revenues from the sale of goods and services - over the time	20,152	1,999		22,151
Total	223,184	7,864	(634)	230,414

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	30.06.2019 Restated
Revenues from the sale of goods and services - point in time	260,164	7,886	(463)	267,587
Revenues from the sale of goods and services - over the time	22,417	1,414		23,831
Total	282,581	9,300	(463)	291,419

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

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

Revenues broken down by type	Datalogic	Informatics	Adjustments	30.06.2020
Sale of goods	207,211	5,453	(632)	212,032
Sale of services	15,973	2,411	(2)	18,382
Total	223,184	7,864	(634)	230,414

Revenues broken down by type	Datalogic	Informatics	Adjustments	30.06.2019 Restated
Sale of goods	265,909	7,271	(462)	272,719
Sale of services	16,672	2,029	(1)	18,700
Total	282,581	9,300	(463)	291,419

Note 17. Cost of goods sold and operating costs

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

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Cost of goods sold	126,172	146,244	(20,072)
Operating costs	106,599	117,315	(10,716)
Research and development expenses	29,317	31,198	(1,881)
Distribution expenses	51,601	59,985	(8,384)
General and administrative expenses	24,329	24,855	(526)
Other operating expenses	1,353	1,277	76
Total	232,771	263,559	(30,788)

Cost of goods sold

This item amounted to €126,172 thousand, down by 13.7% compared to the same period of 2019, consistently with the decline in turnover. The percentage of revenues increased by 4.6% and amounted to 54.8% (50.2% in the same period of 2019).

Operating costs

With the implementation of the efficiency plan, operating costs decreased by 9.1%, from €117,315 thousand to €106,599 thousand. The percentage on turnover increased from 40.3% to 46.3%, reporting a 6.0% worsening.

“**Research and development expenses**” amounted to €29,317 thousand and increased, compared to the same period of the previous year, with a percentage on turnover of 12.7% (10.7% in the same period of the previous year) after the strengthening of strategic investments on the sector.

“**Distribution expenses**” amounted to €51,601 thousand, a significant decrease compared to the same period of the previous year due to a decrease in volumes and thanks to the efficiency achieved after reorganisation of the trade structure.

“**General and administrative expenses**” amounted to €24,329 thousand, down by 2.1%.

“**Other operating expenses**”, equal to €1,353 thousand, were in line with the previous year and are broken down in the following table.

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Non-income taxes	929	919	10
Provision for risks and charges accrual	307	12	295
Costs charge-back	110	304	(194)
Loss on disposal of fixed assets	2	39	(37)
Others	5	3	2
Total	1,353	1,277	76

Breakdown of costs by type

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

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Purchases	94,459	122,318	(27,859)
Change in inventories	(1,796)	(12,844)	11,048
Labour cost	80,192	92,312	(12,120)
Amortisation, depreciation and write-downs	14,436	12,952	1,484
Goods receipt and shipment expenses	8,657	9,879	(1,222)
Consumables and R&D material	3,461	4,053	(592)
Quality certification expenses	2,969	1,079	1,890
EDP expenses	2,742	2,877	(135)
Travel and meetings expenses	2,703	6,254	(3,551)
R&D technical consultancies	2,690	1,578	1,112
Legal, tax and other advisory consultancies	2,545	2,822	(277)
Marketing expenses	2,509	3,387	(878)
Repairs and warranty provision accrual	1,819	2,337	(518)
Royalties	1,466	1,643	(177)
Building expenses	1,402	1,719	(317)
Telephone expenses	1,105	986	119
Utilities	1,001	1,109	(108)
Expenses for plant and machinery and other assets	820	768	52
Sundry service costs	762	1,238	(476)
Commissions	543	701	(158)
Audit Fees	511	641	(130)
Vehicle expenses	440	704	(264)
Insurances	427	353	75
Directors' remuneration	398	941	(543)
Entertainment expenses	367	562	(195)
Others	6,143	3,191	2,953
Total Cost of goods sold and operating costs	232,771	263,559	(30,788)

Costs for purchases and change in inventories decreased by €16,811 thousand (-15.4%), compared to the same period of 2019, due to lower volumes.

Labour cost amounted to €80,192 thousand (€92,312 thousand in the same period of 2019) and reported a decrease of €12,120 thousand compared to the previous year (-13.1%). The change, compared to 30 June 2019, is mainly due to the use of social shock absorbers, holidays related to previous years and partly to a reduction in staff in production and commercial structures. The detailed breakdown of labour cost is as follows:

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Wages and salaries	62,065	70,514	(8,448)
Social security charges	12,657	14,534	(1,877)
Post-employment benefits	1,112	1,190	(78)
Severance indemnities and similar benefits	866	865	1
Other labour costs	3,492	5,210	(1,718)
Total	80,192	92,312	(12,120)

The increase of €1,484 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 €8,657 thousand, recorded a 12.4% decrease due to the reduction in volumes.

“**Quality certification expenses**”, amounting to 2,969 thousand, increased by €1,890 thousand compared to the same period of 2019, following the certification of new products.

Expenses for “**R&D technical consultancies**” amounted to €2,690 thousand, up by €1,112 thousand compared to the same period of 2019, due to higher R&D investments.

The “**Travel and meetings expenses**” item, amounting to €2,703 thousand, recorded a 34.5% decrease, with a better percentage on turnover compared to the previous period (-0.6%), following the cost reduction plan.

Note 18. Other revenues

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Grants to Research and Development expenses	1,179	1,984	(805)
Miscellaneous income and revenues	1,417	2,157	(740)
Rents	53	49	4
Income on disposal of fixed assets	16	55	(39)
Contingent assets	0	6	(6)
Others	26	(3)	29
Total	2,691	4,248	(1,557)

The change in the “**Grants to Research and Development expenses**” item is attributed mainly to the lower tax receivables for R&D, while the change in the “**Miscellaneous income and revenues**” item is due to the restatement of 2019 comparison data, following the classification of the investee Solution Net System under assets held-for-sale.

Note 19. Financial Income/(Expenses)

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Financial Income/(Expenses)	(1,659)	(100)	(1,559)
Foreign exchange gains/losses	(3,178)	(703)	(2,475)
Bank expenses	(423)	(609)	186
Others	102	(3)	105
Total Financial Income/(Expenses)	(5,158)	(1,415)	(3,743)

Due to mainly the unfavourable trend of exchange rates and the negative result from cash investments, the net Financial Income/(Expenses) item was negative by €5,158 thousand, a worsening of €3,743 thousand compared to a negative result of €1,415 thousand reported in the same period of 2019.

Note 20. Taxes

	Half year ended		Change
	30.06.2020	30.06.2019 Restated	
Profit/(Loss) before taxes from continuing operations	(4,824)	30,693	(35,517)
Income taxes	(273)	5,953	(6,225)
Deferred taxes	(4,072)	863	(4,935)
Total	(4,345)	6,815	(11,160)
Tax Rate	90.1%	22.2%	67.9%

The average tax rate came to 90.1% in the first half of 2020 (22.2% as at 30 June 2019) and it was calculated on the effects related to taxation of dividends and benefits related to tax advantages (patent box), as well as to the recognition of deferred tax assets on tax losses of Italian companies.

Note 21. Profit/(Loss) from assets held for sale

During the second quarter of 2020, the Group received statements of interest for the purchase of the subsidiary Solution Net Systems Inc., based on which the sale process began. The sale of a majority interest, equal to 85% of the company's share capital, was finalised on 24 July 2020. In this Half-Year Financial Report, the equity and financial position of Solution Net Systems Inc. was therefore classified under assets held for sale and the related economic components under Profit/(Loss) from assets held for sale.

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

The economic results for the period of Solution Net System are shown hereunder:

INCOME STATEMENT	30.06.2020	30.06.2019
Revenues	10,621	14,532
Cost of goods sold	(8,133)	(12,551)
Gross Operating Margin	2,488	1,981
Research and development expenses	(295)	(283)
Distribution expenses	(713)	682
General and administrative expenses	(490)	(502)
Other operating expenses	(18)	(61)
Total operating costs	(1,516)	(164)
Operating result	972	1,817
Financial Income/(Expenses)	(327)	30
Profit/(Loss) before taxes	638	1,847
Taxes	(172)	(474)
Net Profit/(Loss) for the period	466	1,373

The main assets and liabilities of Solution Net Systems Inc., classified as held for sale as at 30 June 2020, are the following:

ASSETS	30.06.2020	31.12.2019
Tangible assets	79	103
Financial assets	337	19
Deferred tax assets	69	146
Inventories	681	779
Trade and other receivables	4,135	6,284
Tax receivables	94	258
Cash and cash equivalents	2,649	6,206
Total Assets	8,044	13,795

LIABILITIES	30.06.2020	31.12.2019
Shareholders' Equity	577	5,904
Tax payables	5	0
Trade and other payables	7,384	7,742
Tax payables	78	140
Current financial payables		9
Total Liabilities	8,044	13,795

Pursuant to provisions set out in paragraph 33 of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, net cash flows attributable to operations, investments and loans of discontinued operations can be alternatively disclosed in the financial statements or in the explanatory notes. The Group elected to disclose total cash flows in the Consolidated Financial Report, including both continuing operations and assets held for sale. Additional disclosures on cash flows from held-for-sale assets are shown hereunder:

CASH FLOW STATEMENT	30.06.2020	30.06.2019
Cash flows from operations	2,563	(3,417)
Cash flows from investments	-	-
Cash flows from financial activity	(6,120)	2,310
Total	(3,557)	(1,107)

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

Note 22. Earnings/loss per share

Earnings/loss per share

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

	Half year ended	
	30.06.2020	30.06.2019 Restated
Group profit/(loss) for the period	(13)	25,251
Average number of shares (thousands)	57,578	56,851
Basic earnings/(loss) per share	0.00	0.44
Group profit/(loss) for the period	(13)	25,251
Average number of shares (thousands) - Diluted effect	57,347	57,108
Diluted earnings/(loss) per share	0.00	0.44

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.

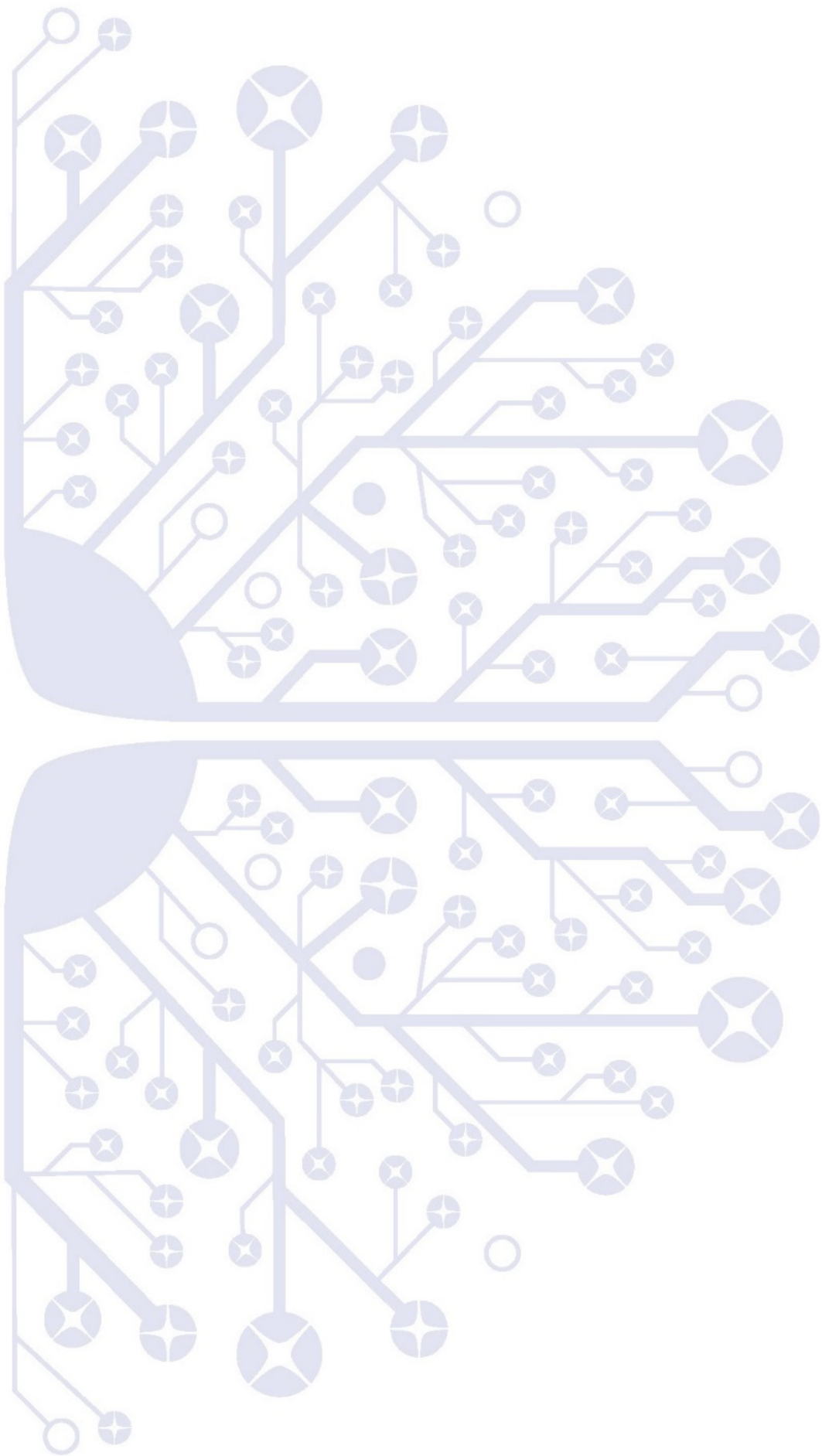
Pursuant to Art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2020 – 30.06.2020, the Company's Board of Directors did not approve any relevant transaction, as set out by Art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

	Parent Company	Company controlled by Chairman of BoD	Not consolidated companies on a line-by-line basis	30.06.2020
Investments			776	776
Assets held-for-sale				
Trade receivables and other, accrued income, prepaid expenses		77	1,086	1,163
Receivables pursuant to tax consolidation	14,242			14,242
Financial receivables				
Payables pursuant to tax consolidation	16,364			16,364
Trade payables and other, accrued liabilities, deferred income		119	108	227
Financial payables				
Operating expenses		580	88	668
Trade and other revenues			2,576	2,576
Financial income				
Profits/(losses) from associates				

NUMBER OF EMPLOYEES

	30.06.2020	30.06.2019	Change
Datalogic	2,863	3,003	(140)
Solution Net Systems	33	41	(8)
Informatics	76	82	(6)
Total	2,972	3,126	(154)

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



ANNEXES

ANNEX 1

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

1. The undersigned Mrs. Valentina Volta, as CEO, and Mrs. Laura Bernardelli, as Manager in charge of drawing up Datalogic S.p.A.'s accounting statements, hereby certify the following, also taking account of provisions set forth by Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
 - the adequacy of the information on Company operations and
 - the actual application of the administrative and accounting procedures for the formation of the condensed half-year financial statements, during the first half of 2020.

2. The assessment on the adequacy of the administrative and accounting procedures for the formation of the condensed half-year financial statements as at 30 June 2020 is based on a procedure defined by Datalogic S.p.A. in compliance with the Internal Control – Integrated Framework model, issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is the reference framework generally accepted at international level.

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

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

Lippo di Calderara di Reno, 5 August 2020

Chief Executive Officer

Valentina Volta

Manager in charge of drawing up
the accounting statements

Laura Bernardelli

ANNEXES

ANNEX 2

CONSOLIDATION AREA

The Consolidated Interim Report includes interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. Reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company. The companies included in the scope of consolidation as at 30 June 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	347,349	17,519	
Datalogic Real Estate France Sas	Paris – France	Euro	2,227,500	3,755	54	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	5,384	129	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	24,382	1,784	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	14,829	(355)	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	243	28	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	2,807	(52)	100%
Datalogic Hungary Kft	Fonyod - Hungary	HUF	3,000,000	4,810	176	100%
Solution Net Systems, Inc.	Quakertown, PA - USA	USD		577	1,583	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	138,548	(2,570)	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	Euro	66,388	268	187	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	230,856	6,067	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	626	288	100%
Datalogic Tecnologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(348)	(131)	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	Euro	25,000	3,759	(31)	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	931	5	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	27,103	548	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	3,203	135	100%
Suzhou Mobydata Smart System Co. Ltd	Suzhou, JiangSu - China	CNY	161,224	3,944	214	51%

The following companies were consolidated at cost as at 30 June 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	902	42	40%
Datasensor GmbH (*)	Otterfing - Germany	Euro	150,000	12	10	30%
CAEN RFID S.r.l. (*)	Viareggio (LU) - Italy	Euro	150,000	1,103	(130)	20%
R4I S.r.l. (*)	Benevento - Italy	Euro	131,250	441	38	20%
Datalogic Automation AB (**)	Malmö, Sweden	SEK	100,000	757	374	20%

(*) data as at 31 December 2019

(**) data as at 30 June 2019

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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 half of 2019 following the reorganisation of the commercial function launched in 2020, in which some revenue allocation logics to geographical areas and business segments have been partially redefined to ensure coverage of the various types of end-user and partner customers, as well as geographical areas.

REVENUES BY GEOGRAPHICAL AREA

	30.06.2019 Reported (*)	Restatement	30.06.2019 Restated
Italy	25,572	(1,142)	24,430
EMEA1 (excluding Italy)	134,288	785	135,073
Total EMEA1	159,860	(357)	159,503
Americas	98,438	41	98,479
APAC	33,121	317	33,438
Total Revenues	291,419		291,419

(*) Comparison data related to 2019 were restated following the classification of the investee Solution Net System under assets held-for-sale

REVENUES BY BUSINESS SEGMENT

	30.06.2019 Reported	Restatement	30.06.2019 Restated
Retail	129,500	24,150	105,350
Manufacturing	79,006	20,328	58,678
Transportation & Logistics	34,367	1,819	32,548
Healthcare	10,029	753	9,276
Channel	29,679	(47,051)	76,730
Total Revenues	282,581		282,581

Within the reorganisation of the commercial function, the revenue allocation criteria were partially modified, by allocating to the Channel segment a portion of the sales made to end-users of partner customers and previously classified under the industry segment 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-user 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 OF ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

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

	30.06.2020		30.06.2019 Restated		Change
Adjusted EBITDA	18,365	7.97%	45,819	15.72%	(27,454)
Cost of goods sold	1,637	0.71%	316	0.11%	1,321
Research and Development expenses	102	0.04%		0.00%	102
Distribution expenses	465	0.20%	123	0.04%	342
General and administrative expenses	1,096	0.48%	320	0.11%	777
Other expenses/(income)	295	0.13%		0.00%	295
Total	3,595	1.56%	759	0.26%	2,836
EBITDA	14,770	6.41%	45,060	15.46%	(30,290)

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

	30.06.2020	30.06.2019 Restated	Change
Covid-19	1,943		1,943
Reorganisation	1,192	505	687
Other	461	254	207
Total	3,595	759	2,836