



**Consolidated Interim
Report
31 March 2021**

TABLE OF CONTENTS

GROUP STRUCTURE **page 3**

COMPOSITION OF CORPORATE BODIES **page 4**

REPORT ON OPERATIONS **page 5**

CONSOLIDATED FINANCIAL STATEMENTS **page 19**

Consolidated Statement of Financial Position

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Statement of Cash Flow

Changes in Consolidated Shareholders' Equity

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **page 26**

Information on the Statement of Financial Position

Information on the Income Statement

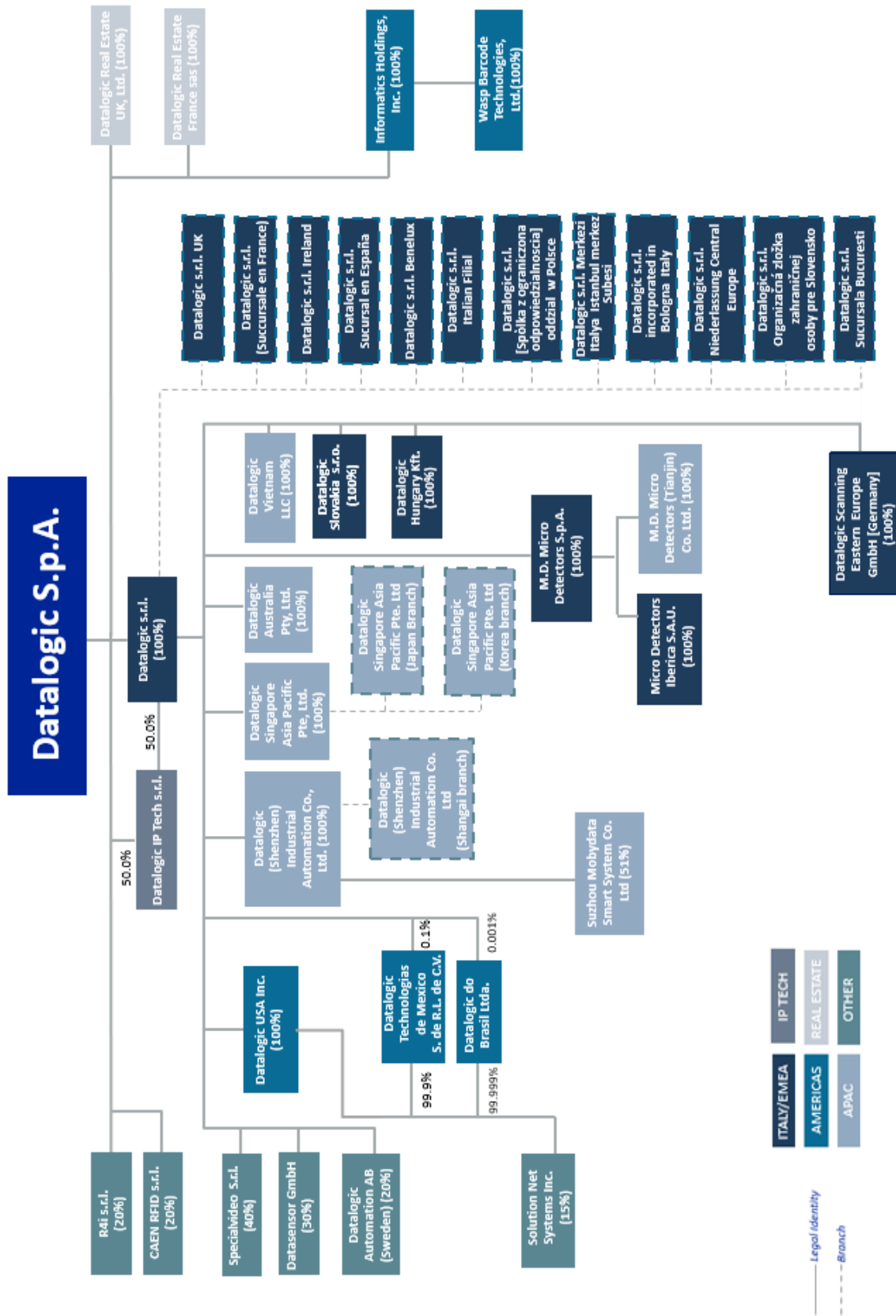
ANNEXES

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

DISCLAIMER

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

GROUP STRUCTURE



COMPOSITION OF CORPORATE BODIES

Board of Directors ⁽¹⁾

| | |
|----------------------------|--|
| Romano Volta | Executive Chairman ⁽²⁾ |
| Valentina Volta | Chief Executive Officer ⁽²⁾ |
| Angelo Manaresi | Independent Director |
| Chiara Giovannucci Orlandi | Independent Director |
| Filippo Maria Volta | Non-executive Director |
| Vera Negri Zamagni | Independent Director |
| Roberto Pisa | 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 |
| Vera Negri Zamagni | Independent 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 2023.

(2) Legal representative as regards third parties.

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

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

Report on Operations



REPORT ON OPERATIONS

INTRODUCTION

This Consolidated Interim Report as at 31 March 2021 was drawn up pursuant to Art. 154 of T.U.F. and was prepared in compliance with the International Accounting Standards (IAS/IFRS) endorsed by the European Union.

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

GROUP PROFILE

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

HIGHLIGHTS OF THE PERIOD

The following table summarises the Datalogic Group’s key operating and financial results as at 31 March 2021 in comparison with the same period a year earlier.

The comparative economic data as at 31 March 2020 were restated following the sale of the controlling interest in Solution Net Systems Inc. in the second half of 2020 and the consequent classification of the comparative economic results of that investee as results from discontinued operations. The income statement and balance sheet figures as at 31 March 2021 include the balances of MD Group consolidated from 1 March 2021.

| | Quarter ended | | | | | | |
|---|-----------------|------------------|------------------------|------------------|----------------|-------------|-----------------|
| | 31.03.2021 | % on Revenues | 31.03.2020 Restated | % on Revenues | Change | % change | % ch. net FX |
| Revenues | 135,413 | 100.0% | 119,188 | 100.0% | 16,225 | 13.6% | 17.4% |
| Adjusted EBITDA | 21,602 | 16.0% | 7,220 | 6.1% | 14,382 | 199.2% | 177.3% |
| EBIT | 13,064 | 9.6% | (1,295) | -1.1% | 14,359 | n.a. | n.a. |
| Net Profit/(Loss) for the period | 9,029 | 6.7% | (4,265) | -3.6% | 13,294 | n.a. | n.a. |
| Net financial position (NFP) | (30,936) | | (21,004) | | (9,932) | | |

As at 31 March 2021, the Group reported **revenues** at €135.4 million, increasing by €16.2 million, equal to 13.6% (17.4% at constant exchange rates), over the €119.2 million recorded in the first quarter of 2020. Organic growth (net of the exchange rate effect and of the acquisition of the MD Group) was 15.0%, and confirms the acceleration of the economic recovery, whose signs were partly evident from the fourth quarter of 2020, but strengthened in all geographical areas

in 2021. MD Microdetectors contributed by 2.5% to first-quarter growth, marking a double-digit increase compared to the same period of last year.

The Group ended the period on 31 March 2021 with an Adjusted EBITDA of €21.6 million and an Adjusted EBITDA margin of 16.0% (6.1% as at 31 March 2020), achieving the best performance ever obtained by the Group in the first quarter of the year.

Net profit of €9.0 million (6.7% of revenues) marks a gradual return of the Group to pre-pandemic results. In the first quarter of 2020, the consolidated net result was a loss of €4.3 million.

Net Financial Position as at 31 March 2021 was negative at €30.9 million, net of the acquisition of the MD Group, which cash outflow was €35.0 million, the Group's net financial position would have been positive at €4.0 million. In the first quarter of 2020, the Group's NFP was negative at €21.0 million, while at 31 December 2020 it was positive at €8.2 million.

ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

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

- **EBIT (Earnings Before Interest, Taxes):** this indicator is defined as Profit/Loss for the period from continuing operations gross of financial expenses and income (including foreign exchange gains and losses and profits and losses from associated companies) and income taxes.
- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** this indicator is defined as Profit/Loss for the period from continuing operations before depreciation and amortisation of tangible and intangible assets and rights of use, financial income and expenses (including foreign exchange gains and losses and profits and losses from associated companies) and the income taxes.
- **Adjusted EBITDA:** this indicator is defined as Profit/Loss for the period from continuing operations before depreciation and amortisation of tangible and intangible assets and rights of use, financial income and expenses (including foreign exchange gains and losses and profits and losses from associated companies) and income taxes, as well as costs and revenues considered by the Management as non-recurring (see Annex 4) i.e. relating to transactions that are not frequently repeated as part of the Group's core business.
- **Net Trade Working Capital:** this indicator is calculated as the sum of Inventories and Trade Receivables, less Trade Payables.

- **Net Working Capital:** this indicator is calculated as the sum of Net Commercial Working Capital and Other Current Assets and Liabilities including short-term Provisions for Risks and Charges.
- **Net Invested Capital:** this indicator is the total of Current and Non-current Assets, excluding financial assets, less Current and Non-current Liabilities, excluding financial liabilities.
- **NFP (Net Financial Position or Net Financial Debt):** this indicator is calculated in accordance with Consob Communication no. 15519 of 28 July 2006, also including “Other financial assets” represented by temporary investments of liquidity and financial liabilities for operating leases following the application of the new accounting standard IFRS 16.
- **Free Cash Flow:** this indicator is calculated as the cash flow from operating activities, net of investments in tangible and intangible assets (excluding right-of-use assets recognised over the period in accordance with IFRS 16) and financial and tax income and expenses for operating activities.

GROUP RECLASSIFIED ECONOMIC RESULTS

The following table shows the main income statement items of the period compared with the previous period:

| | Quarter ended | | | | Change | % change |
|--|-----------------|---------------|-----------------|---------------|---------------|----------------|
| | 31.03.2021 | | 31.03.2020 | | | |
| | | | Restated | | | |
| Revenues | 135,413 | 100.0% | 119,188 | 100.0% | 16,225 | 13.6% |
| Cost of goods sold | (71,892) | -53.1% | (62,133) | -52.1% | (9,759) | 15.7% |
| Gross Operating Margin | 63,521 | 46.9% | 57,055 | 47.9% | 6,466 | 11.3% |
| Research and Development expenses | (13,740) | -10.1% | (16,782) | -14.1% | 3,042 | -18.1% |
| Distribution expenses | (22,981) | -17.0% | (28,375) | -23.8% | 5,394 | -19.0% |
| General and administrative expenses | (11,508) | -8.5% | (11,462) | -9.6% | (46) | 0.4% |
| Other operating (expenses)/income | (277) | -0.2% | 731 | 0.6% | (1,008) | n.a. |
| Total operating and other costs | (48,506) | -35.8% | (55,888) | -46.9% | 7,382 | -13.2% |
| Non-recurring costs/revenues | (968) | -0.7% | (1,228) | -1.0% | 260 | -21.2% |
| Amortisation from acquisitions | (983) | -0.7% | (1,233) | -1.0% | 250 | -20.3% |
| EBIT | 13,064 | 9.6% | (1,295) | -1.1% | 14,359 | n.a. |
| Financial Income/(Expenses) | (769) | -0.6% | (2,266) | -1.9% | 1,497 | -66.1% |
| Foreign exchange gains/(losses) | (196) | -0.1% | (2,758) | -2.3% | 2,562 | -92.9% |
| Profit/(Loss) before taxes (EBT) | 12,099 | 8.9% | (6,319) | -5.3% | 18,418 | n.a. |
| Taxes | (3,070) | -2.3% | 2,195 | 1.8% | (5,265) | n.a. |
| Net Profit/(Loss) for the period from continuing operations | 9,029 | 6.7% | (4,124) | -3.6% | 13,153 | n.a. |
| Net Profit/(Loss) for the period from discontinued operations | - | 0.0% | (141) | -0.1% | 141 | -100.0% |
| Net Profit/(Loss) for the period | 9,029 | 6.7% | (4,265) | -3.6% | 13,294 | n.a. |
| Non-recurring costs/revenues | (968) | -0.7% | (1,228) | -1.0% | 260 | -21.2% |
| Depreciation of tangible assets and rights of use | (4,125) | -3.0% | (4,475) | -3.8% | 350 | -7.8% |
| Amortisation of intangible assets | (3,445) | -2.5% | (2,812) | -2.4% | (633) | 22.5% |
| Adjusted EBITDA | 21,602 | 16.0% | 7,220 | 6.1% | 14,382 | 199.2% |

Consolidated revenues of €135.4 million as at 31 March 2021 recorded a total growth of 13.6% (+17.4% net of the exchange rate effect) compared to €119.2 million in the first quarter of 2020, driven in particular by the EMEAI and APAC regions where the Group develops approximately 73.4% of its business.

| | Quarter ended | | | | Change | % change | % ch. net FX |
|-------------------------|----------------|---------------|----------------|---------------|---------------|--------------|--------------|
| | 31.03.2021 | % | 31.03.2020 | % | | | |
| | | | Restated | | | | |
| Italy | 14,050 | 10.4% | 11,756 | 9.9% | 2,293 | 19.5% | 19.5% |
| EMEAI (excluding Italy) | 67,334 | 49.7% | 59,502 | 49.9% | 7,832 | 13.2% | 14.3% |
| Total EMEAI | 81,384 | 60.1% | 71,258 | 59.8% | 10,126 | 14.2% | 15.1% |
| Americas | 36,011 | 26.6% | 34,787 | 29.2% | 1,224 | 3.5% | 12.9% |
| APAC | 18,018 | 13.3% | 13,143 | 11.0% | 4,875 | 37.1% | 41.9% |
| Total Revenues | 135,413 | 100.0% | 119,188 | 100.0% | 16,225 | 13.6% | 17.4% |

EMEAI area achieved an increase in revenues of 14.2% (+ 15.1% net of the exchange rate effect and + 12.0% organic) compared to 31 March 2020. Italy confirmed, like the last quarter of 2020, a double-digit performance, followed by an almost widespread growth in all other countries in the area, with more appreciable trends in the Benelux, Spain and the UK.

The **AMERICAS** area, the Group's second market, returned to achieving its first positive results after the decline experienced throughout 2020, recording 12.9% growth at constant exchange rates, albeit penalised by the exchange rate effect, net of which the increase in turnover would have been of 3.5%. Canada and the United States are leading the start of economic recovery in the region, while in Latin America the negative effects of the pandemic are slowing down the recovery.

The **APAC** region grew by 37.1% (+ 41.9% at constant exchange rates) compared to the first quarter of 2020, with a more appreciable performance than the other geographic areas due in part to the comparison basis with the first quarter of 2020 which was already affected by the first pandemic wave and the first lockdowns. The overall contribution to the Group's turnover also improved by around two percentage points compared to the same quarter of 2020, thanks in particular to China, but with growth trends also in Japan and Korea.

Gross Operating Margin amounted to €63.5 million, with an incidence on the turnover of 46.9% (47.9% as at 31 March 2020), progressively improving compared to the performance of the last quarter of 2020, while still suffering from the inflationary effects of the shortage of critical components and logistics costs that cannot be offset by the competitive price dynamics in the economic scenario caused by the pandemic.

Operating and other costs, amounting to €48.5 million, decreased by 13.2% compared to €55.9 million in the first quarter of 2020. The strategy defined in 2020 and still being implemented, made it possible to achieve both structural and temporary efficiencies, which allowed the Group to invest resources more selectively in strategic activities, continuing to support growth. This cost reduction combined with the recovery in volumes has contributed to the improvement of the incidence of operating expenses by 11.1%, from 46.9% to 35.8%.

Research and Development expenses, amounting to €13.7 million (€16.8 million as at 31 March 2020), reached 10.1% on revenues, compared to 14.1% in the first quarter of the previous year, thanks to a strategy of selectivity on investments and the conclusion of important product development projects mainly in the mobile segment.

Research and Development total spending, gross of capital expenditure, amounted to €14.4 million, down by €4.3 million compared to the same period of 2020, reaching 10.6% on revenue compared to 15.7% in the previous period, with a decrease of 5.1 percentage points.

Distribution expenses amounted to €23.0 million, decreasing by 19.0% compared to the first quarter of 2020 (€28.4 million in 2020), with an incidence on revenues of 17.0% compared to 23.8% as at 31 March 2020, thanks to the efficiencies achieved on sales, distribution and marketing costs both as a result of the new sales organisation model and the postponement of commercial events and trade fairs that are still limited, at least for most of the first half of 2021, by the restrictive Covid measures.

Adjusted EBITDA was €21.6 million, tripled compared to the same period last year (€7.2 million in the same quarter of 2020). The Adjusted EBITDA margin as at 31 March 2021 was 16.0% compared to 6.1% recorded in the same period of previous year. The trend in margins, which constantly grew for the fourth consecutive quarter, returned to pre Covid-19 levels, recording the best performance ever in the first quarter of the year, despite the pressures on prices, mitigated by the efficiencies achieved on overhead costs that made it possible to protect margins in a market context that is still complex, albeit recovering.

EBIT was €13.1 million, equal to 9.6% of revenues, returning to pre-pandemic levels.

Net financial Income (Expenses), negative by €1.0 million, recorded an improvement of €4.0 million compared to the first quarter of last year when it suffered the negative effects of exchange rate differences and the performance of financial markets which penalised the fair market values of cash equivalent investments.

| | Quarter ended | | Change |
|--|---------------|------------------------|--------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Net financial income/(expenses) | (452) | (567) | 115 |
| Foreign exchange gains/losses | (196) | (2,758) | 2,562 |
| Investment Fair Value | - | (1,567) | 1,567 |
| Bank expenses | (279) | (217) | (62) |
| Dividends | - | 83 | (83) |
| Others | (38) | 2 | (40) |
| Total Net Financial Income/(Expenses) | (965) | (5,024) | 4,059 |

Net profit for the period was €9.0 million, equal to 6.7% of revenues, while in the first quarter of 2020 the Group recorded a loss of €4.3 million.

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. The operating segments are indicated below:

- **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 divisional Revenues and Adjusted EBITDA achieved in the first quarter of 2021 compared with the same period of the previous year:

REVENUES BY DIVISION

| | Quarter ended | | 31.03.2020 | | Change | % change | % ch. net FX |
|-----------------------|----------------|---------------|----------------|---------------|---------------|--------------|-----------------|
| | 31.03.2021 | % | Restated | % | | | |
| Datalogic | 131,163 | 96.9% | 115,252 | 96.7% | 15,911 | 13.8% | 17.5% |
| Informatics | 4,425 | 3.3% | 4,187 | 3.5% | 238 | 5.7% | 14.5% |
| Adjustments | (175) | -0.1% | (251) | -0.2% | 76 | | |
| Total Revenues | 135,413 | 100.0% | 119,188 | 100.0% | 16,225 | 13.6% | 17.4% |

EBITDA BY DIVISION

| | Quarter ended | | 31.03.2020 | | Change | % change |
|------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|
| | 31.03.2021 | % on revenues | Restated | % on revenues | | |
| Datalogic | 21,048 | 16.0% | 6,974 | 6.1% | 14,074 | 201.8% |
| Informatics | 545 | 12.3% | 218 | 5.2% | 327 | 150.0% |
| Adjustments | 9 | | 28 | | (19) | |
| Total Adjusted EBITDA | 21,602 | 16.0% | 7,220 | 6.1% | 14,382 | 199.2% |

DATALOGIC DIVISION

As at 31 March 2021, the **Datalogic** division recorded sales **revenues** of €131.2 million, increasing by 13.8% compared to 31 March 2020 (+ 17.5% at constant exchange rates). **Adjusted EBITDA** of the division amounted to €21.0 million, marking an incidence on turnover of 16.0% (6.1% as at 31 March 2020). Below is the breakdown by industry of the Datalogic Division's revenues:

| | Quarter ended | | 31.03.2020 Restated | % | Change | % | % ch. net FX |
|----------------------------|----------------|---------------|------------------------|---------------|---------------|--------------|-----------------|
| | 31.03.2021 | % | | | | | |
| Retail | 49,647 | 37.9% | 50,578 | 43.9% | (931) | -1.8% | 2.1% |
| Manufacturing | 33,153 | 25.3% | 26,755 | 23.2% | 6,398 | 23.9% | 26.7% |
| Transportation & Logistics | 15,479 | 11.8% | 9,355 | 8.1% | 6,124 | 65.5% | 71.2% |
| Healthcare | 4,571 | 3.5% | 3,549 | 3.1% | 1,022 | 28.8% | 35.2% |
| Channel | 28,313 | 21.6% | 25,015 | 21.7% | 3,298 | 13.2% | 16.0% |
| Total Revenues | 131,163 | 100.0% | 115,252 | 100.0% | 15,911 | 13.8% | 17.5% |

▪ Retail

The Retail industry, the main segment for the Group with 37.9% of divisional turnover (43.9% as at 31 March 2020), recorded a slight decrease of 1.8% compared to the same period of 2020, penalised by the exchange rate effect, net of which it would have been increasing by 2.1%. The very positive performance of APAC, which recorded an increase of + 35.4% (+ 40.9% at constant exchange rates), and in the EMEAI region of + 7.6% (+ 9.0% at constant exchange rates), offset the weakness of the US market (-21.3% and -13.9% net of exchange rate), which suffered from an unfavorable basis of comparison with the previous year where it benefited from the completion of important contracts. In this segment, the food sector, less impacted by the contraction in demand due to Covid, saw a greater acceleration of the recovery compared to the non-food sector, to which the Group is less exposed.

▪ Manufacturing

The Manufacturing segment grew by 23.9% (26.7% at constant exchange rates), with a particularly positive trend in the APAC area, which recorded an increase of 42.1%, and EMEAI, which grew by 21.5% thanks to the recovery of the automotive and packaging segments.

▪ Transportation & Logistics

The Transportation & Logistics sector closed the first quarter of the year with an overall growth of 65.5% (+ 71.2% at constant exchange rates) compared to the first quarter of 2020, with double-digit increases in all areas, particularly in the Courier Express Parcel and airport segments, where the Group was awarded new projects at the end of 2020.

▪ Healthcare

The Healthcare sector closed the period with a positive result of + 28.8% compared to the previous period (+ 35.2% at constant exchange rates). The EMEAI region was stable, with very good signs of recovery in the AMERICAS (+ 16.7% and 27.6% at constant exchange rates) and in APAC compared to 31 March 2020. The sector was highly appreciative of Datalogic's products offer containing disinfectant-ready and anti-microbial plastics, perfectly satisfying the increased sanitation needs due to the pandemic.

- **Channel**

Sales through the distribution channel to small and medium-sized customers benefitted from the gradual economic recovery and saw an increase of 13.2% (16.0% at constant exchange rates) with an excellent performance in the United States, followed by EMEAI, particularly Italy, offsetting a less brilliant performance in APAC.

INFORMATICS DIVISION

The **Informatics Division** achieved turnover of €4.4 million in the first quarter of 2021 (€4.2 million as at 31 March 2020), an increase of 5.7% compared to the same period of the previous year (+ 12.3% at constant exchange rates). The Adjusted EBITDA margin was 12.3% compared to 5.2% in the first quarter of 2020. The division was able to take advantage of the first signs of recovery in the US market, continuing the positive performance already begun in the fourth quarter of 2020. The overall increase in volumes and a mix that sees growth in particular in the services segment (*SaaS*), combined with operating efficiencies, makes it possible to achieve higher margins than those achieved in recent years by the division.

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD

The following table shows the main financial and equity items as at 31 March 2021 compared with 31 December 2020.

| | 31.03.2021 | 31.12.2020 | Change | % change |
|--|------------------|------------------|-----------------|----------------|
| Intangible assets | 61,264 | 59,175 | 2,089 | 3.5% |
| Goodwill | 204,575 | 171,372 | 33,203 | 19.4% |
| Tangible assets | 106,523 | 103,406 | 3,117 | 3.0% |
| Financial assets and investments in associates | 8,627 | 8,723 | (96) | -1.1% |
| Other non-current assets | 44,245 | 42,265 | 1,980 | 4.7% |
| Total Fixed Assets | 425,234 | 384,941 | 40,293 | 10.5% |
| Trade receivables | 80,865 | 66,563 | 14,302 | 21.5% |
| Trade payables | (105,657) | (97,006) | (8,651) | 8.9% |
| Inventories | 97,687 | 78,271 | 19,416 | 24.8% |
| Net Trade Working Capital | 72,895 | 47,828 | 25,067 | 52.4% |
| Other current assets | 28,808 | 28,274 | 534 | 1.9% |
| Other current liabilities and provisions for risks | (59,388) | (53,708) | (5,680) | 10.6% |
| Net Working Capital | 42,315 | 22,394 | 19,921 | 89.0% |
| Other non-current liabilities | (33,892) | (33,958) | 66 | -0.2% |
| Post-employment benefits | (7,273) | (6,862) | (411) | 6.0% |
| Non-current Provisions for risks | (4,267) | (4,375) | 108 | -2.5% |
| Net Invested Capital | 422,117 | 362,140 | 59,977 | 16.6% |
| Shareholders' Equity | (391,181) | (370,358) | (20,823) | 5.6% |
| Net financial position (NFP) | (30,936) | 8,218 | (39,154) | -476.4% |

Net Trade Working Capital as at 31 March 2021 amounted to €72.9 million, recording an increase of €25.1 million compared to 31 December 2020. The percentage incidence on turnover rose from 10.0% in 2020 to 14.7% in 2021. The change in the period is due to the resumption of growth in volumes, which led to an increase in inventories of €19.4 million, also due to the need to deal with the shortage of some electronic and plastic components; there was an increase in trade receivables by €14.3 million, partly offset by the greater trade exposure to suppliers by €8.7 million. The change in the consolidation area following the acquisition of MD contributed to the change in working capital by €6.3 million.

Net Invested Capital, amounting to €422.1 million (€362.1 million as at 31 December 2020), recorded an overall increase of €60.0 million due to the increase in trade working capital by €19.9 million as well as the increase in fixed asset by €40.3 million. Fixed assets increased mainly due to the business combination relating to the MD acquisition, represented for €2.6 million by tangible assets and for €26.6 million by intangible assets, of which €25.6 million for the recognition of Goodwill, as well as exchange rate effects for €9.6 million and net investments for €2.7 million.

Net Financial Position as at 31 March 2021 was negative at €30.9 million; the change in the period of €39.1 million is due for €35.0 million to the MD acquisition, net of which and despite the seasonality the net financial position would have been positive for €4.0 million compared to €8.2 million as at 31 December 2020.

Compared to the first quarter of 2020, cash flow from operations improved by around €26.0 million thanks to volumes and margin recovery of combined the selectivity of investments.

Cash flows, which brought about the change in Consolidated Net Financial Position as at 31 March 2021, are summarised as follows:

| | 31.03.2021 | 31.03.2020 | Change |
|---|-----------------|-----------------|----------------|
| Net Financial Position/(Net Debt) at the beginning of the period | 8,218 | 13,365 | (5,147) |
| EBITDA | 21,602 | 7,330 | 14,272 |
| Change in net trade working capital | (16,541) | (17,989) | 1,448 |
| Other changes in net working capital | 2,021 | (1,620) | 3,641 |
| Net investments | (5,762) | (8,676) | 2,914 |
| Change in taxes | (2,914) | (4,426) | 1,512 |
| Net Financial Income (Expenses) | (969) | (3,207) | 2,238 |
| Dividend distribution | - | - | - |
| Sale (Purchase) of treasury shares | - | (2,470) | 2,470 |
| Change consolidation area - Disposals (Acquisitions) | (34,972) | - | (34,972) |
| Change in lease agreements (IFRS 16) | (1,619) | (3,311) | 1,692 |
| Change in Net Financial Position | (39,154) | (34,368) | (4,786) |
| Net Financial Position/(Net Debt) at the end of the period | (30,936) | (21,004) | (9,933) |

As at 31 March 2021, the Net Debt/(Net Financial Position, NFP) is broken down as follows:

| | 31.03.2021 | 31.12.2020 |
|---|-----------------|-----------------|
| A. Cash and bank deposits | 109,316 | 137,440 |
| B. Other cash equivalents | 12 | 11 |
| <i>b1. restricted cash</i> | 12 | 11 |
| C. Securities held for trading | - | - |
| D. Cash and cash equivalents (A) + (B) + (C) | 109,328 | 137,451 |
| E. Current financial receivables | 4,792 | 12,189 |
| <i>e1. other current financial receivables</i> | 2,660 | 10,152 |
| <i>e2. financial receivables</i> | 2,132 | 2,037 |
| F. Bank overdrafts | 271 | 31 |
| G. Current portion of non-current debt | 54,116 | 52,860 |
| H. Other current financial liabilities | 6,121 | 4,875 |
| <i>h1 leasing payables</i> | 3,648 | 3,375 |
| <i>h2. current financial liabilities</i> | 2,473 | 1,500 |
| I. Current financial debt (F) + (G) + (H) | 60,508 | 57,766 |
| J. Current Net Financial Debt (Financial Position) (I) - (E) - (D) | (53,612) | (91,874) |
| K. Non-current bank borrowing | 78,578 | 77,893 |
| L. Bonds | - | - |
| M. Other non-current liabilities | 5,970 | 5,763 |
| <i>m1. leasing payables</i> | 5,970 | 5,763 |
| N. Non-current financial Debt (K) + (L) + (M) | 84,548 | 83,656 |
| O. Net Financial Debt (Net Financial Position) (J) + (N) | 30,936 | (8,218) |

As at 31 March 2021, the Group had credit lines amounting to €319 million, of which €182 million unused, including €100 million long-term and €82 million short-term.

SIGNIFICANT EVENTS DURING THE PERIOD

COVID-19 DISCLOSURE

Although the health emergency has still not been fully resolved at global level, it is believed that the vaccine campaigns, the management of new waves of the pandemic with more localised restrictions and the Governments economic support and development measures, laid the foundations for the start of a moderate economic recovery.

As at the date of drafting of this Interim Report, the Group continues to witness a recovery in the order intake with respect to the corresponding period in the previous year in all regions, accompanied, conversely, by shortages in some critical components that are affecting the sector and contributes to the dilution of delivery times from suppliers and to customers. The Group operates under production continuity by carefully using alternative supply channels and the continuous replanning of activities and production resources in order to minimise potential inefficiencies.

Taking into account of the above-mentioned scenario which is both showing signs of recovery and uncertainty, in drawing up this Interim Report, the Directors updated the estimates to evaluate assets and liabilities in the financial statements, in order to reflect any impacts on these from the Covid-19 pandemic. The results which will be achieved in the following years, owing to the current situation of uncertainty, could however differ from those reported, in particular with reference to the following: financial assets measured at fair value; measurement of the Stock Grant plan; impairment of non-financial assets, recoverability of capitalised development costs and deferred tax assets.

OTHER EVENTS DURING THE PERIOD

On 1 March 2021, the acquisition of the entire share capital of M.D. Micro Detectors S.p.A. from the Finmasi Group, through the subsidiary Datalogic S.r.l., was completed. M.D. Micro Detectors S.p.A. is an Italian-based company active in the design, production and sale of industrial sensors. The acquisition took place for a consideration of approximately 37 million Euro.

SUBSEQUENT EVENTS

On 29 April 2021, the Shareholders' Meeting appointed the new Board of Directors in office for the financial years 2021-2023 and resolved to distribute an ordinary unit dividend, gross of legal withholdings, of €17 cents per share, for an overall amount of €9.9 million.

BUSINESS OUTLOOK

During the first quarter of 2021, the Group was able to take advantage of the first signs of economic recovery, achieving double-digit organic growth in all areas despite the uncertainty caused by Covid outbreak and the shortage of components that slowed down the top line growth in the first months of the year.

The recovery of all markets in the first quarter of 2021 was more marked in Asia where organic growth of 40.6% includes also a comparison with the previous year which was more penalised by the effects of Covid-19. The organic performance

of the European and American markets, at + 12.0% and + 11.2% respectively, shows particularly positive trends, both in terms of a comparison with the first quarter of 2020 characterised by substantially pre-Covid performance and the improved trend compared to the last quarter of 2020.

Despite the fact that some elements of uncertainty remain regarding the containment effects of the pandemic through the execution of the vaccination plans and the shortages of components, the solid growth rate in the order intake in all geographic areas and an exceptionally high backlog compared to the same period of 2020, allow to forecast very positive expectations for the second quarter of the year, when the Group expects to achieve a revenue growth of approximately 40% compared to the second quarter of the previous year. Despite the increasing pressure on gross margin due to the shortage, the efficiencies reached, and a more flexible cost structure allow to maintain the operating profit forecasts for the second quarter in line with the performance of the first quarter.

Growth forecasts for the full year of 2021 remain positive and double digit, in a range between 16% and 20% compared to 2020. The Group continues to balance investments and cost control as the market and the inflationary trend evolve, without neglecting the strategic product development roadmap. Despite the recovery in volumes could require to invest in strategic and operational resources, for the current year the Group maintains the objective of improving EBITDA between 2 and 3 points compared to 2020.

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

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

Consolidated Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS (€/000) | Notes | 31.03.2021 | 31.12.2020 |
|---|-------|----------------|----------------|
| A) Non-current assets (1+2+3+4+5+6+7+8) | | 425,234 | 384,941 |
| 1) Tangible assets | | 97,417 | 94,358 |
| Land | 1 | 10,392 | 10,066 |
| Buildings | 1 | 49,491 | 48,192 |
| Other assets | 1 | 33,639 | 32,725 |
| Assets in progress and payments on account | 1 | 3,895 | 3,375 |
| 2) Intangible assets | | 265,839 | 230,547 |
| Goodwill | 2 | 204,575 | 171,372 |
| Development costs | 2 | 23,215 | 22,108 |
| Other | 2 | 23,780 | 24,417 |
| Assets in progress and payments on account | 2 | 14,269 | 12,650 |
| 3) Right-of-use assets | 3 | 9,106 | 9,048 |
| 4) Equity investments in associates | 4 | 900 | 900 |
| 5) Financial assets | | 7,727 | 7,823 |
| Equity investments | 6 | 7,727 | 7,823 |
| Securities | 6 | - | - |
| 6) Non-current financial receivables | | - | - |
| 7) Trade and other receivables | 7 | 1,220 | 1,164 |
| 8) Deferred tax assets | 13 | 43,025 | 41,101 |
| B) Current assets (9+10+11+12+13+14+15) | | 321,478 | 322,748 |
| 9) Inventories | | 97,687 | 78,271 |
| Raw and ancillary materials and consumables | 8 | 53,164 | 37,633 |
| Work in progress and semi-finished products | 8 | 17,080 | 15,012 |
| Finished products and goods | 8 | 27,443 | 25,626 |
| 10) Trade and other receivables | | 97,988 | 82,833 |
| Trade receivables | 7 | 80,865 | 66,563 |
| <i>of which from associates</i> | 7 | 1,563 | 1,313 |
| <i>of which from related parties</i> | 7 | 9 | 7 |
| Other receivables, accrued income and prepaid expenses | 7 | 17,123 | 16,270 |
| <i>of which from Parent Company</i> | | 4 | - |
| 11) Tax receivables | 9 | 11,683 | 12,004 |
| <i>of which from Parent Company</i> | | 424 | 641 |
| 12) Financial assets | | 2,660 | 10,152 |
| Securities | 6 | - | - |
| Other | 6 | 2,660 | 10,152 |
| 13) Current financial receivables | | 2,132 | 2,037 |
| 14) Financial assets - Derivative instruments | 6 | - | - |
| 15) Cash and cash equivalents | | 109,328 | 137,451 |
| Total Assets (A+B) | | 746,712 | 707,689 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| LIABILITIES (€/000) | Notes | 31.03.2021 | 31.12.2020 |
|---|-------|----------------|----------------|
| A) Total Shareholders' Equity (1+2+3+4+5+6) | 10 | 391,181 | 370,358 |
| 1) Share capital | 10 | 30,392 | 30,392 |
| 2) Reserves | 10 | 110,112 | 98,415 |
| 3) Retained earnings | 10 | 239,398 | 225,816 |
| 4) Profit/(Loss) for the period | 10 | 8,803 | 13,582 |
| 5) Group Shareholders' Equity | 10 | 388,705 | 368,205 |
| 6) Profit/(Loss) for the period - Minorities | 10 | 226 | 300 |
| 6) Minority share capital | 10 | 2,250 | 1,853 |
| 6) Minority interests | | 2,476 | 2,153 |
| B) Non-current liabilities (7+8+9+10+11+12+13) | | 129,980 | 128,851 |
| 7) Non-current financial payables | 11 | 84,548 | 83,656 |
| 8) Non-current financial liabilities | | - | - |
| 9) Tax payables | | 1,216 | 1,671 |
| 10) Deferred tax liabilities | 12 | 16,929 | 16,217 |
| 11) Post-employment benefits | 13 | 7,273 | 6,862 |
| 12) Provisions for risks and charges, non-current | 14 | 4,267 | 4,375 |
| 13) Other liabilities | 15 | 15,747 | 16,070 |
| C) Current liabilities (14+15+16+17+18) | | 225,551 | 208,480 |
| 14) Trade and other payables | | 151,990 | 139,181 |
| Trade payables | 15 | 105,657 | 97,006 |
| <i>of which to associates</i> | 15 | 113 | 194 |
| <i>of which to related parties</i> | | - | 50 |
| Other payables, accrued liabilities and deferred income | 15 | 46,333 | 42,175 |
| 15) Tax payables | 9 | 9,269 | 7,681 |
| <i>of which to Parent Company</i> | | 3,433 | 1,700 |
| 16) Provisions for risks and charges, current | 14 | 3,784 | 3,852 |
| 18) Current financial payables | 11 | 60,508 | 57,766 |
| Total Liabilities (A+B+C) | | 746,712 | 707,689 |

CONSOLIDATED INCOME STATEMENT

| (€/000) | Notes | 31.03.2021 | 31.03.2020 Restated |
|--|-------|----------------|------------------------|
| 1) Revenues | 16 | 135,413 | 119,188 |
| Revenues from sale of products | | 125,764 | 110,266 |
| Revenues from services | | 9,649 | 8,922 |
| <i>of which from related parties and associates</i> | | 1,795 | 1,166 |
| 2) Cost of goods sold | 17 | 71,916 | 62,512 |
| <i>of which to related parties and associates</i> | | 158 | 126 |
| Gross Operating Margin (1-2) | | 63,497 | 56,676 |
| 3) Other operating revenues | 18 | 337 | 1,282 |
| 4) Research and development expenses | 17 | 13,740 | 16,910 |
| <i>of which to related parties and associates</i> | | 136 | 143 |
| 5) Distribution expenses | 17 | 23,577 | 28,780 |
| <i>of which to related parties and associates</i> | | 21 | 17 |
| 6) General and administrative expenses | 17 | 12,838 | 13,010 |
| <i>of which to related parties and associates</i> | | 61 | 51 |
| 7) Other operating expenses | 17 | 614 | 552 |
| Total operating costs | | 50,769 | 59,253 |
| Operating result | | 13,064 | (1,295) |
| 8) Financial income | 19 | 7,637 | 8,440 |
| 9) Financial expenses | 19 | 8,602 | 13,464 |
| Financial income/(expenses) (8-9) | | (965) | (5,024) |
| 10) Profits from associates | | - | - |
| Profit/(Loss) before taxes from continuing operations | | 12,099 | (6,319) |
| Income taxes | -20% | 3,070 | (2,195) |
| Profit/(Loss) for the period from continuing operations | | 9,029 | (4,124) |
| Net Profit/(Loss) from discontinued operations | 21 | - | (141) |
| Net Profit/(Loss) for the period | | 9,029 | (4,265) |
| Basic earnings/(loss) per share (€) | 22 | 0.16 | (0.07) |
| Diluted earnings/(loss) per share (€) | 22 | 0.16 | (0.07) |
| Attributable to: | | | |
| Shareholders of the Parent Company | | 8,803 | (4,204) |
| Minority interests | | 226 | (61) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (€/000) | Notes | 31.03.2021 | 31.03.2020 Restated |
|--|-------|---------------|------------------------|
| Net Profit/(Loss) for the period | | 9,029 | (4,265) |
| 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 | 38 | 54 |
| Profit/(Loss) due to translation of the accounts of foreign companies | 10 | 11,542 | 6,429 |
| Profit/(Loss) from financial assets at FVOCI | 10 | (357) | (3,325) |
| <i>of which tax effect</i> | | 4 | 39 |
| Total other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the period | | 11,223 | 3,158 |
| 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 | | 11,223 | 3,158 |
| Total comprehensive Profit/(Loss) for the period | | 20,252 | (1,107) |
| Attributable to: | | | |
| Shareholders of the Parent Company | | 20,026 | (1,046) |
| Minority interests | | 226 | (61) |

CONSOLIDATED STATEMENT OF CASH FLOW

| (€/000) | Notes | 31.03.2021 | 31.03.2020 |
|---|--------|-----------------|-----------------|
| Profit/(Loss) before taxes | | 12,099 | (6,318) |
| Depreciation of tangible assets and write-downs | 1, 2 | 3,078 | 3,095 |
| Amortisation of intangible assets and write-downs | 1, 2 | 3,445 | 2,812 |
| Depreciation of right-of-use assets | 3 | 1,047 | 1,382 |
| Losses (Gains) from sale of fixed assets | 18, 19 | (40) | (9) |
| Change in provisions for risks and charges | 15 | (339) | 52 |
| Change in bad debt provisions | 18 | 115 | 96 |
| Change in employee benefits reserve | 14 | (58) | (39) |
| Other non-monetary changes | | 1,885 | 5,346 |
| Cash flow generated (absorbed) from operations before changes in working capital | | 21,313 | 6,417 |
| Change in trade receivables | 7 | (7,959) | 2,311 |
| Change in final inventories | 8 | (14,240) | (472) |
| Change in trade payables | 16 | 5,543 | (20,966) |
| Change in other current assets | 7 | (91) | 28 |
| Change in other current liabilities | 16 | 2,815 | 353 |
| Change in other non-current assets | 7 | (56) | (220) |
| Change in other non-current liabilities | 16 | (323) | (887) |
| Cash flow generated (absorbed) from operations after changes in working capital | | 7,002 | (13,436) |
| Change in taxes | | (2,914) | (4,421) |
| Interest paid | | (765) | (745) |
| Interest collected | | 28 | 107 |
| Cash flow generated (absorbed) from operations (A) | | 3,351 | (18,495) |
| Increase in intangible assets | 2 | (3,903) | (4,294) |
| Decrease in intangible assets | 2 | - | - |
| Increase in tangible assets | 1 | (1,859) | (4,399) |
| Decrease in tangible assets | 1 | - | 17 |
| Change in consolidation area | | (34,972) | - |
| Change in investments and non-current financial assets | 5 | (185) | - |
| Change in investments and current financial assets | | 7,397 | - |
| Cash flow generated (absorbed) from investments (B) | | (33,522) | (11,987) |
| Change in financial payables | 12, 6 | 1,591 | 1,916 |
| Repayment of lease financial payables | | (1,137) | 2,018 |
| (Purchase)/sale of treasury shares | 11 | - | (2,470) |
| Dividend payment | 11 | 2,480 | - |
| Effect of change in cash and cash equivalents | | (887) | (1,002) |
| Other changes | | 2,480 | 139 |
| Cash flow generated (absorbed) from financial activity (C) | | 2,047 | 601 |
| Net increase (decrease) in available cash (A+B+C) | 10 | (28,124) | (29,881) |
| Net cash and cash equivalents at beginning of period | 10 | 137,452 | 151,841 |
| Net cash and cash equivalents at end of period | 10 | 109,328 | 121,960 |

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 |
|---|---------------|-----------------------|-----------------|---------------------|----------------|-------------------|---------------------|----------------------------|-------------------------------------|--|---------------|----------------------|
| 01.01.2021 | 30,392 | 111,779 | (21,899) | 2,331 | 6,204 | 225,816 | 13,582 | 368,205 | 300 | 2,153 | 13,882 | 370,358 |
| Allocation of earnings | | | | | | 13,582 | (13,582) | | (300) | 300 | (13,882) | |
| Dividends | | | | | | | | | | | | |
| Treasury shares | | | | | | | | | | | | |
| Stock Grants | | | | | 474 | | | 474 | | | | 474 |
| Other changes | | | | | | | | | | 97 | | 97 |
| Net Profit/(Loss) for the period | | | | | | | 8,803 | 8,803 | 226 | 2,250 | 9,029 | 9,029 |
| Other components of the statement of comprehensive income | | | | 11,542 | (319) | | | 11,223 | | | | 11,223 |
| Total comprehensive Profit (Loss) | | | | 11,542 | (319) | | 8,803 | 20,026 | 226 | 2,250 | 9,029 | 20,252 |
| 31.03.2021 | 30,392 | 111,779 | (21,899) | 13,873 | 6,359 | 239,398 | 8,803 | 388,705 | 226 | 2,250 | 9,029 | 391,181 |

| 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 | | | | | | 50,067 | (50,069) | | (212) | 212 | (50,281) | |
| Dividends | | | | | | | | | | | | |
| Treasury shares | | | (2,470) | | | | | (2,470) | | | | (2,470) |
| Stock Grants | | | | | | | | | | | | |
| Other changes | | | | (11) | | | | (11) | | (201) | | (212) |
| Net Profit/(Loss) for the period | | | | | | | (4,204) | (4,204) | (61) | (61) | (4,265) | (4,265) |
| Other components of the statement of comprehensive income | | | | 6,429 | (3,271) | | | 3,158 | | | | 3,158 |
| Total comprehensive Profit (Loss) | | | | 6,429 | (3,271) | | (4,204) | (1,046) | (61) | (61) | (4,265) | (1,107) |
| 31.03.2020 | 30,392 | 111,779 | (17,583) | 32,948 | 2,505 | 242,952 | (4,204) | 398,791 | (61) | 1,803 | (4,265) | 400,593 |

Explanatory Notes



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

This Consolidated Interim Report as at 31 March 2021 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as the “Group”), as well as its minority interests in associates.

The publication of the Consolidated Interim Report as at 31 March 2021 of the Datalogic Group was authorised by resolution of the Board of Directors dated 13 May 2021.

BASIS OF PRESENTATION

1) General criteria

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

This Consolidated Interim Report must therefore be read together with the Consolidated Financial Statements as at 31 December 2020, 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 9 March 2021 and available in the section Investor Relations in the Group’s website (www.Datalogic.com).

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

2) Financial statements

The financial statements adopted are compliant with those required by IAS 1 and were used in the Consolidated Financial Statements for the year ended on 31 December 2020, 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

On 1 January 2021, the following amendments to the accounting standards currently in force entered into effect:

- On 28 May 2020, the IASB issued an amendment entitled "**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**". The document envisages for lessees to recognise Covid-19 related rent reductions without having to measure, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is complied with.
- On 28 May 2020, the IASB published an amendment entitled "**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**". The amendments allow for the temporary exemption of the IFRS 9 application until 1 January 2023.
- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "Interest Rate Benchmark Reform — Phase 2" which contains amendments to the following standards:
 - IFRS 9 Financial Instruments;
 - IAS 39 Financial Instruments: Recognition and Measurement;
 - IFRS 7 Financial Instruments: Disclosures;
 - IFRS 4 Insurance Contracts; and
 - IFRS 16 Leases.

The Directors are assessing the possible effects of the introduction of these amendments onto the Group's consolidated financial statements, but they do not expect any significant impact on the Group.

4) New accounting standards issued but still not in force

As at the date of preparation of this Interim Report, some accounting standards illustrated in the Consolidated Financial Statements as at 31 December 2020, to which reference should be made, had been issued but have not yet entered into force. The Group intends to adopt these standards and interpretations, if applicable, when they will enter into force.

5) Use of estimates and assumptions

The preparation of the Consolidated Interim Report in application of the IFRS requires the directors to apply accounting principles and methodologies which, in certain circumstances, are based on valuations and estimates based on historical experience and assumptions that are assessed from time to time according to specific circumstances. The application of such estimates and assumptions affects the amounts related to revenues, costs, assets and liabilities, as well as contingent liabilities disclosed and any relevant information. With reference to possible impacts resulting from the effects of the Covid-19 pandemic on estimates made, reference is made to comments included in section "Covid-19 Updates", under Significant events during the period in the Report on Operations. The actual amounts of accounting

items, for which these estimates and assumptions have been used, might be different from those reported due to the uncertainty characterising the assumptions and conditions on which estimates are based.

6) Consolidation area

This Interim Report as at 31 March 2021 includes the income statement and balance sheet data of Datalogic S.p.A. and all the companies that it directly or indirectly controls.

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

As at 31 March 2021, there was a change in consolidation area due to the acquisition, on 1 March 2021, of the entire share capital of M.D. Micro Detectors S.p.A. and its subsidiaries M.D. Micro Detectors Tianjin Co. Ltd. e Micro Detectors Iberica S.A.U.

7) Translation criteria of items in foreign currency

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

| Currency (ISO Code) | Quantity of currency/1 Euro | | | |
|------------------------------|-----------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | March 2021 Final exchange rate | March 2021 Average exchange rate | December 2020 Final exchange rate | March 2020 Average exchange rate |
| US Dollar (USD) | 1.1725 | 1.2048 | 1.2271 | 1.1027 |
| British Pound Sterling (GBP) | 0.8221 | 0.8739 | 0.8990 | 0.8623 |
| Swedish Krona (SEK) | 10.2383 | 10.1202 | 10.0343 | 10.6689 |
| Singapore Dollar (SGD) | 1.5768 | 1.6054 | 1.6218 | 1.5281 |
| Japanese Yen (JPY) | 129.9100 | 127.8057 | 126.4900 | 120.0973 |
| Australian Dollar (AUD) | 1.5412 | 1.5597 | 1.5896 | 1.6791 |
| Hong Kong Dollar (HKD) | 9.1153 | 9.3465 | 9.5142 | 8.5686 |
| Chinese Renminbi (CNY) | 7.6812 | 7.8080 | 8.0225 | 7.6956 |
| Brazilian Real (BRL) | 6.7409 | 6.5990 | 6.3735 | 4.9167 |
| Mexican Peso (MXN) | 24.0506 | 24.5272 | 24.4160 | 22.0918 |
| Hungarian Forint (HUF) | 363.2700 | 361.2059 | 363.8900 | 339.1370 |

BUSINESS COMBINATION

On 1st March 2021, the acquisition was completed through the subsidiary Datalogic S.r.l. of the entire share capital of M.D. Micro Detectors S.p.A. and its subsidiaries from the Finmasi Group.

M.D. Micro Detectors S.p.A., is an Italian-based active in the design, production and sale of industrial sensors.

The following table shows preliminary fair value as at 31 March 2021 of the assets and liabilities of the acquisition, the preliminary goodwill deriving from the transaction and the net cash used for the acquisition:

| Preliminary PPA as at 31 March 2021 | Amounts acquired | Fair value |
|--|-------------------------|-------------------|
| Tangible assets | 2,595 | 2,595 |
| Intangible assets | 985 | 985 |
| Other Receivables | 342 | 342 |
| Inventories | 5,176 | 5,176 |
| Trade and other receivables | 7,312 | 7,312 |
| Cash and cash equivalents | 2,028 | 2,028 |
| Financial liabilities | (1,667) | (1,667) |
| Liabilities for employee defined benefits | (469) | (469) |
| Trade payables | (3,108) | (3,108) |
| Other payables | (1,954) | (1,954) |
| Net assets at acquisition date | 11,240 | 11,240 |
| % pertaining to Group | 100% | 100% |
| Group net assets | 11,240 | 11,240 |
| Acquisition cost | | 37,000 |
| Goodwill at acquisition date | | 25,760 |
| Net cash used in acquisition: | | |
| Cash and cash equivalents of acquiree | [A] | 2,028 |
| Payments made to the seller | [B] | 37,000 |
| Acquisition cost | | 37,000 |
| Net cash used in acquisition | [A] - [B] | 34,972 |

Since the acquisition is a business combination, the Group has recognised it using the purchase method, pursuant to the revised IFRS 3. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value on the acquisition date.

The preliminary goodwill emerging from this transaction amounted to €25,760 thousand. It is worth noting that the initial recognition of the business combination, recorded in the first quarter, was temporarily determined as the fair value of assets, liabilities or potential liabilities was still being measured. Moreover, the cost of business combinations was determined in a non-final way. As envisaged by IFRS 3, any possible adjustments shall be recognised within 12 months from the acquisition date.

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. From the year 2020, following the sale of the Solution Net Systems Inc. division, the operating segments are as follows:

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

The **financial information related to operating segments** as at 31 March 2021 and 31 March 2020 are as follows:

| <i>Segment economic position</i> | Datalogic Business | Informatics | Adjustments | Total Group 31.03.2021 |
|----------------------------------|---------------------------|--------------------|--------------------|-------------------------------|
| Revenues | 131,163 | 4,425 | (175) | 135,413 |
| EBITDA | 21,048 | 545 | 9 | 21,602 |
| <i>% Revenues</i> | <i>16.05%</i> | <i>12.32%</i> | | <i>15.95%</i> |
| EBIT | 12,604 | 451 | 9 | 13,064 |

| <i>Segment economic position restated</i> | Datalogic Business | Informatics | Adjustments | Total Group 31.03.2020 |
|---|---------------------------|--------------------|--------------------|-------------------------------|
| Revenues | 115,252 | 4,187 | (251) | 119,188 |
| EBITDA | 6,974 | 218 | 28 | 7,220 |
| <i>% Revenues</i> | <i>6.05%</i> | <i>5.21%</i> | | <i>6.06%</i> |
| EBIT | (1,413) | 91 | 27 | (1,295) |

The **equity information related to operating segments** as at 31 March 2021 and 31 December 2020 are as follows:

| <i>Segment financial position</i> | Datalogic Business | Informatics | Adjustments | Total Group 31.03.2021 |
|-----------------------------------|---------------------------|--------------------|--------------------|-------------------------------|
| Total Assets | 752,544 | 20,928 | (26,760) | 746,712 |
| Total Liabilities | 351,626 | 5,756 | (1,851) | 355,531 |
| Shareholders' Equity | 400,918 | 15,172 | (24,909) | 391,181 |

| <i>Segment financial position</i> | Datalogic Business | Informatics | Adjustments | Total Group 31.12.2020 |
|-----------------------------------|---------------------------|--------------------|--------------------|-------------------------------|
| Total Assets | 713,680 | 20,043 | (26,034) | 707,689 |
| Total Liabilities | 332,641 | 5,827 | (1,136) | 337,332 |
| Shareholders' Equity | 381,039 | 14,216 | (24,897) | 370,358 |

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Over the period, net investments of €1,757 thousand, contributions resulting from acquisitions of €2,594 thousand and depreciation of €3,078 thousand were recognised, while the exchange rates differences were positive for €1,786 thousand. The breakdown of the item as at 31 March 2021 and 31 December 2020 is as follows:

| | 31.03.2021 | 31.12.2020 | Change |
|--|---------------|---------------|--------------|
| Land | 10,392 | 10,066 | 326 |
| Buildings | 49,491 | 48,192 | 1,299 |
| Other assets | 33,639 | 32,725 | 914 |
| Assets in progress and payments on account | 3,895 | 3,375 | 520 |
| Total | 97,417 | 94,358 | 3,059 |

The increase in the item “Buildings”, in addition to the recognition of exchange rate differences of €968 thousand, is mainly represented by the contribution from the acquisition of the company M.D. Micro Detectors S.p.A. (€581 thousand).

The “Other assets” item as at 31 March 2021 includes the following categories: industrial equipment and moulds (€12,557 thousand), plant and machinery (€9,546 thousand), office furniture and machines (€7,684 thousand), general plants related to buildings (€2,210 thousand), light constructions (€673 thousand), commercial equipment and demo rooms (€574 thousand), maintenance on third-party assets (€365 thousand), and motor vehicles (€30 thousand). Overall, the contribution from the acquisition amounts to €1,923 thousand.

The balance of the item “Fixed assets in progress and payments on account”, equal to €3,895 thousand, mainly consists of moulds under construction.

Note 2. Intangible assets

Over the period, recognised net investments amounted to €3,909 thousand, and depreciation amounted to €3,446 thousand, while the exchange rates were positive by €8,060 thousand. The contribution deriving from the acquisition amounts to €1,008 thousand. The breakdown of the item as at 31 March 2021 and 31 December 2020 is as follows:

| | 31.03.2021 | 31.12.2020 | Change |
|--|----------------|----------------|---------------|
| Goodwill | 204,575 | 171,372 | 33,203 |
| Development costs | 23,215 | 22,108 | 1,107 |
| Other | 23,780 | 24,417 | (637) |
| Assets in progress and payments on account | 14,269 | 12,650 | 1,619 |
| Total | 265,839 | 230,547 | 35,292 |

Goodwill

“Goodwill”, totalling €204,575 thousand, consisted of the following items:

| | 31.03.2021 | 31.12.2020 | Change |
|----------------|----------------|----------------|---------------|
| Datalogic CGU | 191,541 | 158,794 | 32,747 |
| Informatix CGU | 13,034 | 12,578 | 456 |
| Total | 204,575 | 171,372 | 33,203 |

The change in the “Goodwill” item, compared to 31 December 2020, is due, in the amount of €7,443 thousand, to translation differences and, in the amount of €25,760 thousand, to goodwill generated with the first consolidation of the MD Group following the preliminary PPA. Goodwill has been allocated to the Cash Generating Units (CGUs) represented by the individual companies and/or sub-groups to which they refer.

The estimated recoverable value of each Cash Generating Unit (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 that are expected to be 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 the outlook for operations, on the basis of company strategies and growth indicators of the sector and of the reference markets, taking into account the changed reference context, following the spread of the Covid-19 pandemic, and the actions adopted and planned by the Group to address the short and medium-term uncertainties arising as a result of the same.

In particular, in consideration of the aforementioned context of uncertainty, the Directors proceeded to develop multi-scenario forecast assumptions and sensitivity analysis and stress tests, as commented on below. The assumptions used for the purposes of impairment were approved by the Board of Directors and the Audit and Risk, Remuneration and Appointments Committee of Datalogic S.p.A. on 11 February 2021. On the date of preparation of this Interim Report, no impairment indicators emerged.

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

The “**Development costs**” item, amounting to €23,215 thousand, is composed of product development projects, of which €958 thousand deriving from the consolidation of the company M.D. Micro Detectors S.p.A.

The “**Other**” item, amounting to €23,780 thousand (of which €50 thousand resulting from the contribution of the acquired company), consists primarily of intangible assets acquired through business combinations carried out by the Group in previous years, and software implementations. Details are shown below:

| | 31.03.2021 | 31.12.2020 | Change |
|-------------------|---------------|---------------|--------------|
| Patents | 10,418 | 10,275 | 143 |
| Know-how | 1,488 | 1,675 | (187) |
| Licence agreement | 1,452 | 1,714 | (262) |
| Software | 10,422 | 10,753 | (331) |
| Total | 23,780 | 24,417 | (637) |

The “**Assets in progress and payments on account**” item, equal to €14,269 thousand, is attributable, in the amount of €13,804 thousand, to the capitalisation of costs relating to Research and Development projects that are currently underway, as well as, in the amount of €465 thousand, to software implementations that are not yet completed.

Note 3. Right-of-use assets

Over the period, recognised net investments amounted to €995 thousand, and depreciation amounted to €1,047 thousand, while the exchange rates differences were positive by €109 thousand. The breakdown of the item as at 31 March 2021 and 31 December 2020 is as follows:

| | 31.03.2021 | 31.12.2020 | Change |
|------------------|--------------|--------------|-----------|
| Buildings | 6,940 | 6,716 | 224 |
| Vehicles | 2,057 | 2,214 | (157) |
| Office equipment | 109 | 118 | (9) |
| Total | 9,106 | 9,048 | 58 |

Note 4. Equity investments in associates

The non-controlling interests held by the Group as at 31 March 2021 are detailed below.

| | 31.03.2021 |
|-------------------------|------------|
| CAEN RFID S.r.l. | 221 |
| R4I | 88 |
| Datalogic Automation AB | 226 |
| Specialvideo S.r.l. | 361 |
| Datasensor GMBH | 4 |
| Total | 900 |

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

| | Financial assets at amortised cost | Financial assets at FV through profit or loss | Financial assets at FV through OCI | 31.12.2020 |
|-------------------------------------|--|---|---------------------------------------|----------------|
| Non-current financial assets | 1,164 | 947 | 6,876 | 8,987 |
| Financial assets - Investments | | 947 | 6,876 | 7,823 |
| Other receivables | 1,164 | | | 1,164 |
| Current financial assets | 220,284 | 12,189 | - | 232,473 |
| Trade receivables | 66,563 | | | 66,563 |
| Other receivables | 16,270 | | | 16,270 |
| Financial assets - Other | | 10,152 | | 10,152 |
| Financial assets - Loans | | 2,037 | | 2,037 |
| Cash and cash equivalents | 137,451 | | | 137,451 |
| Total | 221,448 | 13,136 | 6,876 | 241,460 |

| | Financial assets at amortised cost | Financial assets at FV through profit or loss | Financial assets at FV through OCI | 31.03.2021 |
|-------------------------------------|--|---|---------------------------------------|----------------|
| Non-current financial assets | 1,220 | 1,208 | 6,519 | 8,947 |
| Financial assets - Investments | | 1,208 | 6,519 | 7,727 |
| Other receivables | 1,220 | | | 1,220 |
| Current financial assets | 207,316 | 4,792 | - | 212,108 |
| Trade receivables | 80,865 | | | 80,865 |
| Other receivables | 17,123 | | | 17,123 |
| Financial assets - Other | | 2,660 | | 2,660 |
| Financial assets - Loans | | 2,132 | | 2,132 |
| Cash and cash equivalents | 109,328 | | | 109,328 |
| Total | 208,536 | 6,000 | 6,519 | 221,055 |

Financial liabilities

| | Derivatives | Financial liabilities at amortised cost | 31.12.2020 |
|--|-------------|--|----------------|
| Non-current financial liabilities | - | 99,726 | 99,726 |
| Financial payables | | 83,656 | 83,656 |
| Other payables | | 16,070 | 16,070 |
| Current financial liabilities | - | 196,947 | 196,947 |
| Trade payables | | 97,006 | 97,006 |
| Other payables | | 42,175 | 42,175 |
| Short-term financial payables | | 57,766 | 57,766 |
| Total | - | 296,673 | 296,673 |

| | Derivatives | Financial liabilities at amortised cost | 31.03.2021 |
|--|-------------|--|----------------|
| Non-current financial liabilities | - | 100,295 | 100,295 |
| Financial payables | | 84,548 | 84,548 |
| Other payables | | 15,747 | 15,747 |
| Current financial liabilities | - | 212,498 | 212,498 |
| Trade payables | | 105,657 | 105,657 |
| Other payables | | 46,333 | 46,333 |
| Short-term financial payables | | 60,508 | 60,508 |
| Total | - | 312,793 | 312,793 |

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

Fair value - hierarchy

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

Level 1: market prices;

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

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

| | Level 1 | Level 2 | Level 3 | 31.03.2021 |
|---|--------------|---------|--------------|---------------|
| Assets measured at fair value | | | | |
| Financial assets - Investments | 6,519 | | 1,208 | 7,727 |
| Financial assets - Non-current securities | | | | |
| Financial assets - Other non-current financial assets | | | | |
| Financial assets - Other | 2,660 | - | 2,132 | 4,792 |
| Financial assets - Loans | | | | - |
| Financial assets - Derivative instruments | | | | |
| Total Assets measured at fair value | 9,179 | - | 3,340 | 12,519 |

Note 6. Financial assets

The financial assets include the following:

| | 31.03.2021 | 31.12.2020 | Change |
|------------------------------|---------------|---------------|----------------|
| Non-current financial assets | 7,727 | 7,823 | (96) |
| Current financial assets | 4,792 | 12,189 | (7,397) |
| Total | 12,519 | 20,012 | (7,493) |

The "Current financial assets" item mainly consists of investments in corporate cash. The change refers to disinvestments made at market values.

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

| | 2021 | 2020 |
|----------------------------------|--------------|--------------|
| As at 1 January | 7,823 | 9,465 |
| Investments/Divestments | 224 | - |
| Acquisitions | 3 | - |
| Profits/losses recognised in OCI | (357) | (3,325) |
| Exchange rates adjustment | 34 | - |
| As at 31 March | 7,727 | 6,140 |

The item mainly comprises the 1.2% investment in the share capital of the Japanese company Idec Corporation listed on the Tokyo Stock Exchange. The change in the year relates to exchange rate and fair value adjustments.

Note 7. Trade and other receivables

The breakdown of the item as at 31 March 2021 and 31 December 2020 is as follows:

| | 31.03.2021 | 31.12.2020 | Change |
|--|---------------|---------------|---------------|
| Third-party trade receivables | 78,305 | 64,440 | 13,865 |
| Contract-related assets | 3,625 | 3,068 | 557 |
| Less: bad debt provisions | (2,637) | (2,262) | (375) |
| Net third-party trade receivables | 79,293 | 65,246 | 14,047 |
| Receivables from associates | 1,563 | 1,313 | 250 |
| Receivables from related parties | 9 | 7 | 2 |
| Total trade receivables | 80,865 | 66,563 | 14,302 |
| Other receivables - current accrued income and prepaid expenses | 17,123 | 16,270 | 853 |
| Other receivables - non-current accrued income and prepaid expenses | 1,220 | 1,164 | 56 |
| Total Other receivables - accrued income and prepaid expenses | 18,343 | 17,434 | 909 |
| Less: non-current portion | 1,220 | 1,164 | 56 |
| Trade and other receivables - current | 97,988 | 82,833 | 15,155 |

Trade receivables

“Trade receivables” as at 31 March 2021, gross of the bad debt provision, amounted to €80,865 thousand, of which €6,791 thousand deriving from the acquisition of the company M.D. Micro Detectors S.p.A. As at 31 March 2021, factored trade receivables amounted to €24,710 thousand (compared to €30,349 thousand at the end of 2020). Trade receivables from associates arise from commercial transactions carried out at arm’s length conditions.

Other receivables - accrued income and prepaid expenses

The details of the “Other receivables - accrued income and prepaid expenses” item is shown below.

| | 31.03.2021 | 31.12.2020 | Change |
|-------------------------------------|---------------|---------------|------------|
| Other receivables - current | 1,958 | 1,702 | 256 |
| Other receivables - non-current | 1,220 | 1,164 | 56 |
| VAT receivables | 10,819 | 11,324 | (505) |
| Accrued income and prepaid expenses | 4,346 | 3,244 | 1,102 |
| Total | 18,343 | 17,434 | 909 |

The “Accrued income and prepaid expenses” item is mainly composed of insurance, as well as hardware and software fees. The increase in the period is mainly due to the change in consolidation area.

Note 8. Inventories

| | 31.03.2021 | 31.12.2020 | Change |
|---|---------------|---------------|---------------|
| Raw and ancillary materials and consumables | 53,164 | 37,633 | 15,531 |
| Work in progress and semi-finished products | 17,080 | 15,012 | 2,068 |
| Finished products and goods | 27,443 | 25,626 | 1,817 |
| Total | 97,687 | 78,271 | 19,416 |

Inventories are disclosed net of an obsolescence provision totalling €11,512 thousand as at 31 March 2021 (€10,187 thousand as at 31 December 2020). Movements in the obsolescence provision as at 31 March 2021 and 31 March 2020 are reported below:

| | 2021 | 2020 |
|------------------------------|---------------|---------------|
| As at 1 January | 10,187 | 10,121 |
| Foreign exchange differences | 133 | (18) |
| Provisions | 315 | 733 |
| Acquisitions | 1,055 | - |
| Releases | (178) | (598) |
| As at 31 March | 11,512 | 10,238 |

Net inventories relating to the acquired company amounted to €5,242 thousand, of which €1,055 thousand for the obsolescence provision.

Note 9. Tax payables and receivables

| | 31.03.2021 | 31.12.2020 | Change |
|-------------------------------------|--------------|--------------|----------------|
| Tax receivables | 11,683 | 12,004 | (321) |
| <i>of which from Parent Company</i> | 424 | 641 | (217) |
| Tax payables | (9,269) | (7,681) | (1,588) |
| <i>of which to Parent Company</i> | (3,433) | (1,700) | (1,733) |
| Total | 2,414 | 4,323 | (1,909) |

As at 31 March 2021, the “Tax receivables” item amounted to €11,683 thousand, decreasing by €321 thousand compared to the end of 2020 (€12,004 thousand as at 31 December 2020). The receivables for IRES tax from the Parent Company Hydra S.p.A., generated within the tax consolidation regime and equal to €424 thousand (€641 thousand as at 31 December 2020) are classified under this item.

The “Tax payables” item amounted to €9,269 thousand as at 31 March 2021, increasing by €1,588 thousand (€7,681 thousand as at 31 December 2020). The payables for IRES tax to the Parent Company Hydra S.p.A., generated within the tax consolidation regime and equal to €3,433 thousand (€1,700 thousand as at 31 December 2020) are classified under this item.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

The Shareholders' Equity is broken down as follows.

| | 31.03.2021 | 31.12.2020 | Change |
|--|----------------|----------------|----------------|
| Share capital | 30,392 | 30,392 | - |
| Share premium reserve | 111,779 | 111,779 | - |
| Treasury shares held in portfolio | (21,899) | (21,899) | - |
| Share capital and capital reserves | 120,272 | 120,272 | - |
| Translation reserve | 13,873 | 2,331 | 11,542 |
| Other reserves | 6,359 | 6,204 | 155 |
| Retained earnings | 239,398 | 225,816 | 13,582 |
| Profit for the year | 8,803 | 13,582 | (4,779) |
| Total Group shareholders' equity | 388,705 | 368,205 | 20,500 |
| Profit/Loss for the period of Minority interests | 226 | 300 | (74) |
| Shareholders' Equity of Minority interests | 2,250 | 1,854 | 396 |
| Total consolidated Shareholders' Equity | 391,181 | 370,358 | 20,823 |

Share capital

As at 31 March 2021, the share capital of €30,392 thousand represents the share capital fully subscribed and paid by the Parent Company Datalogic S.p.A. It comprises a total number of ordinary shares of 58,446,491, of which 1,754,131 are held as treasury shares for a value of €21,899 thousand, and therefore the outstanding shares as at that date amounted to 56,692,360: 528,500 shares were also allocated to the Stock Grant plan. The shares have a nominal unit value of €0.52.

Other Reserves

As at 31 March 2021, the breakdown of the main changes in other reserves were as follows:

- positive change in the translation reserve, amounting to €11,542 thousand;
- positive change in the cash flow hedge reserve, amounting to €38 thousand;
- negative change in financial assets reserve, measured at FVOCI, amounting to €357 thousand;
- positive change in the Stock Grant reserve, amounting to €474 thousand.

Note 11. Financial payables

Financial payables are broken down as follows:

| | 31.03.2021 | 31.12.2020 | Change |
|--------------------------------|----------------|----------------|--------------|
| Non-current financial payables | 84,548 | 83,656 | 892 |
| Current financial payables | 60,508 | 57,766 | 2,742 |
| Total | 145,056 | 141,422 | 3,634 |

The breakdown of this item is detailed below:

| | 31.03.2021 | 31.12.2020 | Change |
|---------------------------------|----------------|----------------|--------------|
| Borrowings from bank | 132,694 | 130,753 | 1,941 |
| Leasing financial payables | 9,618 | 9,138 | 480 |
| Payables to factoring companies | 2,473 | 1,500 | 973 |
| Bank overdrafts | 271 | 31 | 240 |
| Total | 145,056 | 141,422 | 3,634 |

The increase in borrowing from bank in the period is mainly due to the contribution of the company acquired during the quarter, amounting to €1,544 thousand.

Covenants

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

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

As at 31 December 2020, all covenants were fulfilled.

Note 12. Net deferred taxes

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

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

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

| | 31.03.2021 | 31.12.2020 | Change |
|---------------------------|---------------|---------------|--------------|
| Deferred tax assets | 43,025 | 41,101 | 1,924 |
| Deferred tax liabilities | (16,929) | (16,217) | (712) |
| Net deferred taxes | 26,096 | 24,884 | 1,212 |

Change in deferred taxes is mainly due to the release of deferred taxes recognised on incomes which became 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 31 March 2021 and 31 March 2020 is shown below:

| | 2021 | 2020 |
|--|--------------|--------------|
| As at 1 January | 6,862 | 7,026 |
| Accrual | 443 | 445 |
| Payments | (440) | (361) |
| Acquisitions | 460 | - |
| Social security receivables for post-employment benefits | (66) | (123) |
| Other movements | 14 | |
| As at 31 March | 7,273 | 6,987 |

Note 14. Provisions for risks and charges

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

| | 31.03.2021 | 31.12.2020 | Change |
|---|--------------|--------------|--------------|
| Provisions for risks and charges, current | 3,784 | 3,852 | (68) |
| Provisions for risks and charges, non-current | 4,267 | 4,375 | (108) |
| Total | 8,051 | 8,227 | (176) |

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

| | 31.12.2020 | (Uses) and (Releases) | Acquisitions | Exchange diff. | 31.03.2021 |
|----------------------------|--------------|--------------------------|--------------|-------------------|--------------|
| Product warranty provision | 7,225 | (407) | 5 | 2 | 6,825 |
| Others | 1,003 | 65 | 163 | (4) | 1,227 |
| Total | 8,227 | (342) | 168 | (2) | 8,051 |

The “**Product warranty provision**” item covers the estimated cost of repairing products sold up to 31 March 2021 and covered by a warranty period. It amounts to €6,825 thousand (of which €3,773 thousand long-term) and is considered sufficient in relation to the specific risk it covers. The decrease compared to the previous year is related to the decrease in sales volumes for the year.

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

Note 15. Trade and other payables

| | 31.03.2021 | 31.12.2020 | Change |
|--|----------------|----------------|---------------|
| Trade payables | 103,662 | 95,455 | 8,207 |
| Contract liabilities - customer advances | 1,882 | 1,307 | 575 |
| Third-party trade payables | 105,544 | 96,762 | 8,782 |
| Payables to associates | 113 | 194 | (81) |
| Payables to related parties | - | 50 | (50) |
| Total Trade payables | 105,657 | 97,006 | 8,651 |
| Other payables - current accrued liabilities and deferred income | 46,333 | 42,175 | 4,158 |
| Other payables - non-current accrued liabilities and deferred income | 15,747 | 16,070 | (323) |
| Total Other payables - accrued income and prepaid expenses | 62,080 | 58,245 | 3,835 |
| Less: non-current portion | 15,747 | 16,070 | (323) |
| Current portion | 151,990 | 139,181 | 12,809 |

Trade payables amounted to €105,657 thousand, increasing by €8,651 thousand compared to the end of the previous year. The amount relating to the acquisition is equal to €4,233 thousand.

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

| | 31.03.2021 | 31.12.2020 | Change |
|---|---------------|---------------|--------------|
| Non-current accrued liabilities and deferred income | 15,747 | 16,070 | (323) |
| Other short-term payables: | 26,966 | 23,152 | 3,814 |
| Payables to employees | 20,335 | 15,177 | 5,158 |
| Payables to pension and social security agencies | 5,096 | 5,808 | (712) |
| Other payables | 1,535 | 2,167 | (632) |
| VAT payables | 2,900 | 3,217 | (317) |
| Current accrued liabilities and deferred income | 16,467 | 15,806 | 661 |
| Total | 62,080 | 58,245 | 3,835 |

Payables to employees represents the amount due for salaries and vacations accrued by employees as at 31 March 2021.

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

INFORMATION ON THE INCOME STATEMENT

Note 16. Revenues

Revenues divided by type are shown in the following table:

| | Quarter ended | | Change |
|--------------------------------|----------------|------------------------|---------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Revenues from sale of products | 125,764 | 110,266 | 15,498 |
| Revenues from services | 9,649 | 8,922 | 727 |
| Total Revenues | 135,413 | 119,188 | 16,225 |

In the first quarter of 2021, consolidated net revenues amounted to €135,413 thousand, increased by 13.6% compared to €119,188 thousand in the same period of 2020. 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 | 31.03.2021 |
|--|----------------|--------------|--------------|----------------|
| Revenues from the sale of goods and services - point in time | 121,060 | 3,205 | (175) | 124,090 |
| Revenues from the sale of goods and services - over the time | 10,103 | 1,220 | | 11,323 |
| Total | 131,163 | 4,425 | (175) | 135,413 |

| Revenues broken down by recognition method | Datalogic | Informatics | Adjustments | 31.03.2020 Restated |
|--|----------------|--------------|--------------|------------------------|
| Revenues from the sale of goods and services - point in time | 107,514 | 3,001 | (249) | 110,266 |
| Revenues from the sale of goods and services - over the time | 7,738 | 1,186 | (2) | 8,922 |
| Total | 115,252 | 4,187 | (251) | 119,188 |

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 multi-annual warranties.

| Revenues broken down by type | Datalogic | Informatics | Adjustments | 31.03.2021 |
|------------------------------|----------------|--------------|--------------|----------------|
| Sale of goods | 122,862 | 3,077 | (175) | 125,764 |
| Sale of services | 8,301 | 1,348 | - | 9,649 |
| Total | 131,163 | 4,425 | (175) | 135,413 |

| Revenues broken down by type | Datalogic | Informatics | Adjustments | 31.03.2020 Restated |
|------------------------------|----------------|--------------|--------------|------------------------|
| Sale of goods | 107,514 | 3,001 | (249) | 110,266 |
| Sale of services | 7,738 | 1,186 | (2) | 8,922 |
| Total | 115,252 | 4,187 | (251) | 119,188 |

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 31 March 2021, compared with the same period of the previous year, including non-recurring costs and revenues.

| | Quarter ended | | Change |
|-------------------------------------|----------------|------------------------|----------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Cost of goods sold | 71,916 | 62,513 | 9,403 |
| Operating costs | 50,769 | 59,252 | (8,483) |
| Research and development expenses | 13,740 | 16,910 | (3,170) |
| Distribution expenses | 23,577 | 28,780 | (5,203) |
| General and administrative expenses | 12,838 | 13,010 | (172) |
| Other operating expenses | 614 | 552 | 62 |
| Total | 122,685 | 121,765 | 920 |

Cost of goods sold

The **Cost of goods sold** as at 31 March 2021 amounted to €71,916 thousand and, compared to the first quarter of 2020, increased by 15.0% even though the incidence on revenues remained substantially unchanged, from 52.4% in the first quarter of 2020 to 53.1%. The change compared to the same quarter of the previous year benefited from the efficiencies achieved on the cost of materials, partially absorbed by the higher number of purchases of materials to deal with the shortage of certain electronic components.

Operating costs

Operating costs, thanks to both temporary and structural efficiency measures implemented in the second half of 2020, decreased by 14.3% from €59,252 thousand to €50,769 thousand, significantly reducing the impact on turnover which fell from € 49.7% to 37.5% with an improvement of 12.2%. The change compared to the previous year is illustrated below.

“**Research and development expenses**” amounted to €13,740 thousand and were down compared to the same period of the previous year, with a percentage impact on turnover of 10.1% (14.2% in the first quarter of the previous year); in addition to efficiencies, including of a structural nature, the decrease in spending is due to the completion of some development projects in the mobile segment and the strategy of selectivity of investments in a rapidly evolving market context.

“**Distribution expenses**” amounted to €23,577 thousand, a significant decrease compared to the same quarter of 2020, partly due to the greater efficiencies of the new organisational model of the sales structure, as well as the postponement of trade fairs and commercial events that have still not resumed due to the current pandemic situation.

“**Administrative and general expenses**” amounted to €12,838 thousand, decreased by 1.3%, but similar in terms of their impact on turnover.

“**Other operating expenses**”, amounting to €614 thousand, are essentially in line with the same period of the previous year and are represented by taxes (excluding on income) and other operating costs.

Breakdown of costs by type

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

| | Quarter ended | | Change |
|---|----------------|------------------------|------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Purchases | 73,001 | 47,474 | 25,527 |
| Change in inventories | (18,658) | (661) | (17,997) |
| Labour cost | 41,212 | 43,519 | (2,307) |
| Amortisation, depreciation and write-downs | 7,570 | 7,287 | 283 |
| Goods receipt and shipment expenses | 6,896 | 3,691 | 3,205 |
| Consumables and R&D material | 1,755 | 2,039 | (284) |
| EDP expenses | 1,281 | 1,539 | (258) |
| Legal, tax and other advisory consultancies | 1,199 | 1,214 | (15) |
| Travel and meetings expenses | 740 | 2,242 | (1,502) |
| Repairs and warranty provision accrual | 712 | 1,230 | (518) |
| Royalties | 625 | 641 | (16) |
| Utilities | 538 | 563 | (25) |
| Building expenses | 532 | 835 | (302) |
| Marketing expenses | 489 | 1,341 | (852) |
| Directors' remuneration | 445 | 551 | (106) |
| Sundry service costs | 401 | 379 | 22 |
| R&D technical consultancies | 399 | 1,593 | (1,194) |
| Expenses for plant and machinery and other assets | 370 | 348 | 22 |
| Telephone expenses | 362 | 525 | (163) |
| Audit Fees | 352 | 391 | (39) |
| Personnel recruitment costs | 340 | 198 | 142 |
| Commissions | 324 | 236 | 88 |
| Quality certification expenses | 299 | 2,543 | (2,244) |
| Insurances | 222 | 262 | (40) |
| Vehicle expenses | 175 | 304 | (129) |
| Subcontracted work | 161 | 79 | 82 |
| Entertainment expenses | 67 | 310 | (243) |
| Others | 876 | 1,092 | (216) |
| Total Cost of goods sold and operating costs | 122,685 | 121,765 | 920 |

Costs for purchases and the change in inventories increased by €7,530 thousand (+ 16.1%) compared to the same period of 2020, while the impact on turnover was substantially in line due to the higher volumes caused by the relaunch of the market, despite the higher levels of procurement needed to deal with the shortage of the components.

Labour costs amounted to €41,212 thousand (€43,519 thousand in the first quarter of 2020) and reported a decrease of €2,307 thousand compared to the previous period (-5.3%). The change compared to 2020 is mainly due to the reorganisation of the production and commercial functions carried out in 2020, and the partial and limited use of social shock absorbers in the first quarter of 2021, which the same period of the previous year did not benefit from.

The detailed breakdown of labour cost is as follows:

| | Quarter ended | | Change |
|--|---------------|------------------------|----------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Wages and salaries | 31,682 | 33,784 | (2,102) |
| Social security charges | 6,699 | 6,959 | (260) |
| Post-employment benefits | 662 | 620 | 42 |
| Severance indemnities and similar benefits | 378 | 404 | (26) |
| Other labour costs | 1,791 | 1,752 | 39 |
| Total | 41,212 | 43,519 | (2,307) |

The item “**amortisation, depreciation and write-downs**”, amounting to €7,570 thousand, increased by €283 thousand, due to higher investments.

“**Goods receipt and shipment expenses**”, amounting to €6,896 thousand, increased by €3,205 thousand compared to the same period of the previous year, worsening the percentage impact on turnover, which stood at 5.0% (3.0% in the first quarter of 2020). The trend is attributable to the greater cost of logistics in part due to the pandemic situation and in part to procurement of materials for which there was a shortage, which require further differentiation of supply channels.

“**Quality Certification Expenses**”, amounting to €299 thousand, decreased by €2,244 thousand compared to 2020, following the lower number of certifications required in the first quarter of 2021 for the completion of the various product development projects concluded at the end of 2020.

Expenses for “**R&D technical consultancies**” amounted to €399 thousand, down by €1,194 thousand compared to the previous year due to the different stages of development of the ongoing projects.

The “**Travel and meetings expenses**” item, amounting to €740 thousand, recorded a 67.0% decrease, with a better percentage on turnover compared to the previous period (-1.3%), following the restrictive measures caused by the pandemic which are still limiting the *site visits* to customers, events and trade fairs.

Note 18. Other revenues

| | Quarter ended | | Change |
|---|---------------|------------------------|--------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Grants to Research and Development expenses | - | 626 | (626) |
| Miscellaneous income and revenues | 256 | 608 | (352) |
| Rents | 7 | 24 | (17) |
| Income on disposal of fixed assets | 31 | 10 | 21 |
| Contingent assets | 26 | - | 26 |
| Others | 17 | 14 | 3 |
| Total | 337 | 1,282 | (945) |

The change in the “**Grants to Research and Development expenses**” compared to the first quarter of 2020 is mainly due to the tax receivables for R&D activities.

Note 19. Financial Income/(Expenses)

| | Quarter ended | | Change |
|--|---------------|------------------------|--------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Net financial income/(expenses) | (452) | (567) | 115 |
| Foreign exchange gains/losses | (196) | (2,758) | 2,562 |
| Investment Fair Value | 0 | (1,567) | 1,567 |
| Bank expenses | (279) | (217) | (62) |
| Dividends | 0 | 83 | (83) |
| Others | (38) | 2 | (40) |
| Total Net Financial Income/(Expenses) | (965) | (5,024) | 4,059 |

The net financial income/(expenses) item was negative for €965 thousand, showing an improvement of €4,059 thousand compared to a negative result of €5,024 thousand in the same period of 2020, due mainly to the favourable trend of exchange rates and an improvement in the investments Fair value item, which was negative in the first quarter of 2020 for an amount of €1,567 thousand.

Note 20. Taxes

| | Quarter ended | | Change |
|---|---------------|------------------------|--------------|
| | 31.03.2021 | 31.03.2020 Restated | |
| Profit/(Loss) before taxes from continuing operations | 12,099 | (6,319) | 18,418 |
| Income taxes | 2,732 | 1,008 | 1,724 |
| Deferred taxes | 338 | (3,203) | 3,541 |
| Total | 3,070 | (2,195) | 5,265 |
| Tax Rate | 25.4% | 34.7% | -9.4% |

The tax rate as at 31 March 2021, equal to 25.4% (34.7% as at 31 March 2020), reflects the distribution of the net operating margin for the period among the various geographic areas in which the Group operates. The tax burden in the first quarter 2020 was positive due to the total tax losses recorded in the period.

Note 22. Earnings/loss per share

Earnings/loss per share

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

| | Quarter ended | |
|---|---------------|------------------------|
| | 31.03.2021 | 31.03.2020 Restated |
| Group profit/(loss) for the period | 9,029 | (4,265) |
| Average number of shares (thousands) | 56,476 | 58,025 |
| Basic earnings/(loss) per share | 0.16 | (0.07) |
| Group profit/(loss) for the period | 9,029 | (4,265) |
| Average number of shares (thousands) - Diluted effect | 57,156 | 57,851 |
| Diluted earnings/(loss) per share | 0.16 | (0.07) |

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 “ **Procedure for Transactions with Related Parties**”, 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 01.01.2021 – 31.03.2021, the Company's Board of Directors did not approve any relevant transaction, as set out by art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

| | Parent Company | Company controlled by Chairman of BoD | Companies not consolidated on a line-by-line basis | 31.03.2021 |
|--|----------------|---------------------------------------|--|------------|
| Equity investments | - | - | 900 | 900 |
| Trade receivables and other, accrued income, prepaid expenses | 4 | 9 | 1,564 | 1,576 |
| Receivables pursuant to tax consolidation | 424 | - | - | 424 |
| Payables pursuant to tax consolidation | 3,433 | - | - | 3,433 |
| Trade payables and other, accrued liabilities, deferred income | - | - | 113 | 113 |
| Operating expenses | - | 305 | 70 | 375 |
| Revenues and other operating revenues | - | - | 1,795 | 1,795 |
| Other revenues | - | - | 57 | 57 |

NUMBER OF EMPLOYEES

| | 31.03.2021 | 31.03.2020 | Change |
|----------------------|-------------------|-------------------|---------------|
| Datalogic | 2,920 | 2,901 | 19 |
| Solution Net Systems | - | 36 | (36) |
| Informatics | 76 | 75 | 1 |
| Total | 2,996 | 3,012 | (16) |

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

ANNEXES

ANNEXES

ANNEX 1

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

INTERIM REPORT AS AT 31 MARCH 2021

The undersigned Ms. Laura Bernardelli, as Manager in charge of drawing up the Datalogic S.p.A.'s accounting statements, hereby certify that, pursuant to provisions set out by paragraph 2 of Art. 154-bis, of Legislative Decree no. 58 of 24 February 1998, the Consolidated Interim Report as at 31 March 2021 is consistent with the accounting records.

Lippo di Calderara di Reno (BO), 13 May 2021

Manager in charge of drawing up
Company's accounting statements
Laura Bernardelli

ANNEXES

ANNEX 2

CONSOLIDATION AREA

The Consolidated Interim Report include the accounting 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 consolidation area as at 31 March 2021, consolidated on a line-by-line basis, are disclosed hereunder:

| Company | Registered office | | Share capital | Shareholders' Equity | Profit/loss | % Ownership |
|--|--|-----|---------------|----------------------|-------------|-------------|
| Datalogic S.p.A. | Bologna – Italy | € | 30,392,175 | 350,301 | 105 | |
| Datalogic Real Estate France Sas | Courtabeuf Cedex – France | € | 2,227,500 | 3,786 | 19 | 100% |
| Datalogic Real Estate UK Ltd. | Redbourn - England | GBP | 3,500,000 | 4,671 | 26 | 100% |
| Datalogic IP Tech S.r.l. | Bologna – Italy | € | 65,677 | 25,816 | (325) | 100% |
| Informatics Holdings, Inc. | Plano, Texas - USA | USD | 1,568 | 14,920 | 292 | 100% |
| Wasp Barcode Technologies Ltd | Redbourn - England | GBP | 0 | 252 | (8) | 100% |
| Datalogic (Shenzhen) Industrial Automation Co. Ltd. | Shenzhen - China | CNY | 2,136,696 | 3,746 | 112 | 100% |
| Datalogic Hungary Kft | Balatonboglár - Hungary | HUF | 3,000,000 | 2,239 | (17) | 100% |
| Datalogic S.r.l. | Bologna – Italy | € | 10,000,000 | 155,305 | 6,069 | 100% |
| Datalogic Slovakia S.r.o. | Trnava - Slovakia | € | 66,388 | 1,639 | 121 | 100% |
| Datalogic USA Inc. | Eugene, OR - USA | USD | 100 | 216,735 | 72 | 100% |
| Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda. | Sao Paulo - Brazil | BRL | 20,257,000 | (302) | (389) | 100% |
| Datalogic Tecnologia de Mexico S.r.l. | Colonia Cuauhtemoc - Mexico | MXN | 0 | (327) | (17) | 100% |
| Datalogic Scanning Eastern Europe GmbH | Langen - Germany | € | 25,000 | 3,859 | (20) | 100% |
| Datalogic Australia Pty Ltd | Mount Waverley (Melbourne) - Australia | AUD | 3,188,120 | 1,099 | (5) | 100% |
| Datalogic Vietnam LLC | Vietnam | USD | 3,000,000 | 30,856 | 461 | 100% |
| Datalogic Singapore Asia Pacific Pte Ltd. | Singapore | SGD | 3 | 2,032 | 13 | 100% |
| M.D. Micro Detectors S.p.A. | Modena - Italy | € | 2,000,000 | 11,321 | 203 | 100% |
| M.D. Micro Detectors (TIANJIN) CO., LTD. | Tianjin - China | CNY | 13,050,359 | 962 | 32 | 100% |
| Micro Detectors Ibérica, S.A.U. | Barcelona - Spain | € | 120,000 | 941 | 11 | 100% |
| Suzhou Mobydata Smart System Co. Ltd. | Suzhou, JiangSu - China | CNY | 161,224 | 4,948 | 462 | 51% |

The following companies were consolidated using the equity method as at 31 March 2021:

| Company | Registered office | | Share capital | Shareholders' equity | Profit/loss | % Ownership |
|------------------------------|------------------------|-----|---------------|----------------------|-------------|-------------|
| Specialvideo S.r.l. (*) | Imola - Italy | € | 10,000 | 902 | 42 | 40% |
| Datasensor GmbH (*) | Otterfing - Germany | € | 150,000 | 12 | 10 | 30% |
| CAEN RFID S.r.l. (*) | Viareggio (LU) - Italy | € | 150,000 | 1,103 | (130) | 20% |
| R4I S.r.l. (*) | Benevento - Italy | € | 131,250 | 441 | 38 | 20% |
| Datalogic Automation AB (**) | Malmö, Sweden | SEK | 100,000 | 1,128 | 618 | 20% |

(*) data as at 31 December 2019

(**) data as at 30 June 2020

ANNEXES

ANNEX 3

RESTATEMENT OF SEGMENT DISCLOSURE

As envisaged by the International Accounting Standards on segment reporting, in the event of a reorganisation of the business segments, the comparative periods are restated to allow a like-for-like comparison. Below are the restated results for 2020 following the reorganisation of the commercial function launched in the first quarter and finalised in the fourth quarter of 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

| | 31.03.2020 Reported (*) | Restatement | 31.03.2020 Restated |
|------------------------|----------------------------|-------------|------------------------|
| Italy | 11,750 | 6 | 11,756 |
| EMEA (excluding Italy) | 59,493 | 9 | 59,502 |
| Total EMEA | 71,243 | 15 | 71,258 |
| Americas | 34,802 | (15) | 34,787 |
| APAC | 13,143 | - | 13,143 |
| Total Revenues | 119,188 | | 119,188 |

* Comparison data related to 2020 were restated following the classification of the investee Solution Net Systems under operations sold

REVENUES BY BUSINESS SEGMENT

| | 31.03.2020 Reported | Restatement | 31.03.2020 Restated |
|----------------------------|------------------------|-------------|------------------------|
| Retail | 47,273 | (3,305) | 50,578 |
| Manufacturing | 25,935 | (820) | 26,755 |
| Transportation & Logistics | 8,513 | (842) | 9,355 |
| Healthcare | 4,076 | 527 | 3,549 |
| Channel | 29,454 | 4,439 | 25,015 |
| Total Revenues | 115,252 | | 115,252 |

As part of the reorganisation of the commercial function, the revenue allocation criteria were partially modified, assigning sales to the end-users of partner customers, and previously classified in the industries, according to a criterion of predominance of turnover as communicated by the distribution network, to the Channel sector. This category includes revenues not directly attributable to the other identified segments. The new approach allows for an even more accurate measurement of the performance of the individual sectors, to which only the revenues relating to direct sales made to end-user customers based on their respective segment are attributed. The rationale behind the change in approach is guided by the desire to make the measurement of market trends of the individual sectors more accurate and prompter in order to strengthen the effectiveness and timeliness of the strategic decisions of go to market.

ANNEXES

ANNEX 4

RECONCILIATION OF ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

The following table shows the reconciliation between EBITDA and Adjusted EBITDA as at 31 March 2021, compared with 31 March 2020.

| | 31.03.2021 | | 31.03.2020 Restated | | Change |
|-------------------------------------|---------------|---------------|------------------------|--------------|---------------|
| Adjusted EBITDA | 21,602 | 15.95% | 7,220 | 6.06% | 14,382 |
| Cost of goods sold | 24 | 0.02% | 379 | 0.32% | (355) |
| Research and Development expenses | - | 0.00% | 102 | 0.09% | (102) |
| Distribution expenses | 596 | 0.44% | 405 | 0.34% | 191 |
| General and administrative expenses | 347 | 0.26% | 342 | 0.29% | 5 |
| Other operating (expenses)/income | - | 0.00% | - | 0.00% | - |
| Non-recurring costs/revenues | 968 | 0.71% | 1,228 | 1.03% | (260) |
| EBITDA | 20,634 | 15.24% | 5,992 | 5.03% | 14,642 |

Non-recurring costs and revenues are shown hereunder.

| | 31.03.2021 | 31.03.2020 Restated | Change |
|----------------|------------|------------------------|--------------|
| Covid-19 | - | 635 | (635) |
| Reorganisation | 968 | 501 | 467 |
| Other | - | 92 | (92) |
| Total | 968 | 1,228 | (260) |

Non-recurring costs and revenues refer to income and charges recognised and incurred in relation to some reorganisation processes targeted at the optimisation of the sales structure, of the industrial footprint and the offices. These processes involved an assessment of the existing organisational structure in the aforementioned areas, as well as the execution of the plans to implement the new model, which involved, among other things, also some modifications to internal processes, information systems and the management control model.

