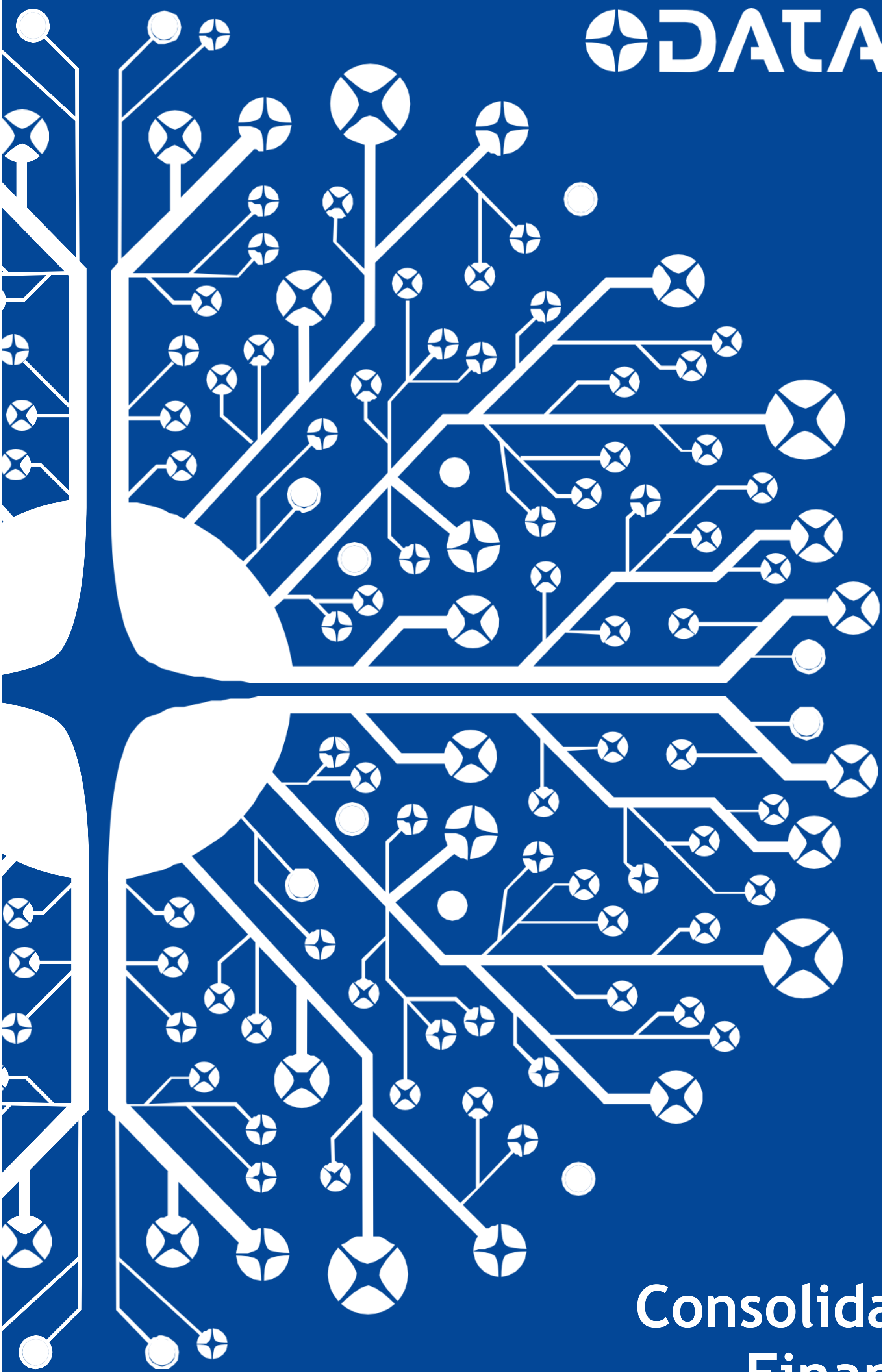
DATALOGIC
EMPOWER YOUR VISION



Consolidated Annual Financial Report as at 31 December 2020

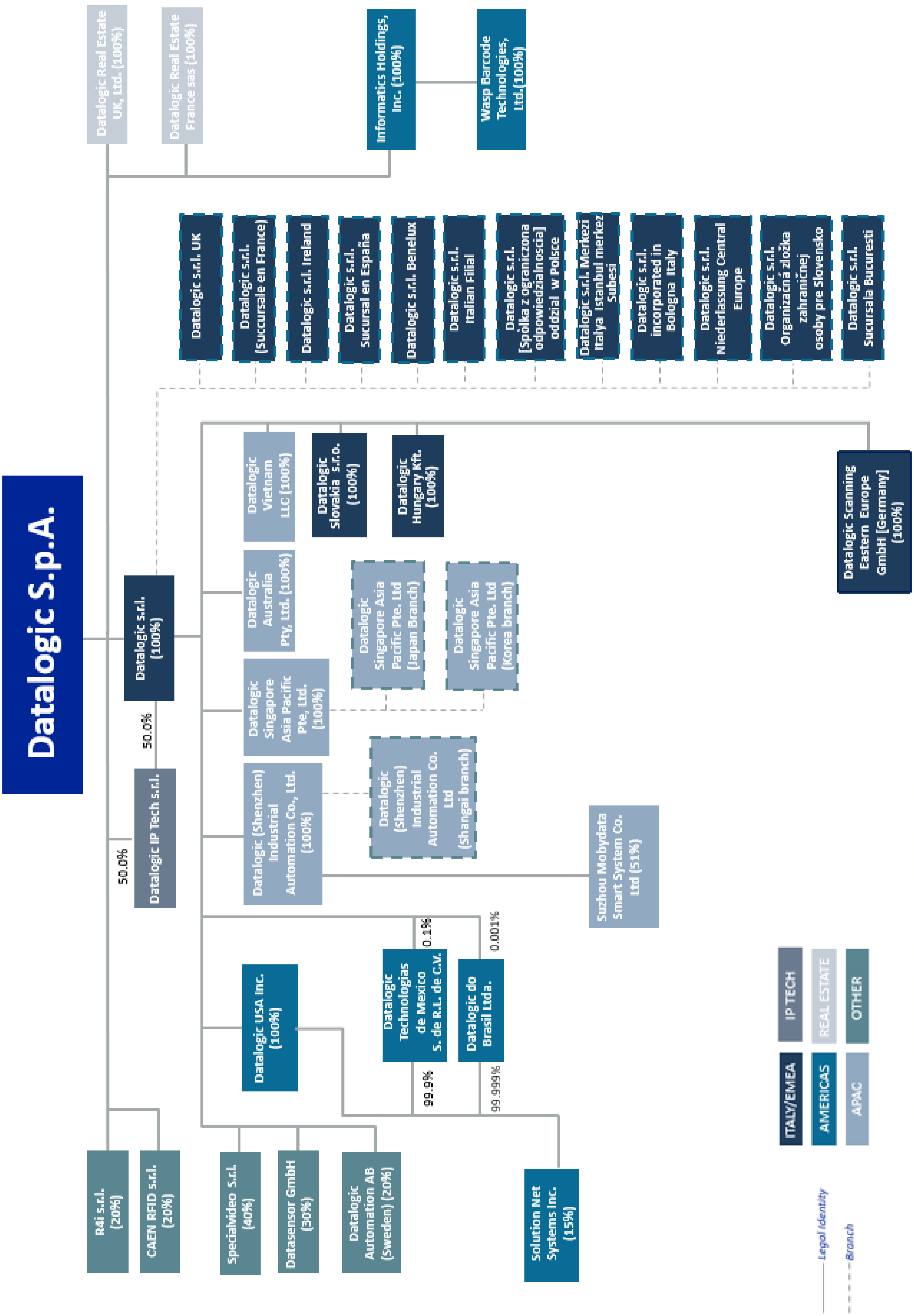
E-MARKET SDIR CERTIFIED

INDEX

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 Busani	Independent Director
Roberto Lancellotti	Independent Director
Angelo Manaresi	Independent Director and Lead Independent Director
Chiara Giovannucci Orlandi	Independent Director
Pietro Todescato	Executive Director
Filippo Maria Volta	Non-executive Director
Vera Negri Zamagni	Independent Director

Board of Statutory Auditors [(3)]

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

Audit and Risk, Remuneration and Appointments Committee

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

Independent Auditor [(4)]

Deloitte & Touche S.p.A.

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

(2) Legal representative as regards third parties.

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

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

Report on Operations

REPORT ON OPERATIONS

INTRODUCTION

This Consolidated Annual Financial Report as at 31 December 2020 was drawn up pursuant to art. 154 of T.U.F. and was prepared in compliance with the International Accounting Standards (IAS/IFRS) endorsed by the European Union.

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

GROUP PROFILE

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

HIGHLIGHTS FOR THE YEAR

The following table summarises the Datalogic Group's key operating and financial results as at 31 December 2020 in comparison with the previous year.

The comparative economic data as at 31 December 2019 were restated, as envisaged by the accounting standard IFRS 5, following the sale of controlling interest in Solution Net Systems Inc. and the consequent reclassification of the economic results of that company as results from discontinued operations.

	31.12.2020	*% on Revenues*	**31.12.2019 Restated**	*% on Revenues*	**Change**	% change	**% ch. net FX**
Revenues	**479,828**	*100.0%*	**585,759**	*100.0%*	**(105,931)**	-18.1%	-17.0%
Adjusted EBITDA	**58,324**	*12.2%*	**92,077**	*15.7%*	**(33,753)**	-36.7%	-36.3%
EBIT	**18,407**	*3.8%*	**62,689**	*10.7%*	**(44,282)**	-70.6%	-70.7%
Net Profit/(Loss) for the year	**13,882**	*2.9%*	**50,281**	*8.6%*	**(36,399)**	-72.4%	-72.5%
Net financial position (NFP)	**8,218**		**13,364**		**(5,146)**		

As at 31 December 2020, the Group achieved **Revenues** of €479.8 million, with a gradual improvement in performance in the second part of the year, and in particular in the fourth quarter, which has enabled us to contain the decreased caused by the exceptionally negative and extraordinary global economic situation and of an extraordinary nature brought about by the Covid-19 pandemic, closing the year, albeit down -18.1% (-17.0% at constant exchange rates) with respect to the previous year, with a marked attenuation of the decline compared to the first part of the year.

The gradual recovery of volumes in the second half of the year and a careful cost reduction plan made it possible to protect the Group's margins, recording as at 31 December 2020 an **Adjusted EBITDA** of €58.3 million, with an Adjusted EBITDA margin of 12.2% (15.7% as at 31 December 2019).

Net profit at €13.9 million, corresponding to 2.9% of revenues (€50.3 million and 8.6% of revenues as at 31 December 2019) marked a gradual recovery compared to the first part of the year thanks to a moderate recovery of the markets and to a careful plan of efficiencies and reduction of discretionary expenses, although affected, compared to the previous year, by the expenses incurred in some reorganization activities of the Group in the changed macroeconomic context.

Net Financial Position as at 31 December 2020 is positive again compared to the first three quarters of the year, and is equal to €8.2 million (€13.4 million as at 31 December 2019) thanks to the recovery of the operating cash generation in the last quarter of the year.

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 Guidelines on performance indicators, issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015, refer only to the performance of the accounting period related to this Consolidated Annual Financial Report and the compared periods. The performance indicators must be considered as supplementary and do not supersede information given pursuant to IFRS standards. The description of the main indicators adopted is given hereunder.

- **EBIT (Earnings Before Interest, Taxes)**: this indicator is defined as Profit/Loss for the year 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 year 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 year 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 year, compared with the previous year:

	31.12.2020		31.12.2019 Restated		Change	% change
Revenues	**479,828**	**100.0%**	**585,759**	**100.0%**	**(105,931)**	**-18.1%**
Cost of goods sold	(259,880)	-54.2%	(297,616)	-50.8%	37,736	-12.7%
Gross Operating Margin	**219,948**	**45.8%**	**288,143**	**49.2%**	**(68,195)**	**-23.7%**
Research and Development expenses	(52,039)	-10.8%	(58,740)	-10.0%	6,701	-11.4%
Distribution expenses	(95,014)	-19.8%	(120,621)	-20.6%	25,607	-21.2%
General and administrative expenses	(41,183)	-8.6%	(43,637)	-7.4%	2,454	-5.6%
Other operating (expenses)/income	2,398	0.5%	5,130	0.9%	(2,732)	-53.3%
Total operating and other costs	**(185,838)**	**-38.7%**	**(217,868)**	**-37.2%**	**32,030**	**-14.7%**
Non-recurring costs/revenues	(11,249)	-2.3%	(2,728)	-0.5%	(8,521)	312.4%
Amortisation from acquisitions	(4,454)	-0.9%	(4,857)	-0.8%	403	-8.3%
EBIT	**18,407**	**3.8%**	**62,689**	**10.7%**	**(44,282)**	**-70.6%**
Financial Income/(Expenses)	(1,502)	-0.3%	(987)	-0.2%	(515)	52.2%
Foreign exchange gains/(losses)	(4,925)	-1.0%	(1,388)	-0.2%	(3,537)	254.8%
Profit/(Loss) before taxes (EBT)	**11,980**	**2.5%**	**60,314**	**10.3%**	**(48,334)**	**-80.1%**
Taxes	1,731	0.4%	(11,616)	-2.0%	13,347	n.a.
Net Profit/(Loss) for the year from continuing operations	**13,711**	2.9%	**48,698**	8.3%	(34,987)	-71.8%
Profit/(loss) for the year from discontinued operations	**171**	**0.0%**	**1,583**	**0.3%**	**(1,412)**	**-89.2%**
Profit/(Loss) for the year	**13,882**	**2.9%**	**50,281**	**8.6%**	**(36,399)**	**-72.4%**
Non-recurring costs/revenues	(11,249)	-2.3%	(2,728)	-0.5%	(8,521)	312.4%
Depreciation of tangible assets and rights of use	(17,577)	-3.7%	(16,663)	-2.8%	(914)	5.5%
Amortisation of intangible assets	(11,091)	-2.3%	(9,997)	-1.7%	(1,094)	10.9%
Adjusted EBITDA	**58,324**	**12.2%**	**92,077**	**15.7%**	**(33,753)**	**-36.7%**

Consolidated revenues amounted to €479.8 million, decreasing by 18.1% compared to €585.8 million in 2019, mainly as a result of the reduction in demand due to the spread of Covid-19 and, to a lesser extent, the price effect.

The restrictive measures adopted by Governments to deal with the pandemic and the resulting slowdown in the global economy affected the Group's performance throughout 2020, albeit at different levels of intensity and at different stages. The Asian region was affected mainly in the first quarter, while Europe and the Americas subsequently suffered from the gradual spread of the pandemic in the second and third quarters of the year, especially in the USA. The pandemic situation and the restrictive measures adopted by governments have slowed down the process of expanding the base to new customers and segments as well as partially slowing down the launch and ramp-up of new products.

The following table shows the breakdown by **geographical area** of Group revenues achieved in 2020, compared with the previous year.

	31.12.2020	%	31.12.2019 Restated	%	Change	%	% ch. net FX
Italy	*44,701*	*9.3%*	*49,282*	*8.4%*	*(4,581)*	*-9.3%*	*-9.3%*
EMEAI (excluding Italy)	*210,146*	*43.8%*	*257,856*	*44.0%*	*(47,710)*	*-18.5%*	*-18.3%*
Total EMEAI	254,846	53.1%	307,138	52.4%	(52,291)	-17.0%	-16.9%
Americas	151,174	31.5%	210,105	35.9%	(58,931)	-28.0%	-26.0%
APAC	73,808	15.4%	68,517	11.7%	5,291	7.7%	9.8%
Total Revenues	**479,828**	**100.0%**	**585,759**	**100.0%**	**(105,931)**	**-18.1%**	**-17.0%**

The **EMEAI** region closed at 31 December 2020 with a 17.0% decrease in revenues compared to 31 December 2019. Although the Group's main market in the first quarter of 2020 was affected by the expected weakness in the market, as well as by the completion of important roll-out contracts of fixed retail scanners, in the second quarter the decline recorded compared to 2019 was more pronounced (-37.3%) due to the lockdown measures imposed by Governments in Europe. The third quarter registered the first signs of a recovery with a decrease that slowed to -17.4%, compared to the same period of the previous year, with a generally better performance in Italy with respect to other countries in the Euro area, while in the fourth quarter, the region closed with growth of 1.6% (2.3% at constant exchange rates), driven by Italy, which reached +12.4% compared to the same period of 2019 in the pre-Covid scenario.

For the **AMERICAS** area, the Group's second market, 2020 signed a decrease in demand, which reached a total of -28.0% in the year (-26.0% at constant exchange rates), reflecting not only the economic effects of the pandemic, but also the conclusion of important multi-year projects in the Transportation & Logistics sector. However, the fourth quarter of the year recorded the first positive reversal of the trend, with a reduction in the decrease with respect to the third quarter.

The **APAC** region, after an initial decrease in turnover in the first quarter of the year as a result of the pandemic, instead saw a substantial recovery, mainly by China, reaching a 7.7% (9.8% at constant exchange rates) growth at 31 December 2020, with an especially positive performance in the final part of the year, in which it recorded double-digit growth.

Gross Operating Margin was €219.9 million, 45.8% of Net Sales (49.2% at 31 December 2019), a decrease of 23.7% compared to €288.1 million reported in the previous year, primarily due to the contraction in volumes and the price and mix effect, only partially offset by a reduction in the costs of materials.

Operating and other costs, equal to €185.8 million, decreased by 14.7% compared to €217.9 million in 2019, due to a careful cost reduction plan implemented by the Management as a response to the economic situation. The actions adopted were aimed at making the cost structure more variable to minimise production inefficiencies linked to discontinuity of the activities and the low volumes, by executing structural efficiency plans combined with social safety net plans' adoption. Special attention was focused on the adoption of flexibility tools to support growth as soon as demand recovers. Operating costs have been kept under control, both physiologically in the most intense phases of the pandemic, and through temporary and structural cost reductions plans, as well as discretionary investments were deferred, while investments in R&D and strategic activities were reinforced pursuing the Group's strategy focused on innovation.

During the year, despite the difficult market environment, research and development total spending, gross of capital expenditure, amounted to €63.0 million, essentially in line with the previous year, reaching 13.1% on Net Sales, compared to 10.8% in 2019, increasing by 2.3%. The investments policy in R&D was reviewed during the year, by balancing the achievement of efficiencies with the decision to maintain the strategic priorities of the technological Roadmap.

Research and development expenses decreased by 11.4%, to €52.0 million, but reached 10.8% on revenues compared to 10.0% in 2019, thanks to the balancing between efficiencies and strengthening of investments in development for pursuing strategic goals.

Distribution expenses amounted to €95.0 million, decreasing by 21.2% (€120.6 million in 2019), 19.8% of revenues, due to the reduction in volumes, but also thanks to a careful plan of efficiencies achieved in selling, distribution and marketing costs, also a result of the renewed sales organisation structure.

The **Adjusted EBITDA** came to €58.3 million (€92.1 million in 2019). The **Adjusted EBITDA margin** at 31 December 2020 stood at 12.2% compared to 15.7% recorded in the previous year. Profit margin trends recorded in 2020, which grew constantly on a quarterly basis, reflected both the contraction in volumes and the price effects of the Covid-19 scenario, as well as the less favourable mix, and the benefits of the efficiencies reached in terms of fixed costs, which made it possible to protect profit margins, albeit in an extraordinary recessionary market context.

The **EBIT** amounted to €18.4 million, compared to €62.7 million in the previous year, as a result of the aforementioned trends and the non-recurring costs incurred primarily related to Group's internal reorganisation initiatives in the changed economic scenario.

Net Financial Income/(Expenses), negative by €6.4 million, worsened by €4.1 million compared to 2019, mainly due to the unfavourable trend in foreign exchange differences, accounted for mainly in the first quarter at the height of the pandemic, negative for €4.9 million (negative for €0.5 million at 31 December 2019).

	31.12.2020	31.12.2019	Change
Financial income/(expenses)	(1,921)	(1,951)	30
Foreign exchange gains/losses	(4,925)	(506)	(4,419)
Fair value	962	1,255	(293)
Bank expenses	(867)	(1,234)	367
Dividends	306	216	90
Others	18	(155)	173
Total Financial Income/(Expenses)	**(6,427)**	**(2,375)**	**(4,052)**

Net profit for the year was €13.9 million (€50.3 million as at 31 December 2019).

GROUP ANNUAL ECONOMIC RESULTS BY DIVISION

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. Compared to the previous year, the Solution Net Systems (SNS) division is not represented among the operating segments following the sale of control of the company Solution Net Systems Inc. during the year and the consequent classification of the relative economic results as results from discontinued operations. 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 comparison of divisional Revenues and Adjusted EBITDA achieved in 2020, compared to 2019:

REVENUES BY DIVISION

	31.12.2020	%	31.12.2019 Restated	%	Change	% Change	% ch. net FX
Datalogic	464,580	96.8%	568,128	97.0%	(103,548)	-18.2%	-17.2%
Informatics	16,434	3.4%	18,736	3.2%	(2,302)	-12.3%	-10.9%
Adjustments	(1,186)	-0.2%	(1,105)	-0.2%	(81)	7.4%	
Total Revenues	**479,828**	**100.0%**	**585,759**	**100.0%**	**(105,931)**	**-18.1%**	**-17.0%**

EBITDA BY DIVISION

	31.12.2020	% on revenues	31.12.2019 Restated	% on revenues	Change	% Change
Datalogic	57,445	12.4%	90,581	15.9%	(33,136)	-36.6%
Informatics	890	5.4%	1,507	8.0%	(617)	-40.9%
Adjustments	(11)		(11)			
Total Adjusted EBITDA	**58,324**	**12.2%**	**92,077**	**15.7%**	**(33,753)**	**-36.7%**

DATALOGIC DIVISION

At 31 December 2020, the **Datalogic** division recorded **revenues** of €464.6 million, decreasing by 18.2% compared to 31 December 2019. The **Adjusted EBITDA** of the division amounted to €57.4 million, marking an incidence on turnover of 12.4% (15.9% at 31 December 2019). Below is the breakdown by industry of the Datalogic division's revenues:

	31.12.2020	%	31.12.2019 Restated	%	Change	%	% ch. net FX
Retail	198,257	42.7%	231,059	40.7%	(32,802)	-14.2%	-12.6%
Manufacturing	110,737	23.8%	117,656	20.7%	(6,919)	-5.9%	-5.0%
Transportation & Logistics	53,857	11.6%	74,419	13.1%	(20,562)	-27.6%	-26.9%
Healthcare	17,211	3.7%	17,663	3.1%	(452)	-2.6%	-1.6%
Channel	84,518	18.2%	127,331	22.4%	(42,813)	-33.6%	-33.2%
Total Revenues	**464,580**	**100.0%**	**568,128**	**100.0%**	**(103,548)**	**-18.2%**	**-17.2%**

- **Retail**

  The Retail sector, the main segment of the Group, with 42.7% of the division turnover (40.7% at 31 December 2019), recorded a decrease of 14.2% (12.6% at constant exchange rates) with respect to the previous year, with a generalised slowdown in all geographical areas, albeit more pronounced in the Americas (-20.8%); the APAC and EMEAI areas registered smaller decreases of 9.8% and 9.4% respectively compared to 2019. The sector was penalised by the conclusion of the roll-outs of fixed retail scanners in some Retail chains, which began in 2018 and was progressively completed in 2019, and the contraction in volumes determined in the Covid-19 scenario, which impacted the business through distributors and the development of new customers, especially in the United States and, to a lesser extent, in Europe. In general, the food sector suffered less than the retail sector as a whole due to the pandemic, but the capital expenditure in technological infrastructures in stores slowed considerably and tended to be limited to those for replacement, with a substantial stability of the demand for investment in the check-out area of this segment.

  The non-food sector, less relevant than the food sector for Datalogic, by contrast suffered more serious consequences from the closures related to various lockdowns in several countries.

- **Manufacturing**

  The Manufacturing sector experienced a smaller decrease compared to the other sectors, equal to 5.9% compared to 31 December 2019. The performance in 2020 was driven by the double-digit growth in APAC in the consumer electronics segment, which offset the still negative trend in the Americas and EMEAI, due mainly to the drop in the automotive sector and to Covid, and the packaging sector which showed signs of slowdown, albeit small.

- **Transportation & Logistics**

  The Transportation & Logistics sector reported a decrease of 27.6% compared to 2019, with a negative performance, especially in North America, which reflects the unfavourable comparison with 2019, following the completion of some long-term projects. In the second half of the year, signs of a recovery were recorded both in EMEAI and APAC, especially in China and South-East Asia, where Datalogic has been awarded significant airport projects.

- **Healthcare**

  The Healthcare sector managed to significantly contain the negative impact of the pandemic which obviously refocused investments on the most urgent sectors, registering a slight decrease of 2.6%, in particular in the EMEAI and North America areas, at -5.7% and -6.0% respectively. The APAC area reported double-digit growth (+47.0%). The sector was highly appreciative of Datalogic's supply of products 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 customers saw a more pronounced drop of 33.6% compared to 2019 in all geographical areas, mainly due to the slowdown in activities in the second quarter as a result of Covid-19, which had a more negative impact on small and medium businesses. Starting with the third quarter of the year, an improvement was recorded in the trend in both EMEAI and in the Americas, albeit still negative with respect to the previous period.

INFORMATICS DIVISION

The **Informatics division** recorded turnover of €16.4 million in 2020 (€18.7 million in 2019), marking a decrease of 12.3% compared to the previous year. Adjusted EBITDA amounted to €0.9 million, down by €0.6 million compared to 2019, following the reduction in volumes which affected the US market, especially in the segment of small and medium-sized companies.

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE FOURTH QUARTER

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

	4Q 2020	*% on Revenues*	4Q 2019 Restated	*% on Revenues*	Change	% change	% ch. net FX
Revenues	**132,777**	*100.0%*	**144,350**	*100.0%*	**(11,573)**	-8.0%	-5.4%
Adjusted EBITDA	**21,119**	*15.9%*	**20,942**	*14.5%*	**177**	0.8%	-4.4%
EBIT	**10,213**	*7.7%*	**12,738**	*8.8%*	**(2,525)**	-19.8%	-30.2%
Net Profit/(Loss) for the period	**9,322**	*7.0%*	**10,603**	*7.3%*	**(1,281)**	-12.1%	-24.5%

In the fourth quarter of 2020, **revenues** achieved by the Group reached €132.8 million (€144.4 million in the fourth quarter of 2019), albeit decreasing by 8.0% (-5.4% at constant exchange rates) with respect to the fourth quarter of 2019 in the pre-Covid scenario; the recovery trend showed in the third quarter of the year was consolidated in all geographical areas.

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

	4Q 2020	%	4Q 2019 Restated	%	Change	%	% ch. net FX
Italy	*13,602*	*10.2%*	*12,107*	*8.4%*	*1,495*	*12.4%*	*12.4%*
EMEAI (excluding Italy)	*61,679*	*46.5%*	*61,976*	*42.9%*	*(297)*	*-0.5%*	*0.3%*
Total EMEAI	75,281	56.7%	74,083	51.3%	1,198	1.6%	2.3%
Americas	38,853	29.3%	55,634	37.8%	(15,781)	-28.9%	-24.2%
APAC	18,643	14.0%	15,633	10.8%	3,010	19.3%	23.8%
Total Revenues	**132,777**	**100.0%**	**144,350**	**100.0%**	**(11,573)**	**-8.0%**	**-5.4%**

The performance of the fourth quarter of 2020 marks a reversal of the trend in particular in EMEAI, the Group's first market, which recovered the contraction in volumes recorded in the first months of the year with an increase of 1.6%

compared to the fourth quarter of 2019, driven by Italy, which recorded growth of 12.4%. The good performance of APAC was consolidated, especially in China, where the increase in revenues reached 19.3% (23.8% at constant exchange rates). Moderately encouraging signs also in the Americas in the last quarter of the year, where despite the drop of 28.9% (24.2% at constant exchange rates) compared to 2019, there was a recovery of 8.0% compared to the third quarter of 2020.

The positive effects of the cost reduction plan and the partial recovery of the markets enabled a full recovery in profit margins in the fourth quarter of the year, with an **Adjusted EBITDA** of €21.1 million, substantially in line with the corresponding period of the previous year (€20.9 million) equal to 15.9% of revenues, increasing by 0.8% compared to the fourth quarter of 2019 in which it stood at 14.5%.

Net profit in the quarter came to €9.3 million, reaching 7.0% of revenues, essentially in line with the fourth quarter of 2019, in which it was €10.6 million, equal to 7.3% of revenues.

FOURTH QUARTER ECONOMIC RESULTS BY DIVISION OF THE GROUP

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

REVENUES BY DIVISION

	4Q 2020	%	4Q 2019 Restated	%	Change	%	% ch. net FX
Datalogic	128,678	96.9%	139,565	96.7%	(10,887)	-7.8%	-5.3%
Informatics	4,376	3.3%	5,053	3.5%	(678)	-13.4%	-8.5%
Adjustments	(277)		(268)		(8)		
Total Revenues	**132,777**	**100.0%**	**144,350**	**100.0%**	**(11,573)**	**-8.0%**	**-5.4%**

EBITDA BY DIVISION

	4Q 2020	% on revenues	4Q 2019 Restated	% on revenues	Change	%
Datalogic	20,372	15.8%	20,167	14.4%	205	1.0%
Informatics	858	19.6%	819	16.2%	39	4.8%
Adjustments	(111)		(44)		(67)	152.3%
Total Adjusted EBITDA	**21,119**	**15.9%**	**20,942**	**14.5%**	**177**	**0.8%**

DATALOGIC DIVISION

In the fourth quarter of 2020, the **Datalogic** division reported **revenues** of €128.7 million, decresing totally by 7.8% (5.3% at constant exchange rates) compared to the same period of 2019. The trends in the various geographical areas reflect the trend outlined for the Group with APAC growing, EMEAI in trend reversal compared to the third quarter, and the Americas in sharp downturn compared to the previous year.

Adjusted EBITDA related to the division amounted to €20.4 million, increased by 1.0% compared to the same quarter of 2019, while the percentage of revenues has improved, reaching 15.8% compared to 14.4% recorded in the fourth quarter of 2019. The cost reduction plan implemented from the second quarter of the year in response to the negative economic situation continued to generate positive results also in the fourth quarter of the year; despite a slight drop of

0.7 percentage points compared to the previous quarter of 2020, the Adjusted EBITDA margin of the division recovered 5.2 percentage points overall compared to the second quarter of 2020.

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

	4Q 2020	%	4Q 2019 Restated	%	Change	%	% ch. net FX
Retail	55,605	43.2%	60,086	43.1%	(4,481)	-7.5%	-4.1%
Manufacturing	29,276	22.8%	28,586	20.5%	690	2.4%	4.8%
Transportation & Logistics	15,328	11.9%	16,155	11.6%	(827)	-5.1%	-2.9%
Healthcare	5,531	4.3%	4,489	3.2%	1,043	23.2%	27.0%
Channel	22,963	17.8%	30,249	21.7%	(7,312)	-24.2%	-23.0%
Total Revenues	**128,678**	**100.0%**	**139,565**	**100.0%**	**(10,887)**	**-7.8%**	**-5.3%**

- **Retail**
  The Retail sector, especially in the food segment, continued to suffer from the postponement of investments in the Covid-19 scenario, above all in the Americas, despite the double-digit growth recorded in the EMEAI area, achieving an overall decline of 7.5% (-4.1% at constant exchange rates), compared to the same quarter last year.

- **Manufacturing**
  The Manufacturing sector resumed growth, recording +2.4% (4.6% at constant exchange rates) compared to the same quarter of 2019. The double-digit recovery of APAC (+58.7%), driven in particular by the consumer electronics segment, more than offset the decline in Americas and EMEAI, which, despite the signs of recovery recorded in the quarter, continue to be affected by the negative cycle in the automotive segment.

- **Transportation & Logistics**
  The Transportation & Logistics sector recorded a 5.1% decrease (2.9% at constant exchange rates), compared to the fourth quarter of 2019, with a performance showing net growth in APAC (+68.5%), but still slightly negative in EMEAI (-2.3%) and especially in the Americas (-25.3%), which report an unfavourable comparison with the previous year following the conclusion of some multi-annual projects and the impossibility of completing on-site activities following restrictive provisions due to Covid-19.

- **Healthcare**
  The Healthcare sector recorded an increase of 23.2% (27.0% at constant exchange rates) compared to 2019, with growth in all areas.

- **Channel**
  Sales through the distribution channel to small and medium customers remain negative mainly due to the progressive destocking of distributors, with a drop of -24.2% compared to the same quarter of 2019. In the fourth quarter, however, there was a slight improvement in demand compared to the previous quarters.

INFORMATICS DIVISION

The Informatics division recorded turnover of €4.4 million, decreasing by 13.4% compared to the fourth quarter of 2019. The Adjusted EBITDA of the division was positive €0.9 million, increasing by 4.8% compared to the same quarter of 2019.

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE YEAR

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

	31.12.2020	31.12.2019	Change	Ch. %
Intangible assets	59,175	50,471	8,704	17.2%
Goodwill	171,372	186,126	(14,754)	-7.9%
Tangible assets	103,406	99,355	4,051	4.1%
Financial assets and investments in associates	8,723	10,241	(1,518)	-14.8%
Other non-current assets	42,265	44,906	(2,641)	-5.9%
Total Fixed Assets	**384,941**	**391,099**	**(6,158)**	**-1.6%**
Trade receivables	66,563	78,203	(11,640)	-14.9%
Trade payables	(97,006)	(106,029)	9,023	-8.5%
Inventories	78,271	102,921	(24,650)	-24.0%
Net Trade Working Capital	**47,828**	**75,095**	**(27,267)**	**-36.3%**
Other current assets	28,274	49,345	(21,071)	-42.7%
Other current liabilities and provisions for risks	(53,708)	(78,219)	24,511	-31.3%
Net Working Capital	**22,394**	**46,221**	**(23,827)**	**-51.6%**
Other non-current liabilities	(33,958)	(34,571)	613	-1.8%
Post-employment benefits	(6,862)	(7,026)	164	-2.3%
Non-current Provisions for risks	(4,375)	(4,916)	541	-11.0%
Net Invested Capital	**362,140**	**390,807**	**(28,667)**	**-7.3%**
Shareholders' Equity	**(370,358)**	**(404,171)**	**33,813**	**-8.4%**
Net financial position (NFP)	**8,218**	**13,364**	**(5,146)**	**-38.5%**

Net trade working capital at 31 December 2020 was €47.8 million, a drop of €27.3 million compared to 31 December 2019; the percentage incidence on Net Sales decreased from 12.3% in 2019 to 10.0% in 2020. The change compared to 31 December 2019 was determined by the reduction in trade receivables of €11.6 million, the lower account payable exposure (€-9.0 million), due to the reduction in costs and volumes, as well as the decrease in inventories by €24.7 million, due to a careful stock management policy in an economically negative year caused by the pandemic.

Net Invested Capital amounted to €362.1 million (€390.8 million as at 31 December 2019), marking a decrease of €28.7 million, due to the reduction in net trade working capital of €23.8 million, as well as the decrease in fixed assets for €6.2 million, mainly due to the negative exchange rate effects, offset by the investments in research and development and the reorganisation of the industrial footprint and offices as part of the cost rationalisation project.

Net Financial Position as at 31 December 2020 was positive for €8.2 million, compared to €13.4 million as at 31 December 2019. In the latter part of the year, thanks to the recovery in demand in all the main geographical areas, albeit with varying degrees of intensity, the Group started to generate cash flows from operations again, totalling €23.0 million, despite the general macroeconomic context. Thanks to careful working capital management and the cost reduction plan implemented in the first half of the year, the Group did not renounce to strategic investments to support growth.

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

	31.12.2020	31.12.2019	Change
Net Financial Position/(Net Financial Debt) at the beginning of the period	**13,364**	**23,843**	**(10,479)**
EBITDA	58,324	94,990	(36,666)
Change in net trade working capital	27,267	(5,969)	33,236
Net investments	(42,597)	(37,997)	(4,600)
Change in taxes	(3,616)	(12,122)	8,506
Financial incomes/(expenses)	(7,747)	(3,270)	(4,477)
Dividend distribution	(17,007)	(28,716)	11,709
Treasury shares	(6,786)	(4,303)	(2,483)
Change in consolidation area	253	-	253
Other changes	(8,602)	(3,035)	(5,567)
Change in Net Financial Position (NFP) before IFRS 16	**(510)**	**(418)**	**(92)**
IFRS 16	(4,635)	(10,061)	5,426
Change in Net Financial Position	**(5,145)**	**(10,479)**	**5,334**
Net Financial Position/(Net Financial Debt) at year end	**8,218**	**13,364**	**(5,145)**

Negative changes in net financial position due to financial income/(expenses) by €7.7 million, reported a worsening compared to 2019 due to the unfavourable exchange rates and the fair value of cash investments. Dividend distribution and the purchase of treasury shares absorbed cash for €23.8 million in 2020 (€33.0 million as at 31 December 2019).

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

	31.12.2020	31.12.2019
A. Cash and bank deposits	137,440	151,829
B. Other cash equivalents	11	12
b1. restricted cash	*11*	*12*
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**137,451**	**151,841**
E. Current financial receivables	**12,189**	**31,200**
e1. other current financial receivables	*10,152*	*31,200*
e2. financial receivables	*2,037*	-
F. Bank overdrafts	31	221
G. Current portion of non-current debt	52,860	47,421
H. Other current financial liabilities	4,875	6,457
h2. lease payables	*3,375*	*4,589*
h3. current financial liabilities	*1,500*	*1,868*
I. Current financial debt (F) + (G) + (H)	**57,766**	**54,099**
J. Current Net Financial Debt/(Net Financial Position) (I) - (E) - (D)	**(91,874)**	**(128,942)**
K. Non-current bank borrowing	77,893	110,106
L. Bonds	-	-
M. Other non-current liabilities	5,763	5,472
m2. lease payables	*5,763*	*5,472*
N. Non-current financial debt (K) + (L) + (M)	**83,656**	**115,578**
O. Net Financial Debt/(Net Financial Position) (J) + (N)	**(8,218)**	**(13,364)**

As at 31 December 2020, the Group had credit lines in place amounting to €314.4 million, of which €176.4 million unused, including €100.0 million long-term subscribed during the month of March 2020 in anticipation of possible investments and €76.4 million short-term.

RESEARCH AND DEVELOPMENT

In the market in which the Group operates, the ability to find and implement innovative solutions is one of the key competitiveness factors. Innovation is pursued through resources, skills, technologies and internal processes, but at the same time making use of a network of collaborations with strategic partners with whom it carries out projects aimed at developing innovative solutions for the creation of new products.

The progress of technology is giving rise to a profound transformation of the market in which Datalogic operates, revolutionizing the value chain. Constantly investing in research and innovation is fundamental to preserve competitiveness and expand in this rapidly evolving scenario, keeping the customer at the centre of the innovation process.

The processes of innovation and product development are based on the "Product Roadmap", arising from medium and long-term planning, which is annually updated by Group Management. The R&D division employs over 500 persons in Datalogic. The results of the innovation processes are patented. At end 2020, the Group's IP portfolio included around 1,200 patents.

In 2020, the new products, which are briefly illustrated below, generated 20.0% of the Group's turnover.

HANDHELD READERS (HHRs)

- **Gryphon 4200:** corded and cordless handheld reader for traditional 1D symbols. It features an innovative activation system based on the movement of the reader picked up by an accelerometer, in addition to traditional wireless charging and the most versatile wireless communication system on the market, with proprietary STAR radio.
- **Gryphon 4500 disinfectant ready:** corded and cordless 2D handheld reader, capable of withstanding repeated cleaning with aggressive and antimicrobial agents.
- **Handscanner:** 2D reader to be worn on the back of the hand for hands-free scanning. It has an innovative bluetooth activation and communication system.

MOBILE COMPUTING

- **Memor 20:** handheld terminal based on the Android 9 operating system, with 5.7" 18:9 capacitive display and 2.2Ghz octa-core processor. Suitable for applications with gloves or in the rain, certified according to AT&T and Verizone carrier standards.
- **Memor K:** portable terminal based on the Android 9 operating system, with 24-key keypad and 4-inch capacitive display. Includes traditional WiFi, BT and NFC communication systems.
- **Skorpio X5:** fifth generation of the portable terminal. The Skorpio X5 is based on the Android 10 operating system, Android Enterprise Recommended, 4.3" capacitive display and 2.2Ghz octa-core processor, equipped with the latest generation of scanning engines designed and developed by Datalogic.

FIXED RETAIL READERS

- Magellan 3410VSi, 3510HSi: bench scanner of the single plane type, based on the imaging technology which allows the reading of 1D, 2D, OCR bar codes, also on mobile devices, in addition to the Digimarc Barcode support.

FIXED BARCODE SCANNERS

- Matrix 320: fixed industrial reader with wide angle of view and depth of field, with autofocus capability, intelligent lighting and patented visual feedback, ideal for fast applications in the manufacturing industry.
- Matrix 120 AGV: fixed industrial reader for the navigation of Automated Guide Vehicles on surfaces with bar code-based grid.

- AV900: fixed industrial reader for high-speed applications, equipped with fast autofocus and 9 Mpixel sensor for applications in the Transportation & Logistics sector.

SAFETY SENSORS AND DEVICES

- Smart Vision Sensor: highly innovative solution based on vision technology that uses artificial intelligence algorithms for self-learning of detection tasks.
- TL46 IO-link: new models of the TL46 series of notch readers with IO-link connectivity. The WH model represents a market innovation in the diagnostics and predictive maintenance functions based on the automatic detection of the sensor mounting position and the measurement of the vibrations of the automatic machine.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The HR Management operates in Bologna in the Headquarters of Lippo di Calderara. The Global HR Director is supported by three regional HR Directors (EMEA, APAC and AMERICAS), as well as by HR Business Partners, responsible for the management and development of Professional Families, at global level, and COE (Centres of Excellence), responsible for the definition and implementation of governance, functional processes and pertaining technical components, while defining standards and KPIs related to Talent Management, Organization and Systems and competitive remuneration systems (Total Rewards). The HR managers at site and/or country level represent a point of reference in the area for the management and enhancement of human resources, supporting the business and ensuring the timely implementation of the guidelines necessary for operations, with the related necessary adjustments to each country from a regulatory, contractual and cultural point of view.

Staff recruitment

The Talent Acquisition department guarantees the research and hiring of strategic figures for the development of the company in line with the requirements of the various organisational levels.
The company has implemented various strategies and initiatives aimed at attracting talent and raising awareness of the many opportunities that the Group offers, also in consideration of the fact that, unlike in other years, it was not possible, for example, to participate in Career Days and other Employer Branding activities; Datalogic has maintained active contacts with local institutions, universities and professional institutes and constantly promoted them.

Training

Training supports, in its various aspects and methods, the development of talents and available potentialities through individual and collective learning, thus increasing and updating the level of skills. The Talent Management department, responsible for organising training paths concerning soft skills for employees at central level, started to prepare a unified catalogue of training opportunities, which were available to all employees after the request from their direct line managers has been approved by the Centre of Excellence (COE).
Given the global situation, in 2020, the COE Talent Management focused primarily on ensuring continuity in the management of mandatory training and supporting internal training activities critical for the business, fundamental elements for preserving a competitive advantage in terms of skills.
In addition, in order to meet the widest range of needs, in June 2020 the company launched the Datalogic Academy platform with a product training offer dedicated to the internal and external sales force. The digital platform includes management of a variety of Face to Face solutions (both internal and external teaching), online solutions and mixed solutions including the use of action learning, remote guided training and blended learning.
During 2020, the HR function also worked on the collection of training needs relating to the technical skills of the white-collar population, to ensure optimal planning in the following year, oriented towards remote training. The training relating to the production units was managed independently by each site manager together with HR.

Assessment of Performance

The performance management process is a continuous process between the employee and the actors involved in the evaluation of their performance. This process helps to keep the expectations of the company and its employees aligned, enhancing the commitment and contribution of each single person. Specifically, the process is divided in various steps: Assignment of Targets, Half-Year Review, Self-assessment, Manager's Assessment, Calibration of Assessments and Feedback.

Relations with Trade Unions

In 2020, a new Welfare platform was introduced, characterized by additional goods, services and agreements for leisure and able to reach employees throughout Italy. Employees were able to take advantage of the full range of flexible benefits envisaged by the regulations to use the "Welfare amount" available to them, which includes the provisions of the National Collective Labour Agreement for the Metalworking Industry, the portion defined in the company agreements and the variable bonus amounts converted for certain categories of employees. Since 2019, the company has increased its investment in corporate welfare, granting workers, as well as white collars and middle management, a share that was added to the provisions of the National Collective Labour Agreement and the amounts already available through the optional conversion of the Performance Bonus and, in some cases, individual incentive plans.

For the production pole in Castiglione Messer Raimondo, a Competitiveness Agreement was reached with the trade unions for the 2019-2021 three-year period, which confirmed the company's investment in terms of employment, while introducing some useful tools to support the generational turnover of personnel and improve the balance between life and work time, thanks to a different modulation of working hours.

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

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

	31 December 2020		31 December 2019	
	Total shareholders' equity	Profit/(loss) for the year	Total shareholders' equity	Profit/(loss) for the year
Parent Company shareholders' equity and profit	**349,685**	**19,905**	**353,548**	**105,040**
Shareholders' equity and profit/(loss) of consolidated companies	69,010	17,238	105,404	56,671
Elimination of dividends		(29,706)		(114,470)
Amortisation of "business combination" intangible assets	(5,827)		(5,827)	
Effect of acquisition "under common control"	(31,733)		(31,733)	
Elimination of capital gain on sale of business branch	(17,067)		(17,067)	
Effect on elimination of intercompany transactions	(2,028)	7,457	(9,485)	2,792
Adjustment of write-downs and capital gains on equity investments	5,517		5,517	
Goodwill impairment	(1,395)		(1,395)	
Others	615		616	(218)
Tax effect	3,582	(1,012)	4,594	466
Group shareholders' equity and profit	**370,358**	**13,882**	**404,171**	**50,281**

PARENT COMPANY RECLASSIFIED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT FOR THE YEAR

The following table shows the main reclassified financial and equity items for the Parent Company Datalogic S.p.A. as at 31 December 2020, compared with 31 December 2019.

	31.12.2020	31.12.2019	Change	Ch. %
Intangible assets	8,705	7,911	794	10.0%
Tangible assets	22,164	23,578	(1,414)	-6.0%
Financial assets and investments in associates	196,700	194,620	2,080	1.1%
Other non-current assets	1,122	1,018	104	10.2%
Total Fixed Assets	**228,691**	**227,127**	**1,564**	**0.7%**
Trade receivables	10,166	9,495	671	7.1%
Trade payables	(6,190)	(5,768)	(422)	7.3%
Net Trade Working Capital	**3,976**	**3,727**	**249**	**6.7%**
Other current assets	2,417	101,906	(99,489)	-97.6%
Other current liabilities and provisions for risks	(6,586)	(12,477)	5,891	-47.2%
Net Working Capital	**(193)**	**93,156**	**(93,349)**	**-100.2%**
Other non-current liabilities	(1,811)	(3,147)	1,336	-42.5%
Post-employment benefits	(646)	(633)	(13)	2.1%
Net Invested Capital	**226,041**	**316,503**	**(90,462)**	**-28.6%**
Shareholders' Equity	**(349,685)**	**(353,548)**	**3,863**	**-1.1%**
Net financial position (NFP)	**123,644**	**37,046**	**86,598**	**233.8%**

The following table shows the reclassified main income statement items for the year, compared with the same period in the previous year:

	31.12.2020		31.12.2019		Change	% change
Revenues	**28,066**	**100.0%**	**30,745**	**100.0%**	**(2,679)**	**-8.7%**
Cost of goods sold	(1,659)	-5.9%	(1,579)	-5.1%	(80)	5.1%
Gross Operating Margin	**26,407**	**94.1%**	**29,166**	**94.9%**	**(2,759)**	**-9.5%**
Research and Development expenses	(574)	-2.0%	(558)	-1.8%	(16)	2.9%
Distribution expenses	(1,069)	-3.8%	(896)	-2.9%	(173)	19.3%
General and administrative expenses	(23,732)	-84.6%	(23,322)	-75.9%	(410)	1.8%
Other operating (expenses)/income	1,822	6.5%	256	0.8%	1,566	611.1%
Total operating and other costs	**(23,553)**	**-83.9%**	**(24,520)**	**-79.8%**	**967**	**-3.9%**
Non-recurring costs/revenues and write-downs	(1,178)	-4.2%	(1,302)	-4.2%	124	-9.5%
Operating result (EBIT)	**1,677**	**6.0%**	**3,344**	**10.9%**	**(1,668)**	**-49.9%**
Financial Income/(Expenses)	17,819	63.5%	101,198	329.2%	(83,379)	-82.4%
Foreign exchange gains/(losses)	(1,034)	-3.7%	2,039	6.6%	(3,073)	-150.7%
Profit/(Loss) before taxes (EBT)	**18,462**	**65.8%**	**106,581**	**346.7%**	**(88,120)**	**-82.7%**
Taxes	1,443	5.1%	(1,541)	-5.0%	2,984	-193.6%
Profit/(Loss) for the year	**19,905**	70.9%	**105,040**	341.6%	(85,136)	-81.1%

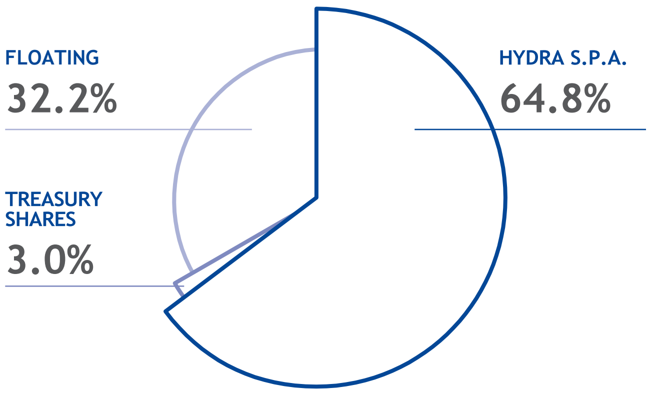
STOCK PERFORMANCE

Datalogic S.p.A. has been listed on the Borsa Italiana since 2001 - STAR segment of the MTA, Italy's screen-based stock market, which comprises medium-sized companies with market capitalisations of between €40 million and €1 billion, committed to meeting standards of excellence.

During 2020, the share reported a negative performance of 17%. The security reached a maximum value of €17.41 per share on 20 January 2020 and a minimum value of €9.00 on 19 March 2020. The average daily volumes exchanged in 2020 were approximately 181,600 shares, up compared to the average of 105,000 shares reported in the previous year.

STOCK EXCHANGE 2020

SEGMENT	STAR - MTA
BLOOMBERG CODE	DAL.IM
REUTERS CODE	DAL.MI
NUMBER OF SHARES	58,446,491 (of which 1,754,131 treasury shares)
2020 MAX	€17.41 (20 January 2020)
2020 MIN	€9.00 (19 March 2020)
CAPITALISATION	€818.25 million as at 31 December 2020



RELATIONS WITH INSTITUTIONAL INVESTORS AND SHAREHOLDERS

Datalogic actively strives to maintain an ongoing dialogue with shareholders and institutional investors, periodically arranging meetings with representatives of the Italian and international financial community, including annual road-shows organised by Borsa Italiana for companies belonging to the STAR segment.

During 2020, the Company met 85 institutional investors in one to one, lunch meetings and corporate events.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time. In this regard, as part of the Corporate Governance system, Datalogic has defined an Internal Control and Risk Management System compliant with the principles set forth in art. 7 of the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A. and, more generally, the best practices at national and international level.

This system constitutes the set of organizational structures, rules and procedures aimed at allowing the identification, measurement, management and monitoring of the main business risks within the Group, contributing to a sound and correct management of the company and consistent with the objectives defined by the Board of Directors and encouraging the making of informed decisions consistent with the risk appetite, as well as the dissemination of a correct knowledge of risks, legality and company values.

The Board of Directors is responsible for defining the guidelines so that the main risks pertaining to Datalogic S.p.A. and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored.

The Board of Directors identifies the following corporate functions responsible for risk management, defining their respective tasks and responsibilities within the Internal Control and Risk Management System:

- Executive Board that identifies and assesses operational risks, directly expressed by the strategy and related to the achievement of strategic objectives in line with the execution responsibilities assigned to them.
- Control, Risks, Remuneration and Appointments Committee (composed, in line with the provisions of the Corporate Governance Code, of 3 Directors, of which 2 independent and 1 non-executive) has the task of supporting, with adequate preliminary activities, the assessments and decisions of the Board of Directors relating to the internal control and risk management system.

The general principles of risk management and the bodies entrusted with the assessment and monitoring of the same are contained in the Report on Corporate Governance, in the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 and in the accounting and administrative control model (pursuant to art. 154 bis of T.U.F).

In order to allow the organization to define the risk categories on which to focus its attention, the Datalogic Group has adopted a risk identification and classification model, starting from risk classes divided by type, in relation to the managerial level or to the company department in which they originate or to which they are responsible for monitoring and management.

The Internal Audit function systematically verifies the effectiveness and efficiency of the Internal Control and Risk Management System as a whole, reporting the results of its activities to the Chairman, the Chief Executive Officer, the Board of Statutory Auditors and the Control, Risks and Sustainability Committee and to the Supervisory Body for the specific risks related to the obligations of Legislative Decree no. 231/2001 and at least once a year to the Board of Directors.

The main risks for each of the risk families listed above are shown below. The order in which they are reported does not imply any classification, either in terms of probability of their occurrence, or in terms of possible impact.

The first-level risk families identified on the basis of the Risk Management Policy are as follows:

- External risks;
- Strategic risks;
- Operational risks;
- Financial risks.

EXTERNAL RISKS

Country risk

In relation to its international footprint, Datalogic is exposed to country risk, in any case mitigated by the adoption of a business diversification policy by product and geographical area, in order to allow the balancing of this risk at Group level.

STRATEGIC RISKS

Technological Innovation

The Group reference market is characterised by the design and production of high-tech products, with the resulting risk that the technologies might be subject to obsolescence or copied and used by other operators in the sector. In relation to this risk, the Group has developed an innovation and product development strategy updated annually and constantly monitored by the Management also with respect to the competitive scenario. The Group has set up a function dedicated to the management and protection of intellectual property, which operates by implementing all the instruments necessary to mitigate the risk of infringement. For further information, please refer to the "Research and Development" section of this Report on Operations.

Market

The Group operates in a market that is extremely dynamic and potentially attractive for new operators with financial means greater than those of the company. To mitigate the risk associated with these events, the company maintains a high level of investment in research and development and a large portfolio of patents which represents a significant barrier to the entry of new competitors. The Datalogic Group also has a strong commercial structure (direct presence in the key countries where the Group operates) and a solid network of commercial partners which makes it possible to ensure a high level of customer service and thus achieve a high degree of loyalty.

Corporate Social Responsibility

Datalogic has embarked on an evolutionary path aimed at strengthening its Sustainability Model and fulfilling the non-financial regulatory requirements of disclosure, introduced with Legislative Decree no. 254/2016.
Datalogic manages the risks linked to climate change, as well as the increase in regulatory constraints in relation to the reduction of greenhouse gas emissions and, more generally, the increasing push from civil society and the end consumers towards the development of industrial products and processes with less impact on the environment. Attention to the issue of climate change risk has increased and an in-depth analysis of the related risk assessment methodologies is underway.

OPERATIONAL RISKS

The main operational risks inherent to the nature of the business are those related to the supply chain, the unavailability of production sites, the marketing of the product, information technology, health, safety at work and the environment.

Supply Chain

The risk related to the supply chain can materialise with the volatility of the prices of raw materials and with the dependence on strategic suppliers that, if they were to suddenly interrupt their supply relationships, could jeopardise the production processes and the ability to fill customer orders in time. To deal with this risk, the Purchasing department constantly monitors the market in order to identify alternative suppliers, providing where possible potential replacements for supplies deemed strategic (supplier risk management program). The supplier selection process also includes the assessment of their financial strength. Any fluctuations in the main cost factors are neutralised through their partial transfer to the sales prices and a continuous process of improving production, purchase and distribution efficiency.

Business Interruption

Natural or accidental events (such as earthquakes or fires), malicious behaviour (vandalism) or plant malfunctions can cause damage to assets, unavailability of production sites and operational discontinuity of the same. Datalogic has therefore strengthened the mitigation process with the planning of loss prevention engineering activities on the basis of internationally recognised standards, aimed at reducing the risk of such events as much as possible, as well as implementing protections aimed at limiting their impacts, with the continuous consolidation of the current operational continuity in the Group's production sites.

Information Technology

Datalogic considers the operational continuity of IT systems to be of significant importance and has implemented risk mitigation measures to ensure network connectivity, data availability and security, while at the same time ensuring the processing of personal data in relation to the European GDPR and the national regulations applicable in the individual EU member countries. To this end, Datalogic has implemented an Information Security Management System (ISMS) and obtained two ISO27001 certificates.

Datalogic also signed a memorandum of understanding with the Postal Police for the purpose of combating cybercrime and sharing information and set up an interdepartmental committee (Cybersecurity Committee), composed of representatives of various company functions, for analysis and management of cyber risks linked to products and business areas. In addition, to ensure compliance with the data and information protection requirements along the entire value chain, Datalogic has adopted a supplementary document (SAA - Security Access Agreement) for supply contracts, with the security requirements necessary for guaranteeing company resources, to ensure proper management of IT risks associated with critical suppliers.

Environment, Safety and Health

The Group is exposed to risks related to health, safety at work and the environment, which can fall into the following cases:

- insufficient protection of the health and safety of employees, which can manifest itself through the occurrence of serious accidents or occupational diseases;
- phenomena of environmental pollution linked, for example, to uncontrolled emissions, inadequate waste disposal or the spreading of hazardous substances on the ground;
- non-compliance or incomplete compliance with sector regulations and laws, also in relation to the regulatory volatility of some countries.

Any occurrence of these events may result in penal and/or administrative sanctions or financial outlays for Datalogic, the amount of which could be significant. Moreover, in particularly critical cases, the interventions of the public bodies in charge of the control could cause interference with normal production activities, potentially up to stopping the production lines or closing the production site itself. Datalogic deals with this type of risk with a continuous and systematic assessment of its specific risks and with the consequent reduction and elimination of those deemed unacceptable. All this is organised within a Management System (which refers to the international standards ISO 14001 and OHSAS 18001 and is certified by an independent third party) that includes both health and safety at work and environmental aspects.

With reference to other compliance risks, please refer to the Datalogic Report on Corporate Governance and Ownership Structure available on the Datalogic website.

FINANCIAL RISKS

The Group is exposed to various types of corporate risk in carrying out its business, such as:

- market risk;
- credit risk;
- liquidity risk.

The management of these risks is the responsibility of the Treasury and Credit department of the Parent Company Datalogic S.p.A. in agreement with the Group's Administration and Finance department, as described in the Explanatory Notes to this Consolidated Financial Report in the paragraph "Financial Risk Management".

Datalogic has adequate insurance coverage to reduce exposure to intrinsic risks associated with the activity carried out. All Group companies are now insured against the main risks considered strategic such as: property all risks, third party liability, product liability, product recall. The analysis and insurance transfer of risks affecting the Group is carried out in collaboration with brokers of primary standing.

INFORMATION ON COMPANY OWNERSHIP/CORPORATE GOVERNANCE REPORT

Pursuant to and by the effects of article 123-bis, paragraph 3, of Legislative Decree 58 of 24 February 1998 (as subsequently amended), the Board of Directors of Datalogic S.p.A. has approved a report on corporate governance and company ownership for the year ended 31 December 2020, separate from the Report on Operations, containing information pursuant to paragraphs 1 and 2 of article 123-bis above. This report is available to the public on the Company's website www.datalogic.com.

OTHER INFORMATION

Datalogic S.p.A. indirectly controls some companies established and governed by the law of non-European Union countries and that have a relevant importance as per article 15 of the Consob Regulation 20249/2017 (former article 36 of the Consob Regulation 16191/2007) on the market regulation ("Market Regulation").

Also pursuant to the aforesaid regulation, the Company has implemented in-house procedures to monitor the compliance with provisions set out by the Consob regulations. In particular, the appropriate corporate management carry out a timing and periodical identification of relevant "extra-EU" companies and, with the collaboration of the companies involved, the collection of data and information is ensured, as well as the assessment of issues envisaged in the aforesaid article 15.

It should be however stated that Datalogic is fully complying with provisions set out in article 15 of the above-mentioned Consob Regulation 20249/2017, and that conditions envisaged therein are present.

The Company joined the opt-out system set forth in articles 70, paragraph 8, and 71, paragraph 1-bis, of the Issuers' Regulation (implementation regulation of T.U.F., concerning the rules for issuers, adopted by Consob with resolution n. 11971 of 14 May 1999, as amended later), by making use of the right to depart from the obligation to publish information documents required on the occasion of significant mergers, demergers, capital increase by non-cash contributions, acquisitions and sales.

Pursuant to provisions set out by article 5, paragraph 3, letter b, of the Legislative Decree 254/2016, the Group provided separately for the Consolidated Non-Financial Statement. The 2020 Consolidated Non-Financial Statement, prepared according to the "GRI Standards" reporting (or based on the "GRI G4 Sustainability Reporting Guidelines"), is available on the Group's website.

NUMBER AND VALUE OF TREASURY SHARES

As at 31 December 2020, the total number of ordinary shares was 58,446,491, including 1,754,131 held as treasury shares, equal to 3% of the share capital, making the number of shares in circulation at that date 56,692,360. The shares have a nominal unit value of €0.52 and are fully paid up.

RELATED-PARTY TRANSACTIONS

Transactions with related parties, as disclosed in the financial statements, and described in detail in the related notes to the Income Statements items, to which reference is made, cannot be quantified as atypical or unusual, given that they can be included in the normal business of the Group companies, and are governed at arm's length.

As regards the Procedure for Transactions with Related Parties, reference is made to the documents published on the website www.datalogic.com, in the *Investor Relations* section.

With resolution no. 17221 of 12 March 2010, also pursuant and by the effects of article 2391-bis of the Italian Civil Code, Consob adopted the Regulation with provisions on transactions with related parties, then amended with resolution no. 17389 dated 23 June 2010 ("Consob Regulations").

In accordance with the Consob Regulations, in order to ensure transparency, as well as substantive and procedural rectitude in transactions carried out by Datalogic with "related parties" pursuant to the aforesaid Consob Regulations, on 4 November 2010, the Company approved a specific and structured procedure for transactions with related parties (last amendment on 24 July 2015), which can be found on the website www.datalogic.com.

Pursuant to art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2020 – 31.12.2020, the Company's Board of Directors did not approve any relevant transaction, as set out by art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group's equity position or profit/(loss).

TAX CONSOLIDATION

The Parent Company Datalogic S.p.A. and other Italian subsidiaries participate in the "national tax consolidation", governed by art. 117 et seq. of the TUIR of Hydra S.p.A., last consolidating company of the Group. This optional regime determines the transfer by each consolidated company of the respective individual taxable income, whether positive or negative, to Hydra S.p.A., which consolidates an overall tax result by aggregating the individual tax results, including its own, valuing the unitary credit or payable position to the tax authorities.

SIGNIFICANT EVENTS DURING THE YEAR

COVID-19 DISCLOSURE

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

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

The effects of the pandemic on the Group's economic performance started in the first quarter and worsened, due to the restrictions imposed, in the second and third quarters in Europe and the United States respectively, which represent the Group's main markets, while the fourth quarter of the year showed signs of a recovery throughout all areas. The fall in demand in the middle two quarters of 2020 was associated with two phenomena that contributed to the decline in turnover: the prolonged and alternating periods of restrictions of activities, as well as the cancellation of events and fairs as a result of the pandemic that partially delayed the ramp-up in launch of some key products. In addition, reduced mobility made the expansion in the customer base more complex, especially in the newer markets like North America.

In response to the emergency, which caused a negative situation throughout 2020, the Group adopted an action plan in March aimed at mitigating, as much as possible, the impact of the crisis and the consequent reduction in sales on results and on the financial position.

In this context, the Group, first and foremost, made use of social safety nets and other forms of support for workers, then, as part of continuing emergency management, implemented additional targeted cost reduction plans, which made it possible to make a sizeable part of the fixed costs flexible, reducing them in proportion with the decline in turnover.

Over the course of the pandemic, the initially temporary measures were subsequently structured into a careful cost reduction plan, even structural, which started to produce the first effects towards the end of the first half, containing the impact of the productive and distributive inefficiencies consequent to the discontinuity of activities and low volumes.

In this context, the Group has also accelerated some medium and long-term reorganisation processes, with a special focus on optimising the sales structure, the industrial footprint and the offices, as well as the product development process, with projects already partially launched in the second half of 2020.

Despite the severity of the economic crisis caused by the pandemic, the Group never had to face financial tension or potential liquidity risks in 2020. Cash generation, albeit having been inevitably impacted, overall, by the significant effects of the drop in volumes, especially in the lockdown phases, nonetheless managed to maintain, during the quarters, a trend essentially in line with previous years. The Group continues to exhibit a solid equity and financial structure, which has made it possible, also in 2020, to avoid sacrificing investments in strategic activities and product development, which continue to be in line with the pre-Covid levels.

The Group closed 2020 with a positive net financial position, with 56.1% of credit lines available and unused for a total of €176.5 million, of which more than half long-term for supporting growth and investments.

Although the health emergency has still not been fully resolved at global level, it is believed that, on the one hand, the vaccine campaigns and the management of new waves of the pandemic with more localised restrictions, as well as economic support and stimulus measures from Governments on the other, are laying the foundations for the start of a modest economic recovery, despite a scenario of heightened uncertainty continuing to persist.

At the date of drafting of this report, the Group witnessed a recovery in orders 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. The Group operates under conditions of production continuity by carefully using alternative supply channels and the continuous re-planning of activities and production resources in order to minimise potential inefficiencies.

Taking account of the above-mentioned scenario which is, at the same time, showing signs of recovery and uncertainty, in drawing up this Annual Financial 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 achieved, owing to the current situation of uncertainty, could 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 IN THE YEAR

In the first part of 2020, a reorganisation of the sales function was launched to ensure coverage of the various types of end-user and partner customers as well as of geographical areas.

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

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

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

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

On 16 December 2020, the subsidiary Datalogic S.r.l. transferred 3.9% of the shares held in Datalogic IP Tech S.r.l. to the Parent Company Datalogic S.p.A., for a consideration of €2.8 million.

The transfer of 3.9% of the shares determines the 50% equal balance of the percentages held in Datalogic IP Tech S.r.l. by the two participating companies Datalogic S.p.A. and Datalogic S.r.l.

The new shareholding structure reflects the governance of the transferor Datalogic S.r.l. and the assignee Datalogic S.p.A. more consistently with respect to the investee IP Tech S.r.l. and allows the latter to adopt more effective administrative solutions aimed at simplifying management and operations. The transaction had no effect on the Group's consolidated financial statements, qualifying as a "business combination under common control", therefore excluded from the scope of application of IFRS 3.

SUBSEQUENT EVENTS

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

M.D. Micro Detectors S.p.A., is a company with registered office in Italy operating in the design, production and sale of industrial sensors. The acquisition was completed for a consideration of roughly €37 million, subject to price adjustment.

The acquisition will enable the Datalogic Group to bolster its presence, in Italy and abroad, in the industrial automation market through the integration, in its own product portfolio, of inductive and ultrasonic sensors that are applied in a range of industrial sectors including electronics, pharmaceuticals, logistics and automotive. The highly innovative content of M.D. Micro Detectors, combined with Datalogic's product portfolio and distribution structure, represents a growth project whose objective is to create the main Italian hub in the sensors for industrial automation.

The Datalogic Group met its financial commitments deriving from the acquisition by using existing credit lines.

BUSINESS OUTLOOK

Encouraging signs of a recovery have gradually showed in the majority of geographical areas, which have recorded a positive trend in orders' intake in all areas. Following the recovery in Asia which started already in the first half of the year, in the third quarter, the European markets, and partially the American ones, had already recorded a reversal in the trend in all main segments, which was then confirmed and consolidated also in the final quarter of the year, although the financial performances still do not fully reflect this improvement in progress. The limited mobility caused by the restrictions continued to make it difficult to access new customers, particularly in the United States. These trends exacerbated the suffering of the Group's North American activities with respect to European and Asian ones.

In this unprecedented context, however, thanks to its solid equity and financial position, it has nonetheless demonstrated its ability to quickly react to the changed scenario, not only by adopting measures aimed at protecting both business and profit in the short-term emergency context, but in a medium-term perspective, it accelerated and launched reorganisation projects aimed at optimising certain strategic processes and functions, by continuing to invest for growth, focusing on innovation of its offering of products and services, following emerging market trends. The results of these actions allowed net operating profitability to return, in the fourth quarter, to the levels of the corresponding period of the previous year, prior to Covid-19.

The signs of market recovery show, in this phase, a gradual strengthening in all geographical areas, corroborated by a significantly improved trend in order acceptance with respect to the first part of 2019.

Despite high levels of uncertainty continuing to persist, determined by the continued Covid-19 emergency and the shortage of some components in the short-term, in a context of demand recovery, in 2021, Datalogic expects to see a gradual recovery in revenues and an improvement in the profit margin levels with respect 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**	**31.12.2020**	**31.12.2019**
A) Non-current assets (1+2+3+4+5+6+7+8)		**384,941**	**391,099**
1) Tangible assets		**94,358**	**89,602**
Land	1	10,066	8,778
Buildings	1	48,192	31,820
Other assets	1	32,725	35,418
Assets in progress and payments on account	1	3,375	13,586
2) Intangible assets		**230,547**	**236,597**
Goodwill	2	171,372	186,126
Development costs	2	22,108	9,927
Other	2	24,417	28,430
Assets in progress and payments on account	2	12,650	12,114
3) Right-of-use assets	3	**9,048**	**9,753**
4) Equity investments in associates	4	**900**	**776**
5) Financial assets		**7,823**	**9,465**
Equity investments	6	7,823	9,465
6) Non-current financial receivables		**-**	**-**
7) Trade and other receivables	7	**1,164**	**1,334**
8) Deferred tax assets	13	**41,101**	**43,572**
B) Current assets (9+10+11+12+13+14+15)		**322,748**	**413,510**
9) Inventories		**78,271**	**102,921**
Raw and ancillary materials and consumables	8	37,633	41,754
Work in progress and semi-finished products	8	15,012	23,582
Finished products and goods	8	25,626	37,585
10) Trade and other receivables		**82,833**	**103,127**
Trade receivables	7	**66,563**	**78,203**
of which from associates	*7*	*1,313*	*895*
of which from related parties	*7*	*7*	-
Other receivables, accrued income and prepaid expenses	7	**16,270**	**24,924**
of which from related parties		-	*77*
11) Tax receivables	9	**12,004**	**24,421**
of which from Parent Company		*641*	*12,742*
12) Financial assets		**10,152**	**31,200**
Other	6	10,152	31,200
13) Current financial receivables		**2,037**	**-**
14) Financial assets - Derivative instruments	6	**-**	**-**
15) Cash and cash equivalents		**137,451**	**151,841**
Total Assets (A+B)		**707,689**	**804,609**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (€/000)	**Notes**	**31.12.2020**	**31.12.2019**
A) Total Shareholders' Equity (1+2+3+4+5+6)	10	**370,358**	**404,171**
1) Share capital	10	30,392	30,392
2) Reserves	10	98,415	128,972
3) Retained earnings	10	225,816	192,885
4) Profit (loss) for the year	10	13,582	50,069
5) Group Shareholders' Equity	10	**368,205**	**402,318**
6) Profit/(Loss) for the year - Minorities	10	300	212
6) Minority share capital	10	1,853	1,641
6) Minority interests		**2,153**	**1,853**
B) Non-current liabilities (7+8+9+10+11+12+13)		**128,851**	**162,091**
7) Non-current financial payables	11	**83,656**	**115,578**
8) Non-current financial liabilities		**-**	**-**
9) Tax payables		**1,671**	**68**
10) Deferred tax liabilities	12	**16,217**	**17,819**
11) Post-employment benefits	13	**6,862**	**7,026**
12) Provisions for risks and charges, non-current	14	**4,375**	**4,916**
13) Other liabilities	15	**16,070**	**16,684**
C) Current liabilities (14+15+16+17+18)		**208,480**	**238,347**
14) Trade and other payables		**139,181**	**154,153**
Trade payables	15	**97,006**	**106,029**
of which to associates	15	*194*	*55*
of which to related parties		*50*	*133*
Other payables, accrued liabilities and deferred income	15	**42,175**	**48,124**
15) Tax payables	9	**7,681**	**25,822**
of which to Parent Company		*1,700*	*15,913*
16) Provisions for risks and charges, current	14	**3,852**	**4,273**
18) Current financial payables	11	**57,766**	**54,099**
Total Liabilities (A+B+C)		**707,689**	**804,609**

CONSOLIDATED INCOME STATEMENT

(€/000)	Notes	31.12.2020	31.12.2019 Restated
1) Revenues	16	**479,828**	**585,759**
Revenues from sale of products		441,491	542,595
Revenues from services		38,337	43,164
of which from related parties and associates		*6,048*	*4,982*
2) Cost of goods sold	17	**263,205**	**298,000**
of which to related parties and associates		*588*	*612*
Gross Operating Margin (1-2)		**216,623**	**287,759**
3) Other operating revenues	18	**4,385**	**7,560**
4) Research and development expenses	17	**52,134**	**58,844**
of which to related parties and associates		*536*	*460*
5) Distribution expenses	17	**99,282**	**121,463**
of which to related parties and associates		*77*	*37*
6) General and administrative expenses	17	**49,162**	**49,893**
of which to related parties and associates		*236*	*212*
7) Other operating expenses	17	**2,024**	**2,430**
Total operating costs		**202,601**	**232,630**
Operating result		**18,407**	**62,689**
8) Financial income	19	**37,919**	**40,566**
9) Financial expenses	19	**44,346**	**42,941**
Financial income/(expenses) (8-9)		**(6,427)**	**(2,375)**
Profit/(Loss) before taxes from continuing operations		**11,980**	**60,314**
Income taxes	20	(1,731)	11,616
Profit/(Loss) for the year from continuing operations		**13,711**	**48,698**
Net Profit/(Loss) from discontinued operations	21	**171**	**1,583**
Net Profit/(Loss) for the year		**13,882**	**50,281**
Basic earnings/(loss) per share (€)	22	0.24	0.87
Diluted earnings/(loss) per share (€)	22	0.24	0.87

Attributable to:		
Shareholders of the Parent Company	*13,582*	*50,069*
Minority interests	*300*	*212*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Notes	31.12.2020	31.12.2019 Restated
Net Profit/(Loss) for the year		**13,882**	**50,281**
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 year		**-**	**-**
Profit/(Loss) on derivative financial instruments (cash flow hedge)	10	191	174
Profit/(Loss) due to translation of the accounts of foreign companies	10	(24,219)	6,129
Profit/(Loss) from financial assets at FVOCI	10	(1,572)	1,686
of which tax effect		*17*	*(22)*
Total other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the year		**(25,600)**	**7,989**
Other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the year			
Actuarial gains (losses) on defined-benefit plans		158	(150)
of which tax effect		*(38)*	*78*
Total other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the year		**158**	**(150)**
Total profit/(loss) of Comprehensive Income Statement		**(25,442)**	**7,839**
Total comprehensive profit/(loss) for the year		**(11,560)**	**58,120**
Attributable to:			
Shareholders of the Parent Company		(11,860)	57,908
Minority interests		300	212

CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	Notes	31.12.2020	31.12.2019
Profit/(Loss) before taxes		**12,151**	**62,234**
Depreciation of tangible assets and write-downs	1, 2	12,431	12,128
Amortisation of intangible assets and write-downs	1, 2	11,090	9,989
Depreciation of right-of-use assets	3	5,146	4,643
Losses (Gains) from sale of fixed assets	18, 19	(752)	9
Change in provisions for risks and charges	15	(996)	(4,172)
Change in bad debt provisions	18	1,013	(1,649)
Change in employee benefits reserve	14	(144)	335
Other non-monetary changes		1,608	3,149
Cash flow generated (absorbed) from operations before change in the working capital		**41,547**	**86,666**
Change in trade receivables	7	8,073	13,885
Change in final inventories	8	24,432	(7,095)
Change in trade payables	16	(5,248)	(11,110)
Change in other current assets	7	8,847	(1,730)
Change in other current liabilities	16	(4,735)	(6,334)
Change in other non-current assets	7	(162)	934
Change in other non-current liabilities	16	(547)	11,416
Cash flow generated (absorbed) from operations after change in the working capital		**72,207**	**86,632**
Change in taxes		(1,611)	(12,122)
Interest paid		(3,038)	(3,641)
Interest collected		557	1,980
Cash flow generated (absorbed) from operations (A)		**68,115**	**72,849**
Increase in intangible assets	2	(21,284)	(15,021)
Decrease in intangible assets	2	1	16
Increase in tangible assets	1	(21,508)	(22,859)
Decrease in tangible assets	1	120	422
Change in consolidation area		(1,131)	1,627
Change in investments and current and non-current financial assets	5	18,644	19,141
Cash flow generated (absorbed) from investments (B)		**(25,158)**	**(16,674)**
Change in financial payables	12, 6	(27,471)	(53,282)
Repayment of lease financial payables		(5,224)	
(Purchase)/sale of treasury shares	11	(6,786)	(4,303)
Dividend payment	11	(17,007)	(28,716)
Effect of change in cash and cash equivalents		(859)	564
Other changes		-	(28)
Cash flow generated (absorbed) from financial activity (C)		**(57,347)**	**(85,765)**
Net increase (decrease) in available cash (A+B+C)	10	**(14,390)**	**(29,589)**
Net cash and cash equivalents at beginning of year	10	**151,841**	**181,430**
Net cash and cash equivalents at end of year	10	**137,451**	**151,841**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other Reserves	Retained earnings	Group Profit (Loss)	Group Shareholders' Equity	Profit (Loss) of Minority interests	Shareholders' Equity of Minority interests	Profit (Loss)	Shareholders' Equity
01.01.2020	**30,392**	**111,779**	**(15,113)**	**26,550**	**5,756**	**192,885**	**50,069**	**402,318**	**212**	**1,853**	**50,281**	**404,171**
Allocation of earnings						50,069	(50,069)	-	(212)	212	(50,281)	-
Dividends						(17,007)	-	(17,007)				(17,007)
Treasury shares			(6,786)				-	(6,786)				(6,786)
Stock Grant					1,540		-	1,540				1,540
Other changes					131	(131)	-	-				-
Profit/(Loss) for the year							**13,582**	**13,582**	**300**	**1,853**	**13,882**	**13,882**
Other components of the statement of comprehensive income				(24,219)	(1,223)		-	(25,442)				(25,442)
Total comprehensive Profit (Loss)				**(24,219)**	**(1,223)**		**13,582**	**(11,860)**	**300**	**1,853**	**13,882**	**(11,560)**
31.12.2020	**30,392**	**111,779**	**(21,899)**	**2,331**	**6,204**	**225,816**	**13,582**	**368,205**	**300**	**2,153**	**13,882**	**370,358**

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other Reserves	Retained earnings	Group Profit (Loss)	Group Shareholders' Equity	Profit (Loss) of Minority interests	Shareholders' Equity of Minority interests	Profit (Loss)	Shareholders' Equity
01.01.2019	**30,392**	**111,779**	**(10,810)**	**20,401**	**2,545**	**159,292**	**62,210**	**375,809**	**-**	**-**	**62,210**	**375,809**
Allocation of earnings						62,210	(62,210)	-			(62,210)	-
Dividends						(28,716)	-	(28,716)			-	(28,716)
Sale/purchase of treasury shares			(4,303)				-	(4,303)			-	(4,303)
Stock Grant					1,521		-	1,521			-	1,521
Other changes						99	-	99		1,641		1,740
Profit/(Loss) for the year							**50,069**	**50,069**	**212**	**212**	**50,281**	**50,281**
Other components of the statement of comprehensive income				6,129	1,710		-	7,839			-	7,839
Total comprehensive Profit (Loss)	**-**	**-**	**-**	**6,129**	**1,710**	**-**	**50,069**	**57,908**	**212**	**212**	**50,281**	**58,120**
31.12.2019	**30,392**	**111,779**	**(15,113)**	**26,530**	**5,776**	**192,885**	**50,069**	**402,318**	**212**	**1,853**	**50,281**	**404,171**

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 Annual Financial Report for the year ended 31 December 2020 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as "Group") and its minority interests in associated companies.

The publication of this Consolidated Annual Financial Report for the year ended 31 December 2020 of the Datalogic Group was authorised by resolution of the Board of Directors dated 9 March 2021.

BASIS OF PRESENTATION

1) General criteria

Pursuant to European Regulation no. 1606/2002, the Consolidated Financial Statements were prepared in compliance with the International Accounting Standards (IAS/IFRS) issued by the IASB - International Accounting Standards Board and endorsed by the European Union, pursuant to European Regulation 1725/2003 and subsequent amendments, with all the interpretations of the International Financial Reporting Interpretations Committee ("IFRS-IC"), formerly the Standing Interpretations Committee ("SIC"), endorsed by the European Commission at the date of approval of the draft financial statements by the Board of Directors of the Parent Company and contained in the related EU Regulations published at this date, and in compliance with the provisions of Consob Regulation 11971 of 14/05/99 and subsequent amendments.

This Consolidated Annual Financial Report is drawn up in thousands of euro, which is the Group's "functional" and "presentation" currency.

2) Financial statements

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

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

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

The Consolidated Annual Financial Report was prepared based on the draft Financial Statements as at 31 December 2020, drawn up by the Boards of Directors or, if available, based on the Financial Statements approved by the Shareholders' Meetings of the related consolidated companies, duly adjusted, if applicable, to align them to the classification and accounting criteria adopted by the Group.

The Consolidated Annual Financial Report was prepared in compliance with the general criterion of a reliable and true vision of the Group's financial position, financial performance and cash flows, on a going concern and on an accrual basis, in compliance with the general principles of consistency of presentation, relevance and aggregation, no offsetting and comparability of information.

The Statement of Changes in Shareholders' Equity analytically details the changes occurring in the financial year and in the previous financial year.

In preparing the Consolidated Annual Financial Report, the historic cost principle has been adopted for all assets and liabilities except for some financial assets for which the fair value principle has been applied.

Preparation of IFRS-compliant financial statements requires the use of some estimates. Reference is made to the section describing the main estimates made in this set of consolidated financial statements.

The Accounting Standards were uniformly applied to all Group companies and for all periods presented.

This Consolidated Annual Financial Report is drawn up in thousands of Euro, which is the Group's "functional" and "presentation" currency as envisaged by IAS 21.

3) Consolidation standards and policies

Subsidiaries

As defined in IFRS 10, control is obtained when the Group is exposed, or has rights, to variable returns from its involvement with the investee and, at the same time, has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if the Group has:

- power over the investee (i.e. the investor has existing rights that give it the ability to direct the investee's relevant activities);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In general, it is assumed that the majority of votes entails a control. To support this assumption, and when the Group holds less than the majority of votes (or similar rights), the Group considers all relevant facts and circumstances in order to define whether it controls the investees, including:

- agreements with holders of other voting rights;
- rights resulting from agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether it has the control on an investee if the facts and circumstances show that changes occurred in one or more of the three elements used for the definition of control. An investee is consolidated when the Group obtains its control and the consolidation ends when the Group loses control. Assets, liabilities, revenues and costs of the investee, which is acquired or sold during the year, are included in the Consolidated Financial Statements at the date in which the Group obtains control until the date in which the Group no longer exercises control on the entity.

In order to ensure consistency with the Group accounting criteria, when necessary the financial statements of the investees are adequately adjusted. All assets and liabilities, Shareholders' Equity, revenues, costs and intercompany cash flows related to transactions between Group entities are entirely derecognised when consolidated.

Changes in equity investments in an investee that do not entail the loss of control are recognised in Shareholders' Equity.

If the Group loses control in an investee, all related assets (including goodwill), liabilities, minority interests and other components in the Shareholders' Equity must be derecognised, while any possible profit or loss will be recognised in the Income Statement. The equity interest possibly maintained must be recognised at fair value.

Reciprocal payables and receivables and cost and revenues transactions between consolidated companies and the effects of all significant transactions between them are eliminated. More specifically, profits not yet realised with third parties, stemming from intercompany transactions including those originating, as of the reporting date, from the measurement of inventories, have been eliminated if present.

Business Combinations

Business combinations are accounted for by using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date and the amount of minority interests in the acquired company. For all business combinations, the Group assesses whether to measure the minority interests in the acquired company at fair value or as a proportion of the minority shareholdings in the net identifiable assets of the acquired company. The acquisition costs are recognised in the year under administrative expenses.
If the business combination is carried out in more than one step, the equity investment previously held is recalculated at fair value at the acquisition date and any resulting profit or loss is recognised in the Income Statement.
Any contingent consideration, to be recognised, is measured by the purchaser at fair value on the acquisition date. The change in fair value of the potential amount stated as financial asset or liability must be recognised in the Income Statement.
Goodwill is initially measured at cost, which is the surplus of the consideration paid, as compared to the fair value of the net identifiable assets acquired and the liabilities undertaken by the Group. If the fair value of the acquired net assets exceeds the aggregate amount paid, the Group assesses whether all assets acquired and liabilities undertaken have been correctly identified and then reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the new measurement highlights a fair value of net assets acquired, which is higher than the amount paid, the difference (profit) is recognised in the Income Statement.
After initial recognition, goodwill is measured at cost, less any cumulative impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, since the acquisition date, to each Group CGU, which is expected will benefit from synergies of the business combination, regardless of the fact that other assets or liabilities related to the acquired entity are allocated to those CGUs.

Associates

Associates are companies in which the Group has significant influence but does not exercise control over operations. Significant influence is presumed to exist when the Group holds 20 to 50 percent of voting rights. In the absence of this assumption, the Group assesses specific facts and circumstances to check the presence of significant influence.
Equity investments in associates are measured at equity. Under this method, the equity investment in an associate is initially recognised according to the aforesaid acquisition method and the carrying value is increased or decreased to recognise the portion of the profits or losses of the investee that are realised after the acquisition. The goodwill concerning the associate is included in the carrying value of the investment and is not subject to amortisation.
The Group's share of associates' post-acquisition profits or losses is recognised in the Income Statement, whereas its post-acquisition share of changes in reserves is recognised in reserves. Cumulative post-acquisition changes are included in the investment's carrying value.
Unrealised profits relating to transactions between the Group and its associates are eliminated in proportion to the Group's interests in such associates. Unrealised losses are also eliminated unless the loss is considered to represent impairment of the assets transferred. Accounting standards adopted by associates are adapted when necessary to ensure consistency with the policies adopted by the Group.
Upon losing significant influence over an associate, the Group measures and recognises the residual equity investments at fair value. Any difference between the carrying value of the equity investments on the date that significant influence is lost, as well as the fair value of the residual equity investments and the consideration received must be recognised in the Income Statement.

4) Translation criteria of foreign currency financial statements

Financial statements drafted in currencies other than the currency in which the Group's consolidated financial statements are presented, i.e. the Euro, are consolidated using the method described above, subject to conversion into Euro. The conversion is carried out as follows:

- the assets and liabilities are converted using the exchange rates in force on the reference date of the Consolidated Financial Statements;
- costs and revenues are converted at the average exchange rate for the year;
- exchange rate differences generated by the conversion of the income statement items at a different rate from the closing rate and from the translation of the opening shareholders 'equities at an exchange rate different from the one at the end of the reporting period are recognised under comprehensive income in the "Translation reserve", with this reserve being recognised in full in the income statement in the year in which the Group sells or loses control of the investee;
- goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate for the period.

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

Currency (ISO Code)	Quantity of currency/1 Euro			
	December 2020	December 2020	December 2019	December 2019
	Final exchange rate	Average exchange rate for the year	Final exchange rate	Average exchange rate for the year
US Dollar (USD)	1.2271	1.1422	1.1234	1.1195
British Pound Sterling (GBP)	0.8990	0.8897	0.8508	0.8778
Swedish Krona (SEK)	10.0343	10.4848	10.4468	10.5891
Singapore Dollar (SGD)	1.6218	1.5742	1.5111	1.5273
Japanese Yen (JPY)	126.4900	121.8458	121.9400	122.0058
Australian Dollar (AUD)	1.5896	1.6549	1.5595	1.6109
Hong Kong Dollar (HKD)	9.5142	8.8587	8.7473	8.7715
Chinese Renminbi (CNY)	8.0225	7.8747	7.8205	7.7355
Brazilian Real (BRL)	6.3735	5.8943	4.5157	4.4134
Mexican Peso (MXN)	24.4160	24.5194	21.2202	21.5565
Hungarian Forint (HUF)	363.8900	351.2494	330.5300	325.2967

5) Accounting policies and standards applied

The accounting criteria used to prepare the Group's Consolidated Financial Statements for the year ended 31 December 2020 are described below. The accounting standards described have been consistently applied by all Group entities.

Tangible assets

Owned tangible assets are initially recognised at the cost of contribution, purchase, or in-house construction. The cost comprises all directly attributable costs necessary to make the asset available for use (including, when significant and in the presence of effective obligations, the present value of the estimated costs for decommissioning and removal of the asset and for reinstatement of the location), net of trade discounts and allowances.

Some tangible assets in the "Land and buildings" categories were measured at fair value (market value) as at 1 January 2004 (IFRS transition date) and this value was used as the deemed cost. The cost of buildings is depreciated net of the residual value estimated as the realisation value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase are recognised in the asset's carrying value, or are recognised as a separate asset, only if it is thought likely that the future economic benefits associated with the asset will be enjoyed and the asset's cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the income statement in the year in which they are borne.

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of use and taking into account the month when they became available for use in the first year of utilisation.
Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Group are as follows:

Asset category	Annual depreciation rates
Property:	
Buildings	2% - 3.3%
Land	0%
Plant and equipment:	
Automatic operating machines	20% - 14.29%
Furnaces and appurtenances	14%
Generic/specific production plant	20% - 10%
Other assets:	
Plants pertaining to buildings	8.33% - 10% - 6.67%
Lightweight constructions	6.67% - 4% - 33.3%
Production equipment & electronic instruments	20% - 10%
Moulds	20%
Electronic office machinery	33% - 20% - 10%
Office furniture and fittings	10% - 6.67% - 5%
Cars	25%
Freight vehicles	14%
Trade show & exhibition equipment	11% - 20%
Improvements to third-party assets	Contract duration

If, regardless of the depreciation already posted, an impairment emerges, the asset is written down; if the reasons for write-down disappear in later years, the original value is reinstated. The residual value and useful life of assets are reviewed at least at each year-end in order to assess any significant changes in value.

Assets held under lease contracts

Assets held by the Group under lease contracts, including operating leases, in accordance with IFRS 16, in force since 1 January 2019, are recorded under assets with a financial payable as a contra-entry. In particular, the assets are recognised at a value equal to the present value of future payments at the date of signing of the contract, discounted using the applicable incremental borrowing rate for each contract, and depreciated over the duration of the underlying contract, taking into account the effects of any extension or early termination clauses whose exercise was deemed reasonably certain.

In compliance with the provisions of IFRS 16, starting from 1 January 2019, the Group identifies contracts for which it obtains the right to use an identifiable asset for a period of time in exchange for a consideration as leases.
For each lease contract, starting from the commencement date, the Group recognises an asset (right of use of the asset) under tangible assets as a contra-entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low value lease contracts applied to situations in which the leased asset has a value not exceeding €5 thousand (new value).
For the short-term and low value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognised, but the lease payments are recognised in the income statement on a straight-line basis for the duration of the corresponding contracts.
In the case of a complex contract that includes a lease component, the latter is always managed separately from the other services included in the contract.

Rights of use are shown in a specific item of the financial statements. At the time of initial recognition of the lease contract, the right of use is recognised at a value corresponding to the lease payable, determined as described above, increased by the instalments paid in advance and the accessory charges and net of any incentives received. Where applicable, the initial value of the rights of use also includes the related costs of dismantling and restoring the area.

The situations that involve the recalculation of the lease payable imply a corresponding change in the value of the right of use.
After initial recognition, the right of use is depreciated on a straight-line basis, starting from the commencement date, and subject to write-downs in the event of impairment. Depreciation is carried out on the basis of the shorter of the duration of the lease contract and the useful life of the underlying asset; however, if the lease agreement provides for the transfer of ownership, possibly also due to the use of redemption options included in the value of the right of use, depreciation is carried out on the basis of the useful life of the asset.

Lease payables are shown in the financial statements under current and non-current financial liabilities, together with the other financial payables of the Group. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be paid determined using the implicit interest rate of the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Group); if this rate is not indicated in the contract or easily determinable, the present value is determined using the "incremental borrowing rate", i.e. the incremental interest rate that, in a similar economic context and in order to obtain a sum equal to the value of the right to use, the Group would have paid for a loan with similar duration and guarantees.
The lease payments subject to discounting include fixed payments; variable fees due to an index or a rate; the redemption price, if any and if the Group is reasonably certain to use it; the amount of payment envisaged for any issue of guarantees on the residual value of the asset; the amount of penalties to be paid in the event of the exercise of options for early termination of the contract, where the Group is reasonably certain to exercise them.
After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortized cost, and decreased against the lease payments paid.
In addition, the lease payable is subject to restatement, up or down, in the event of changes to the contracts or other situations envisaged by IFRS 16 that involve a change in the amount of the instalments and/or the duration of the lease. In particular, in the presence of situations that involve a change in the estimate of the probability of exercise (or non-exercise) of the options for renewal or early termination of the contract or in the redemption (or not) provisions of the asset upon expiry of the contract, the lease payable is restated by discounting the new value of the instalments to be paid on the basis of a new discount rate.

Intangible assets

Intangible assets are recognised under assets in the statement of financial position when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.
If tangible and intangible assets are sold, the date of disposal will be the date when the purchaser obtains the control of the assets, pursuant to requirements set forth on performance obligations by the IFRS 15 standard. The profit or loss generated by the consideration is accounted for in the Income Statement and is determined according to requirements to determine the transaction price envisaged by IFRS 15. The following amendments to the estimated consideration used to determine the profit or loss must be recognised pursuant to requirements set forth by IFRS 15 in relation to changes in the transaction price.

Goodwill

Goodwill is recognized, in accordance with what was previously indicated with reference to business combinations in note 3) Consolidation standards and policies. After initial recognition, goodwill is measured at cost less any cumulative impairment losses.

Goodwill is allocated to the cash generating units (CGUs) and is tested for impairment annually or more frequently, if events or changes in circumstances suggest possible loss of value, pursuant to IAS 36 – "Impairment of Assets".
If the goodwill has been allocated to a cash generating unit (CGU) and the entity disposes of part of this unit, the goodwill associated with the sold unit must be included in the carrying value of the asset when the profit or loss on disposal is determined. The goodwill associated with the disposed asset must be determined on the basis of the values relating to the disposed asset and the part of the CGU that was maintained. The same criterion of related values is applied also when the format of the internal reporting is changed and affects the composition of the cash generating units that received the goodwill, in order to define its new allocation.

Research and Development expenses

As required by IAS 38, research costs are entered in the Income Statement at the time when the costs are incurred.
Development costs for projects concerning significantly innovative products or processes are capitalised only if it is possible to demonstrate:

- the technical possibility of completing the intangible asset in such a way as to make it available for use or sale;
- the intention of completing the intangible assets for use or sale;
- the ability to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development;
- the availability of adequate technical, financial or other resources to complete the intangible asset's development and for its use or sale;
- how the intangible asset will generate probable future economic benefits.

In the absence of any one of the above requirements, the costs in question are fully recognised in the Income Statement at the time when they are borne.
Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they relate, generally estimated to be five years.

Other intangible assets

Other intangible assets include special intangible asset purchased by the Group, also as part of business combinations, and therefore they were identified and recognised at fair value at the acquisition date according to the purchase method of accounting mentioned above.
These assets are considered to be intangible assets of finite duration and are amortised over their presumable useful life (see the next table).

Amortisation

Intangible assets of finite duration are systematically amortised according to their projected future usefulness, so that the net value at the reporting date corresponds to their residual usefulness or to the amount recoverable according to corporate business plans. Amortisation starts when the asset is available for use.

The useful life for each category is detailed below:

DESCRIPTION	Useful Life - years
Goodwill	Indefinite useful life
Development costs	3/5
Other intangible assets:	
- Software licences	3/5
- Patents (formerly PSC)	20
- Patents	10
- Know-how	10
- SAP licences	10
- User licences	Contract duration

Intangible assets with an indefinite useful life are not amortised but tested to identify any impairment of value annually, or more frequently when there is evidence that the asset may have suffered impairment. The residual values, the useful lives and the amortisation of intangible assets are reviewed at each year end and, when required, corrected prospectively. The useful lives remained unchanged compared to the previous year.

Impairment

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, whereas intangible assets with an indefinite life and goodwill are tested at least annually.
The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value, less selling costs and their value in use.
Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

If the recoverable value of the asset or CGU, to which it belongs, is less than the net carrying value, the asset in question is written down to reflect its impairment, with recognition of the latter in the Income Statement for the year.

Impairment losses relating to CGUs are allocated firstly to goodwill and, for the remaining amount, to the other assets on a proportional basis.

If the reasons causing it ceases to exist, impairment is reversed within the limits of the amount of what would have been the book value, net of amortisation calculated using the historical cost, if no impairment had been recognised. Any reinstatements of value are recognised in the Income Statement. The value of goodwill, previously impaired, cannot be recovered, as envisaged by the International Accounting Standards.

Financial assets and liabilities

The Group measures some financial assets and liabilities at fair value. Fair value is the price that would be received for the sale of an asset or that would be paid for transfer of a liability in a normal transaction between market operators at the date of measurement.

A measurement of fair value assumes that the sale of the asset or transfer of the liability takes place:

- in the main market of the asset or liability; or
- when there is no main market, in the market most advantageous for the asset or liability.

The main market or most advantageous market must be accessible for the Group. The fair value of an asset or liability

is measured by adopting the assumptions that the market operators would use in determining the price of the asset or liability, presuming that they act to meet their economic interest in the best way. Measurement of the fair value of a non-financial asset considers the capability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator that would use it in its maximum and best use.
The Group uses measurement methods that are appropriate for the situation, and for which data available to measure fair value are sufficient, while maximising the use of relevant inputs observable and limiting the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy and described hereunder:

- Level 1 - listed prices (not adjusted) in active markets for identical assets or liabilities the entity of which is identifiable at the measurement date;
- Level 2 - input data other than listed prices included in Level 1 which can be observed, either directly or indirectly for the asset or liability to be measured;
- Level 3 - the valuation techniques for which input data cannot be observed for the asset or liability to be measured.

The fair value measurement is classified internally at the same fair value hierarchy level in which the lowest hierarchy input used for the measurement is stated.
As regards assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers between hierarchy levels occurred while revising the classification at each annual reporting date.

Financial instruments

A financial instrument is any contract generating a financial asset for an entity and a financial liability or an equity instrument for another entity.

Financial assets

The financial assets are initially recognised at their fair value, increased by their ancillary charges if the financial assets are not recognised at their fair value through profit or loss. Trade receivables that do not include a significant financing component are excluded. For these receivables the Group applies the practical expedient and measures them at the transaction price, as determined pursuant to IFRS 15.

Upon recognition, for future measurements, financial assets are stated based on four possible measurement modalities:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI with a reclassification of cumulative profits and losses;
- Financial assets at fair value through OCI without reversal of cumulative profits and losses when eliminated (equity instruments);
- Financial assets at fair value through profit or loss.

The selection of the classification of financial assets depends on the following:

- nature of financial assets, determined primarily by the characteristics of expected contractual cash flows;
- business model that the Group applies to the management of the financial assets in order to generate cash flows, which might result from the collection of contractual cash flows, as well as from the sale of financial assets or from both.

In order to classify and measure a financial asset at amortised cost or at fair value through other comprehensive income, this asset shall generate cash flows that depend solely on payments of principal and interest (SPPI). This measurement is defined as SPPI test and it is performed at individual instrument level.

Financial assets are derecognised from the financial statements when the right to receive cash no longer exists, the Group has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and (1) has transferred essentially all the risks and benefits of ownership of the financial asset or (2) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.

In the cases in which the Group has transferred the rights to receive cash flows from an asset or has signed an agreement based on which it retains the contractual rights to receive the cash flows of the financial asset, but takes on a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and benefits pertaining to the ownership.

Valuations are regularly carried out in order to verify whether there is objective evidence that a financial asset or a group of assets may have suffered impairment. If there is objective evidence, the impairment is recognized as a cost in the income statement for the year.

As regards trade receivables and contract-related assets, the Group applies a simplified approach in calculating the expected losses. Therefore, the Group does not monitor changes in credit risk, but the expected loss is fully recognised at each reference date. As an instrument to determine the expected losses, the Group has defined a matrix system based on historical information, reviewed to take account of prospective elements, with reference to the specific types of debtors and their economic environment.

Financial liabilities

Financial liabilities are measured at amortised cost. Expenses are recognised in the income statement with the effective interest rate method, except for financial liabilities acquired for trading or derivatives (see following paragraph), or financial liabilities designated at FVTPL by the Management at first-time recognition, which are measured at fair value with counter-entry in the income statement.

Financial guarantees given are agreements envisaging a payment to repay the owner of a debt security against a loss incurred due to a non-payment by the debtor at the contractual maturity term. If the financial guarantees are issued by the Group, they are initially recognised as liabilities at fair value, increased by transaction costs that are directly attributable to the issue of the guarantee itself. The liability is then measured at the higher between the best estimated disbursement, required to fulfil the guaranteed obligation at the reporting date, and the initially recognised amount, less accumulated amortisation.

A financial liability is written off when the obligation underlying the liability has been extinguished, annulled or fulfilled. If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, or if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability and a recognition of a new liability, with recognition in the Income Statement of any differences involving the carrying values. In the event of amendments on financial liabilities defined as irrelevant, the economic effects of renegotiation are recognised in the Income Statement.

Offsetting financial instruments

A financial asset and liability can be offset and the net balance can be shown on the Statement of Financial Position if there is a current legal right to offset the amounts recognised and there is the intention to settle the net remainder, or realise the asset and at the same time settle the liability.

Financial derivatives

Derivatives, including embedded derivatives, separate from the main contract, are initially recognised at fair value.

Derivatives are classified as hedging instruments when the relation between derivatives and the object matter of the hedging is formally documented and the effectiveness of the hedging, which is periodically checked, is high.
When the hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value, and the effects are charged to the Income Statement. Accordingly, the hedged instruments are adjusted to reflect the changes in fair value, associated to the hedged risk.
In the event of cash flow hedges, the derivatives are designated as a hedge for exposure to variable cash flows attributable to risks that might subsequently affect the Income Statement. These risks are generally associated with an asset or liability recognised in the Financial Statements (as future payments on variable rate payables).
The effective portion of fair value change, related to the portion of derivative contracts designated as hedge derivatives pursuant to the standard, is recognised as component of the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year in the period in which the hedged transaction affects the Income Statement.
The ineffective portion of fair value change, as well as the entire fair value change in derivatives that have not been designated as hedge derivatives or that do not have the requirements envisaged in the aforesaid IFRS 9, is instead recognised directly through the Income Statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Finished and semi-finished product costs include the cost of raw materials, direct labour, and other production costs that are directly and indirectly allocable (on the basis of normal production capacity). As regards raw and ancillary materials and consumables, the estimated net realisable value is the replacement cost. As regards finished and semi-finished products, the estimated net realisable value is the sales price estimated at arm's length, less the estimated completion and sales costs.
Obsolete and slow turnover inventories are written-down based on their estimated possible use or future sale, through their entry in a special provision, adjusted by the value of inventories.

Non-current Assets Held for Sale and Discontinued Operations

The Group classifies discontinued non-current assets as held for sale if their carrying value will be recovered mainly with a sale, instead than through their continuous use. These discontinued non-current assets, classified as held for sale, are measured at the lower of their carrying amount or fair value, less sales costs. Sales costs are any additional costs directly attributable to the sale, excluding financial expenses and taxes.
The condition precedent to classify an asset as held for sale is deemed as fulfilled only when the sale is highly probable and the asset, or the discontinued group of assets, is available for immediate sale in its current conditions. The actions required for completing the sale should indicate that it is improbable that significant changes in the sale might occur or that the sale be cancelled. Management must be engaged in the sale, whose completion should be planned within one year from the date of classification.
The depreciation of property, plant and equipment and amortisation of intangible assets cease when they are classified as available for sale.
The assets and liabilities classified as held for sale are presented separately under the financial statement items.
The income statement components relating to assets held for sale and discontinued operations, if relating to significant business lines or geographical areas of operation, are excluded from the result of continuing operations and are presented in the income statement on a single line as profit/(loss) deriving from assets held for sale or discontinued operations, net of the related tax effect.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Shareholders' Equity

Share capital consists of the ordinary shares outstanding, which are posted at par value.

Costs relating to the issue of new shares or options are classified in shareholders' equity (net of associated tax benefit relating to them) as a deduction from the proceeds of the issuance of such instruments.

Treasury shares

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable accessory costs, is deducted from the Group's Shareholders' Equity until such shares are cancelled, re-issued, or sold. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as Group Shareholders' Equity.

Consequently, no profit or loss is entered in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

Liabilities for employee benefits

Post-employment benefits are calculated based on programmes that, depending on their characteristics, are either "defined-contribution programmes" or "defined-benefit programmes".
Employee benefits substantially consist of accrued provision for severance indemnities of the Group's Italian companies and of retirement provisions.

Defined-contribution plans

Defined-contribution plans are formalised programmes of post-employment benefits according to which the company makes payments to an insurance company or a pension fund and will have no legal or constructive obligation to pay further contributions if, at maturity date, the fund has not sufficient assets to pay all benefits for employees, in relation to the work carried out in current and previous years. These contributions, paid against a work service rendered by employees, are accounted for as cost in the pertaining period.

Defined-benefit plans and other long-term benefits

Defined-benefit plans are programmes of post-employment benefits that represent a future obligation for the Group. The entity bears actuarial and investment risks related to the scheme.
The Group uses the projected unit credit method to determine the current value of liabilities of the scheme and the cost of services.
This actuarial calculation method requires the use of objective actuarial hypotheses, compatible and based on demographic variables (mortality rate, personnel turnover) and financial variables (discount rate, future increases of salaries and wages and benefits). When a defined-benefit plan is entirely or partially financed by contributions paid to a fund, legally separate from the company, or to an insurance company, the assets in support of the above scheme are measured at fair value. The amount of the obligation is therefore accounted for, less the fair value of assets in support of the scheme that the entity would pay to settle the obligation itself.
The revaluations, including actuarial profits and losses, the changes in the maximum threshold of assets (excluding net interest) and the yield of assets in support of the scheme (excluding net interests), are recognised immediately in the Statement of Financial Position, while debiting or crediting retained earnings through other components in the Statement of Comprehensive Income in the year in which they occur. Revaluations are not reclassified in the Income

Statement in subsequent years. The other long-term benefits are intended for employees and differ from post-employment benefits. The accounting is similar to defined-benefit plans.

Provisions for risks and charges

Provisions for risks and charges are set aside to cover liabilities whose amount or due date are uncertain and that must be recognised in the Statement of Financial Position when the following conditions are satisfied at the same time:

- the entity has a current obligation (legal or constructive), i.e. under way as at the reporting date, arising from a past event;
- it is probable that economic resources will have to be used to fulfil the obligation;
- the amount needed to fulfil the obligation can be reliably estimated.
- risks, for which materialisation of a liability is only contingent, are disclosed in the notes to financial statements, in the section commenting on provisions, without provision being made.

In the case of events that are only remote, i.e. events that have very little likelihood of occurrence, no provisions are made and no additional or supplementary disclosure is provided.

Provisions are recognised at the value representing the best estimate of the amount the entity would pay to settle the obligation, or to transfer it to third parties, at the reporting date. If the time value of money is material, provisions are calculated by discounting expected future cash flows at a pre-tax discount rate reflecting the market's current evaluation of the cost of money over time. When discounting to present value is performed, the increase in the provision due to the passage of time is recognised as financial expense.

The funds are entered at the current value of expected financial resources, to be used in relation to the obligation. The provisions are periodically updated to reflect changes in cost estimates, realisation timing and any discounted value. Estimate reviews of provisions are charged to the same item in the Income Statement that previously included the allocation and in the Income Statement for the year in which the change occurred.
The Group establishes restructuring provisions if an implicit restructuring obligation and a formal plan for restructuring exist, which created in interested third parties the reasonable expectation that the company will carry out the restructuring or because it has begun its realisation or because it has already communicated its main aspects to interested third parties.

Share-based payments - Equity-settled transactions

Some Group employees receive a portion of their compensation under the form of share-based payments, therefore employees render their services against shares (equity-settled transactions).
The cost of equity-settled transactions is determined by the fair value at the date of the assignment, by using an adequate measurement method.
This cost is recognised under labour cost for the period in which terms and conditions related to the achievement of targets and/or the performance of the services are fulfilled, with a corresponding increase in Shareholders' Equity as a contra entry. Cumulative expenses, recognised in relation to these transactions at the reporting date of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue.

Service or performance conditions are not taken into account when the fair value of the plan is defined at the grant date. The probability that these conditions be satisfied is however taken into account while defining the best estimate of the number of equity instruments that will be held to maturity. Arm's length conditions are reflected in the fair value at the grant date. Any other term and condition related to the plan and that would not entail a performance obligation shall not be considered as a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and entail the prompt accounting of the expense related to the plan, unless there are also service or performance conditions.

No expense will be recognised in relation to rights that have not accrued by reason of the non-satisfaction of performance and/or service obligations. When the rights include a market condition, or a non-vesting condition, these rights are considered to be accrued regardless of the fact that market conditions or other non-vesting conditions have been fulfilled or not. It is understood that all other performance and/or service obligations must be satisfied.

If the conditions of the plan are modified, the minimum expense to be recognised is the fair value at the grant date, in the absence of the amendment of the plan itself, provided that the original conditions of the plan be fulfilled. Moreover, an expense for each change is recognised if it entails the increase in total fair value of the payment plan, or if this change is in any case favourable for employees. This expense is measured with reference to the change date. When a plan is cancelled by the entity or the counterpart, any remaining fair value element in the plan is immediately transferred to the income statement.

Income taxes

Income taxes include current and deferred taxes. Income taxes are generally recognised in the income statement, except when they relate to items entered directly in equity, in which case the tax effect is recognised directly in equity.

Current income taxes are calculated by applying to taxable income the tax rate in force at the reporting date and include the adjustments to taxes related to prior periods.

Deferred taxes are calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding amounts recognised for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences and tax credits and losses which were not used and can be brought forward, to the extent that the existence of adequate future taxable profits is probable, against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used.

Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is sold or the liability is redeemed.

The Parent Company and Italian subsidiaries participates in the “national tax consolidation programme” of Hydra S.p.A. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore enter a single payable to or receivable from Tax Authorities.

Revenues recognition

Revenues are measured at fair value of the amount collected or collectable from the sale of goods or rendering of services within the scope of the Group’s ordinary business activity. Revenues are disclosed net of VAT, returns, discounts and reductions and after eliminating intercompany sales.

Pursuant to IFRS 15, the Group recognises revenues after identifying the contracts with its customers, as well as performance obligations to be fulfilled, determining the consideration to which it expects to be entitled in exchange for transferring the goods and services, and after evaluating the ways to satisfy such performance obligations (satisfaction at point in time or over the time).

Pursuant to provisions set out by IFRS 15, the Group recognises revenues only when the following obligations have been satisfied:

- the parties in a contract have approved the contract and have undertook themselves to satisfy the related performance obligations;
- the rights of either party can be defined as regards goods and services to be transferred;
- payment terms of transferable goods and services can be defined;
- the contract is of a commercial type;
- the consideration in exchange of goods sold or services transferred will be received.

If the aforesaid requirements are fulfilled, the Group recognises the revenues by applying the following rules.

Sale of goods

Revenues resulted from the sale of equipment are recognised when the control of the asset is transferred to the customer.

The Group assess if other covenants are included in the contract that represent obligations to perform actions, based on which a portion of the consideration related to the transaction should be allocated (e.g. warranties, loyalty plans for customers). In determining the transaction price for the sale of the equipment, the Group considers the impact resulting from the existence of the variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer (if applicable).

The Datalogic Group gives commercial discounts and discounts for the achievement of certain objectives to its customers and accepts returns from the customers according to existing contractual agreements. These adjustments are recorded as a reduction in revenues. In particular, the Group gives the right to certain customers to return, under certain contractual conditions, the goods sold and to receive a full or partial refund of any amount paid or another product in exchange. Returns are accounted for in accordance with IFRS 15, recognising:

- as a reduction in revenues, the amount of consideration which is expected for the return;
- as an increase in liabilities, the amount of future repayments to be paid to the customer by way of the credit note to be issued;
- as an increase in assets, the amount relating to inventories (and the corresponding adjustment of the cost of sales) for the right to recover the products from the customer upon settlement of the liability for future repayments.

The processes and methods for assessing and determining the estimated portion of discounts to be paid and returns to be received after the end of the year are based on the conditions agreed with the large distributors, as well as on accounting and management data produced internally and on receipts from the sales network.

Rendering of services

The Group provides installation, maintenance, repair and technical support services. The services are rendered both separately, based on contracts signed with customers, and jointly with the sale of the goods to customers.

The Group recognises revenues resulting from services over time and only when the stage of completion of the service can be reliably estimated at the measurement date.

As regards contracts related to both the sale of assets and the rendering of services, the Group recognises two separate obligations when the promises to transfer equipment and supply services can be divided and can be identified separately. As a consequence, the Group allocates the transaction price based on the related prices for the sale of assets and services.

Revenues on construction contract

Contracts that envisage the construction of an asset or the combination of closely related goods and services are recognized over time if the following conditions set out in IFRS 15 are met: *(i)* the service does not create an asset with an alternative use for the Group, *(ii)* the Group has an enforceable right to payment for performance completed until the date considered.

Revenues related to these construction contracts are recognised based on the stage of completion of performance obligations,

when the control of assets and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange of the same.

The Statement of Financial Position is disclosed as follows:

- the amount due from customers for contract works is shown as an asset, under item "trade receivables from third parties", when incurred costs, added with margins recognised (less losses), exceed the advance payments received;
- the amount due to customers for contract works is shown as a liability, under item "trade payables to third parties", when advance payments received exceed costs incurred added with margins recognised (less losses).

Government grants

Government grants are recognised - regardless of the existence of a formal grant resolution - when there is reasonable certainty that the company will comply with any conditions attached to the grant and therefore that the grant will be received.

Government grants, obtainable as compensation for costs already incurred or to provide immediate financial support to the recipient company with no future related costs, are recognised as income in the period in which they become receivable.

Revenues relating to dividends and interest

Revenues relating to dividends and interest are respectively recognised as follows:

- dividends, when the right is established to receive dividend payment (with a receivable recognised in the statement of financial position when distribution is resolved);
- interest, with application of the effective interest rate method.

Dividends paid out

Dividends are recognised when shareholders have the right to receive payment. This normally corresponds to the date of the annual Shareholders' Meeting that approves dividend distribution.

The dividends distributable to Group Shareholders are recognised as an equity movement in the year when they are approved by the Shareholders' Meeting.

Earnings per share

Basic

Basic EPS is calculated by dividing the Group's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted

Diluted EPS is calculated by dividing the Group's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purposes of calculation of diluted EPS, the weighted average number of outstanding shares is determined assuming translation of all potential shares with a dilutive effect, and the Group's net profit is adjusted for the post-tax effects of translation.

Treatment of foreign currency items

Functional presentation currency

The items shown in the Financial Statements of each Group entity are shown in the currency of the economic environment in which the entity operates, i.e. in its functional currency. The Consolidated Financial Statements are presented in thousands of Euro, the Euro being the Parent Company's functional and presentation currency.

Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are initially translated in the functional currency by using the exchange rate at the date of transaction. At the reporting date of the reference year, non-functional currency monetary assets and liabilities are converted in the functional currency at the exchange rate in force on that date. Exchange rate differences realized upon collection of receivables and payment of payables in foreign currency and those deriving from the translation of monetary assets and liabilities into non-functional currency at the reporting date are recorded in the Income Statement in the section relating to financial income and expenses. Non-monetary assets and liabilities, denominated in a non-functional currency and measured at cost, are translated at the exchange rate effective on the date of transaction, while transactions measured at fair value are translated at the exchange rate on the date in which such value is determined.

Segment disclosure

Operating segments are identified based on the internal statements used by senior management in order to allocate resources and evaluate results (internal reporting for performance analysis) for the reference period. Based on the definition envisaged in the IFRS 8 Standard, an operating segment is a component of an entity:

- that engages in revenues earning business activities;
- whose operating results are regularly reviewed by the top operating decision-makers of the entity for the adoption of resolutions on resources to be allocated to the segment and the evaluation of results;
- for which discrete information is available.

In light of the above definition, the operating segments defined by the Group are represented by Business Units that report to the corporate top management and maintain periodic contacts to discuss operating activities, results, forecasts or plans. For the purposes of disclosures in the financial statements, the Group has then aggregated the following operating segments:

- Datalogic;
- Informatics.

The segments that are included in each single combination are in fact similar as regards the following aspects:

a) the nature of products;

b) the nature of production processes;

c) the type of customers;

d) the methods used to distribute products/services;

e) the economic characteristics.

The transfer prices applied to transactions between segments and concerning the exchange of goods and services rendered are governed at arm's length.

6) New accounting standards, interpretations and amendments adopted by the Group from 1 January 2020

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

- On 31 October 2018, the IASB published the document ***"Definition of Material (Amendments to IAS 1 and IAS 8)"***. The document introduced an amendment in the definition of "material" included in the IAS 1 – Presentation of Financial Statements e IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.

- On 22 October 2018, the IASB published the document ***"Definition of a Business (Amendments to IFRS 3)"***. Some clarifications are supplied in the document on the definition of business for a correct application of the IFRS 3 standard. The adoption of that amendment did not have any effects on the Group's Consolidated Financial Statements.

- On 29 March 2018, the IASB published an amendment to the ***"References to the Conceptual Framework in IFRS Standards"***. The amendment is applicable to the annual reporting periods beginning on or after 1 January 2020. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.

- On 26 September 2019, the IASB issued the amendment entitled ***"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform"***. It amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.

7) IFRS and IFRIC accounting standards, amendments and interpretations that, as at 31 December 2020, were endorsed by the European Union but whose application was not yet mandatory and early application was not adopted by the Group

- On 28 May 2020, the IASB issued an amendment entitled "***Covid-19 Related Rent Concessions (Amendment to IFRS 16)"***. The document envisages for lessees to recognise Covid-19 related rent reductions without having to measure, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is complied with. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment. In this regard, during the year the Group did not request reductions in lease instalments as a result of Covid-19.

- On 28 May 2020, the IASB published an amendment entitled "***Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)"***. The amendments allow for the temporary extension of the IFRS 9 application until 1 January 2023. These amendments will enter in force on 1 January 2021. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment.

- 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.

All these amendments will enter in force on 1 January 2021. At present, the Directors are assessing the possible effects of the introduction of this amendment onto the Group's Consolidated Financial Statements.

8) IFRS accounting standards, amendments and interpretations that are still not endorsed by the European Union

- On 18 May 2017, the IASB published **IFRS 17 - *Insurance Contracts***, which is intended to replace IFRS 4 - *Insurance Contracts*.
  The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds.
  The new standard also envisages presentation and disclosure requirements to improve comparability between entities belonging to this sector.
  The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
  The standard applies from 1 January 2023, but early application is permitted, only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. Directors do not expect any impact on the Group's Consolidated Financial Statements from the adoption of this amendment due to the content of said standard.

- On 23 January 2020, the IASB published an amendment entitled "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments come into force on 1 January 2023; early application is however permitted. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment.

- On 14 May 2020, the IASB published the following amendments:
  - ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without this changing the provisions of IFRS 3.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is not to allow the amount received from the sale of assets produced in the test phase of the asset to be deducted from the cost of tangible assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the assessment of the possible cost of a contract includes not only the incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of personnel costs and depreciation of the machinery used to fulfil the contract).
  - ***Annual Improvements 2018-2020***: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All these amendments will enter in force on 1 January 2022. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of these amendments.

9) Consolidation area

On 24 July 2020, the sale of a majority interest equal to 85% of the share capital of the investee Solution Net Systems Inc. to the US fund Architect Equity LLC was completed; said entity was therefore deconsolidated starting from that date. The economic results of the company up to the date of deconsolidation were recorded in the income statement in a single line as net profit/(loss) from discontinued operations as the Directors considered Solution Net Systems Inc. to be a significant business line of the Group.

10) Use of estimates and assumptions

The preparation of the IFRS-compliant Consolidated Annual Financial Report requires Directors to apply accounting standards and methodologies that, in some cases, are based on valuations and estimates, which in turn refer to historic experience and assumptions based on specific circumstances at any given time. The application of such estimates and assumptions affects the amounts related to revenues, costs, assets and liabilities, as well as contingent liabilities disclosed and any relevant information. 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.
Following are the assumptions concerning the future, as well as the other main causes of uncertainty related to estimates which, at the reporting date, show a risk to generate adjustments in the carrying values of assets and liabilities within the following financial year. The Group has based its assumptions and estimates on parameters which were available when preparing the consolidated financial statements. The current circumstances and assumptions on future developments might however change upon occurrence of market changes or events beyond the Group's control. Upon their occurrence, these changes are reflected in the assumptions.

Impairment of non-financial assets (Goodwill, Tangible and Intangible Assets and Rights of Use)

An impairment occurs when the book value of an asset or CGU exceeds its recoverable value, which is its fair value, less sales costs, and its value in use, whichever is higher. The fair value, less sales costs, is the amount that can be obtained from the sale of an asset or a CGU, in a free transaction between aware and willing parties, less costs for disposal. The value in use is calculated by using a discounted cash-flow model. Cash flows result from plans. The recoverable value depends much on the discounting rate used in the discounted cash flow model, as well as on cash flows expected in the future and the growth rate used for extrapolation. Key assumptions, used to determine the recoverable value for the various cash generation units, including a sensitivity analysis, are thoroughly described in Note 2.

Taxes

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which the deductible temporary difference can be utilised. Relevant estimates performed by the Management are required to determine the amount of tax assets that can be recognised based on the level of future taxable income, the timing of their occurrence and tax planning strategies. Deferred tax liabilities for taxes on retained earnings of subsidiaries, associates or joint ventures are recognised to the extent that they are likely to remain undistributed in the foreseeable future. Estimates performed by the Management are therefore required to determine the amount of tax assets that can be recognised and the amount of tax liabilities, whose recognition can be omitted, based on the level of future taxable income, the timing of their occurrence and tax planning strategies. The long-term nature, as well as the complexity of regulations in force in the various jurisdictions, the differences resulting from actual results and assumptions made, or future changes in such assumptions might require future adjustments to income taxes and already recorded costs and benefits.

Fair value of financial instruments

When the fair value of a financial asset or liability, which is recognised in the statement of financial position, cannot be measured based on quotations in an active market, fair value is determined by using various measurement techniques. Inputs included in this model are taken from observable markets, whenever possible, but when it is not possible, a certain level of estimates is required to determine fair values.

Development costs

The Group capitalised costs related to projects for the development of products. The initial cost capitalisation is based on the confirmation by the Management of the technical and economic feasibility of the project. In order to determine the values to be capitalised, Directors will evaluate the expected future cash flows related to the project, as well as the discount rates to be applied and the timing when the expected benefits will arise.

Share-based payments - Equity-settled transactions

Some employees of the Group receive a portion of their compensation as share-based payments. The cost of equity-settled transactions is determined by the fair value of instruments at the date of the assignment. Cumulative expenses, recognised in relation to these transactions at the reporting date of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue. Evaluation processes and modalities, as well as the determination of the above-mentioned estimates, are based on assumptions that, for their nature, involve the evaluation of Directors.

Other (Provisions for risks and charges, doubtful accounts, inventories write-down, revenues, discounts and returns)

Provisions for risks and charges are based on measurements and estimates relating to the historic data and hypotheses, which are, from time to time, deemed reasonable and realistic according to the related circumstances.
The recognition process of Group revenues includes estimates related to both the extent of revenues, based on the criterion of completion percentage, and the determination of discounts and returns granted to customers, but still unclaimed. Evaluation processes and modalities, as well as the determination of such estimates, are based on assumptions that, for their nature, involve the evaluation of Directors.

FINANCIAL RISK MANAGEMENT

Risk factors

The Group is exposed to various types of financial risks in the course of its business, including:

- **market risk,** specifically:
  - foreign currency exchange risk, relating to operations in currency areas other than that of the functional currency;
  - interest rate risk, connected with the Group's level of exposure to financial instruments, generating interest and recognised in the Statement of Financial Position;
- **credit risk**, deriving from trade transactions or from financing activities;
- **liquidity risk,** relating to availability of financial resources and access to the credit market.

Financial risk management is an integral part of management of the Datalogic Group's business activities. The management of market and liquidity risk is carried out by the Parent Company through the centralised treasury, acting directly on the market, possibly also on behalf of subsidiaries and investees. Credit risk management is instead assigned to the Group's operating units.

MARKET RISK

Foreign currency exchange risk

Datalogic operates in an international environment and is exposed to translation and transaction exchange risk. **Translation risk** relates to the conversion into Euro during consolidation of the financial statements of foreign companies that have not adopted the Euro as functional and presentation currency. The key currencies are the US dollar, the Chinese Renminbi, the Singapore Dollar and the Hungarian Forint. **Transaction risk** relates to trade transactions (foreign currency receivables/payables) and financial transactions (foreign currency borrowings or loans) of Group companies in currencies other than their functional and presentation currency. The currency to which the Group is most exposed is the US dollar.

To permit full understanding of the impact of the foreign currency exchange risk on the Group's consolidated financial statements, we have analysed the sensitivity of foreign currency accounting items to changes in exchange rates. The variability parameters applied were identified among the foreign exchange-rate differences considered reasonably possible, with all other variables remaining equal.

The following table shows the results of the analysis as at 31 December 2020:

USD	Nominal value	Portion exposed to exchange rate risk	5%	-5%
Exchange rates		**1.2271**	**1.2885**	**1.1657**
Financial assets				
Cash and cash equivalents	137,451	29,468	(1,403)	1,551
Trade and other receivables	83,997	35,382	(1,685)	1,862
Financial assets and loans	12,189	2,037	(97)	107
Financial liabilities				
Loans	141,422	1,100	52	(58)
Trade and other payables	155,251	74,152	3,531	(3,903)
Net impact on the income statement			**398**	**(440)**

As at 31 December 2020, the Group has no financial instruments to hedge changes in foreign currency exchange rates.

Interest rate risk

The Datalogic Group is exposed to interest rate risk associated with the financial assets and liabilities in place. The objective of interest rate risk management is to limit and stabilise the negative effects on cash flows subject to changes in interest rates. As at 31 December 2020, the Company has no financial instruments to hedge interest rate changes.

In order to fully understand the potential effects of fluctuations in interest rates to which the Group is exposed, we analysed the accounting items most at risk, assuming a change of 10 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2020:

Euribor	Nominal value	Portion exposed to interest rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	137,451	86,819	87	(87)
Financial assets and loans	12,189	10,152	10	(10)
Financial liabilities				
Loans	141,422	7,725	(7)	7
Net impact on the income statement			**90**	**(90)**

Libor	Nominal value	Portion exposed to interest rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	137,451	29,468	29	(29)
Financial assets and loans	12,189			
Financial liabilities				
Loans	141,422	1,100	(3)	3
Net impact on the income statement			**26**	**(26)**

Credit risk

The Group is exposed to credit risk, combined with commercial transactions. It therefore envisaged protection measures in order to keep the amounts outstanding to a minimum level, i.e. a specific check on receivables due, management of client credit-line limits and gathering of financial information on companies with higher exposure. A large part of Datalogic's business is conveyed on a network of known clients/distributors, with whom, statistically, no problems connected with credit recoverability have been encountered. Customers requesting deferred conditions of payment are subjected to screening procedures concerning their creditworthiness (degree of solvency). Trade receivables are subjected to individual impairment testing if they report potential and significant impairment indicators.
The Group protects itself against credit risk also through factoring instruments without recourse. As at 31 December 2020, factored trade receivables amounted to €30,349 thousand (compared to €36,566 thousand at the end of 2019).
The maximum exposure to credit risk on the balance sheet date is the carrying amount of each class of financial asset presented in Note 4.

Liquidity risk

The Datalogic Group's liquidity risk is minimised by prompt management by the treasury department of the Parent Company. Bank indebtedness and the management of liquidity are handled centrally via a series of instruments aimed at optimising the management of financial resources, including cash pooling. The Parent Company manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Centralised negotiation of credit lines and loans, together with the management of the Group's cash resources are aimed at optimising financing costs.

We also report that, as at 31 December 2020, the Group's Liquidity Reserve – which includes uncommitted but undrawn credit lines of €176.4 million – is considered adequate to meet commitments existing as at the date the financial statements were drawn up.

The following table shows financial liabilities by maturity:

	0 - 1 year	1 - 5 years	> 5 years
Loans	52,860	77,857	36
Lease financial payables	3,375	5,763	
Bank overdrafts	31		
Payables to factoring companies	1,500		
Trade and other payables	139,181	16,070	
Total	**196,947**	**99,690**	**36**

Changes in liabilities resulting from cash flows

The change in financial liabilities is illustrated below.

	01.01.2020	Cash flows	Transfers	New contracts	Other movements	31.12.2020
Borrowings from bank - current portion	47,421	(27,034)	32,213		260	52,860
Borrowings from bank - non-current portion	110,106		(32,213)			77,893
Payables to factoring companies	1,868	(368)				1,500
Lease payables - current portion	4,589	(5,226)	3,474	1,050	(512)	3,375
Lease payables - non-current portion	5,472		(3,474)	4,378	(613)	5,763
Other financial liabilities - current portion	0					0
Other financial liabilities - non-current portion	0					0
Bank overdrafts	221	(190)				31
Total	**169,677**	**(32,818)**	**-**	**5,428**	**(865)**	**141,422**

The Group manages capital with the intention of protecting its own continuity and optimising shareholder value, maintaining an optimum capital structure while reducing its cost. In line with sector practice, the Group monitors capital based on the gearing ratio. This ratio is expressed by the ratio between net indebtedness and total capital, illustrated below.

	31.12.2020	31.12.2019
Net indebtedness (A)	(8,218)	(13,364)
Shareholders' Equity (B)	370,358	404,171
Total capital [(A)+(B)] = C	362,140	390,807
"Gearing ratio" (A)/(C)	**-2.27%**	**-3.42%**

SEGMENT DISCLOSURE

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

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

The **financial information related to operating segments** as at 31 December 2020 and 31 December 2019 are as follows:

Segment economic position	Datalogic Business	Informatics	Adjustments	Total Group 31.12.2020
Revenues	464,580	16,434	(1,186)	479,828
EBITDA	57,445	890	(11)	58,324
% Revenues	*12.36%*	*5.42%*		*12.16%*
EBIT	18,009	409	(11)	18,407

Segment economic position restated	Datalogic Business	Informatics	Adjustments	Total Group 31.12.2019
Revenues	568,128	18,736	(1,105)	585,759
EBITDA	90,581	1,507	(11)	92,077
% Revenues	*15.94%*	*8.04%*		*15.72%*
EBIT	61,808	893	(12)	62,689

The **equity information related to operating segments** as at 31 December 2020 and 31 December 2019 are as follows:

Segment financial position	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

Segment financial position	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 31.12.2019
Total Assets	802,976	13,795	21,024	(33,186)	804,609
Total Liabilities	387,903	7,891	5,663	(1,019)	400,438
Shareholders' Equity	415,073	5,904	15,361	(32,167)	404,171

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Over the year, recognised net investments amounted to €21,314 thousand and depreciation amounted to €12,431 thousand, while the exchange rates differences were negative by €4,057 thousand. The breakdown of the item as at 31 December 2020 and 31 December 2019 is as follows.

	31.12.2020	31.12.2019	Change
Land	10,066	8,778	1,288
Buildings	48,192	31,820	16,372
Other assets	32,725	35,418	(2,693)
Assets in progress and payments on account	3,375	13,586	(10,211)
Total	**94,358**	**89,602**	**4,756**

The increase in the item "Buildings" is represented by the investments made for the reorganisation of the Group's industrial footprint and the offices within the scope of the reorganisation plan.

The "Other assets" item as at 31 December 2020 includes the following categories: industrial equipment and moulds (€11,533 thousand), plant and machinery (€9,283 thousand), office furniture and machines (€8,031 thousand), general plants related to buildings (€2,290 thousand), commercial equipment and demo room (€603 thousand), light constructions (€581 thousand), maintenance on third-party assets (€370 thousand), and motor vehicles (€34 thousand).

The balance of item "Assets in progress and payments on account", equal to €3,375 thousand, is composed of the following: €2,899 thousand for moulds under construction and €476 thousand for self-manufactured equipment and production lines. The increase in the year is mainly due to moulds under construction.

Details of movements as at 31 December 2020 and 31 December 2019 are as follows:

	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	8,778	37,918	158,396	13,586	218,678
Accumulated depreciation	0	(6,098)	(122,978)	-	(129,076)
Net book value as at 01.01.2020	**8,778**	**31,820**	**35,418**	**13,586**	**89,602**
Increases 31.12.2020					
Investments	2,172	9,696	6,829	2,811	21,508
Total	**2,172**	**9,696**	**6,829**	**2,811**	**21,508**
Decreases 31.12.2020					
Disposals, historical cost			(5,336)		(5,336)
Disposals, accumulated depreciation			5,142		5,142
Depreciation		(711)	(11,720)		(12,431)
Total	**-**	**(711)**	**(11,914)**	**-**	**(12,625)**
Other changes 31.12.2020					
Incoming transfers at historical cost	(419)	9,323	3,802	(12,755)	(49)
(Outgoing transfers, accumulated depreciation)			49		49
Historical cost of asset sold			(376)		(376)
Accumulated depreciation for asset sold			306		306
Exchange differences in historical cost	(465)	(2,144)	(5,142)	(267)	(8,018)
Exchange differences in accumulated depreciation		208	3,753		3,961
Total	**(884)**	**7,387**	**2,392**	**(13,022)**	**(4,127)**

Historical cost	10,066	54,793	158,173	3,375	226,407
Accumulated depreciation	-	(6,601)	(125,448)	-	(132,049)
Net book value as at 31.12.2020	**10,066**	**48,192**	**32,725**	**3,375**	**94,358**

	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	8,349	36,410	149,974	4,166	198,899
Accumulated depreciation	-	(5,862)	(115,042)	-	(120,904)
Net book value as at 01.01.2019	**8,349**	**30,548**	**34,932**	**4,166**	**77,995**
Increases 31.12.19					
Investments	341	441	10,930	11,147	22,859
Acquisitions			254		254
Total	**341**	**441**	**11,184**	**11,147**	**23,113**
Decreases 31.12.19					
Disposals, historical cost			(4,036)		(4,036)
Disposals, accumulated depreciation			3,614		3,614
Depreciation		(584)	(11,544)		(12,128)
Acquisitions			(15)		(15)
Total	**-**	**(584)**	**(11,981)**	**-**	**(12,565)**
Other changes 31.12.19					
Incoming transfers at historical cost		390	1,023	(1,714)	(301)
(Outgoing transfers, accumulated depreciation)			301		301
Exchange differences in historical cost	88	677	251	(13)	1,003
Exchange differences in accumulated depreciation		348	(292)		56
Total	**88**	**1,415**	**1,283**	**(1,727)**	**1,059**
Historical cost	8,778	37,918	158,396	13,586	218,678
Accumulated depreciation	-	(6,098)	(122,978)	-	(129,076)
Net book value as at 31.12.19	**8,778**	**31,820**	**35,418**	**13,586**	**89,602**

Note 2. Intangible assets

Over the year, recognised net investments amounted to €21,283 thousand, and amortisation amounted to €11,090 thousand, while the exchange rates differences were negative by €16,243 thousand. The breakdown of the item as at 31 December 2020 and 31 December 2019 is as follows.

	31.12.2020	31.12.2019	Change
Goodwill	171,372	186,126	(14,754)
Development costs	22,108	9,927	12,181
Other	24,417	28,430	(4,013)
Assets in progress and payments on account	12,650	12,114	536
Total	**230,547**	**236,597**	**(6,050)**

Details of movements as at 31 December 2020 and 31 December 2019 are as follows:

	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	186,126	29,979	147,840	12,114	376,059
Accumulated amortisation	-	(20,052)	(119,410)	-	(139,462)
Net book value as at 01.01.2020	**186,126**	**9,927**	**28,430**	**12,114**	**236,597**
Increases 31.12.2020					
Investments		9,063	2,446	9,775	21,284
Total		**9,063**	**2,446**	**9,775**	**21,284**
Decreases 31.12.2020					
Disposals, historical cost			(48)		(48)
Disposals, accumulated amortisation			47		47
Amortisation		(3,702)	(7,388)		(11,090)
Total		**(3,702)**	**(7,389)**		**(11,091)**
Other changes 31.12.2020					
Incoming transfers at historical cost		6,871	2,368	(9,239)	
(Outgoing transfers, accumulated amortisation)					
Exchange differences in historical cost	(14,754)	(689)	(8,409)		(23,852)
Exchange differences in accumulated amortisation		638	6,971		7,609
Total	**(14,754)**	**6,820**	**930**	**(9,239)**	**(16,243)**
Historical cost	171,372	45,224	144,197	12,650	373,443
Accumulated amortisation	-	(23,116)	(119,780)	-	(142,896)
Net book value as at 31.12.2020	**171,372**	**22,108**	**24,417**	**12,650**	**230,547**

	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	181,149	27,984	142,928	1,671	353,732
Accumulated amortisation	0	(17,603)	(110,474)	0	(128,077)
Net book value as at 01.01.2019	**181,149**	**10,381**	**32,454**	**1,671**	**225,655**
Increases 31.12.2019					
Investments		1,400	2,562	11,059	15,021
Acquisitions	1,684		427		2,111
Total	**1,684**	**1,400**	**2,989**	**11,059**	**17,132**
Decreases 31.12.2019					
Disposals, historical cost			(79)		(79)
Disposals, accumulated amortisation			63		63
Amortisation		(2,317)	(7,672)		(9,989)
Total	**-**	**(2,317)**	**(7,688)**	**-**	**(10,005)**
Other changes 31.12.2019					
Incoming transfers at historical cost		442			442
(Outgoing transfers, accumulated amortisation)			174	(616)	(442)
Exchange differences in historical cost	3,293	153	1,828		5,274
Exchange differences in accumulated amortisation		(132)	(1,327)		(1,459)
Total	**3,293**	**463**	**675**	**(616)**	**3,815**
Historical cost	186,126	29,979	147,666	12,114	375,885
Accumulated amortisation	-	(20,052)	(119,236)	-	(139,288)
Net book value as at 31.12.2019	**186,126**	**9,927**	**28,430**	**12,114**	**236,597**

Goodwill

“Goodwill”, totalling €171,372 thousand, consisted of the following items:

	31.12.2020	31.12.2019	Change
CGU Datalogic	158,794	172,642	(13,848)
CGU Informatics	12,578	13,483	(905)
Total	**171,372**	**186,126**	**(14,753)**

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

The estimated recoverable value of each CGU, associated with each Goodwill item measured, consists of its corresponding value in use. Value in use is calculated by discounting the future cash flows 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.

Based on an unlevered approach, the Group has used, through the discounted cash flow method, Unlevered Free Cash Flows from Operations (FCFO). To expected flows for the period 2021 - 2025, which are explicitly forecast, the flow relating to Perpetuity – representing Terminal Value – is added. This was calculated using a growth rate *g* of 1%, which represents the long-term expectations for growth. In this regard, the Directors considered a rate lower than the growth rate expected in the reference markets of the respective CGUs.

The discount rate, consisting of the weighted average cost of invested capital (WACC), was estimated before tax and based on the financial structure of the sector to which the Datalogic Group belongs. The WACC used – ranging from 6.65% to 7.29% for the corresponding Goodwill measured – reflects the return opportunity for all capital contributions, for whichever reason they are made.

The following table shows the Goodwill values and the discounting rates (WACC) and long-term growth rates (g) used for the purposes of the tests at the end of the year:

	CGU Datalogic	Informatics
Goodwill	**158,794**	**12,578**
Weighted average cost of capital (WACC)	**5.80%**	**6.97%**
Long-term growth rate (G)	**1%**	**1%**

The impairment tests carried out according to the methods described above did not reveal any impairment losses, as the recoverable value of the CGUs as at 31 December 2020 was higher than the corresponding net invested capital (carrying amount).

Since the value of the market capitalisation of Datalogic S.p.A. is higher than the consolidated shareholders' equity of the Group, the Directors did not deem it necessary to prepare a second level impairment test on the entire Datalogic Group.

CGU Datalogic

The recoverable value of the CGU Datalogic was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The discount rate before taxes applied to projected cash flows is 5.80% (6.65% in 2019) and cash flows over five years have been inferred based on 1% growth rate (in line with 2019), which is prudentially lower than the growth rate expected in reference markets. During testing for impairment, goodwill of CGU Datalogic confirmed its carrying value.

CGU Informatics

Goodwill attributed to CGU Informatics results from the acquisition of the investee Informatics Inc. in 2005. The recoverable value of the CGU Informatics was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The discount rate before taxes applied to projected cash flows is 6.97% (2019 equal to 7.29%) and cash flows over five years have been inferred based on 1% growth rate (in line with 2019), which is prudentially lower than the growth rate expected in reference markets. During testing for impairment, goodwill of CGU Informatics confirmed its carrying value.

Sensitivity to changes in assumptions

The calculation of value in use for selected CGUs is related to the following assumptions:

- Gross Operating Margin;
- Discount rates;
- Growth rate used to calculate cash flows after the forecast period.
-

Gross operating margin - The forecast of the gross operating margin for the years of the plan was prepared by the Directors on the basis of the historical data of the Group's CGUs and taking into account the expected performance of the reference markets and the effects of the planned strategies. A decrease in demand might lead to a reduction in gross operating margin, and related decrease in value.

Discount rates – Discount rates reflect the market estimate of risks specific to each CGU, taking account of the time value of money and the risks specific to underlying assets, which are not already included in the cash flow estimates. The calculation of the discount rate is based on the Group specific circumstance and its operating segments, and it results from its weighted average cost of capital (WACC).

Estimates of growth rates – The rates are based on sector studies published. The Management acknowledges that the rapidity in technological development and the possible entry of new actors in the market may have a significant impact on the growth rate.

The sensitivity analyses were carried out assuming changes in the above-mentioned key assumptions. Sensitivity analyses were based on the changes occurring in some key assumptions, keeping all other assumptions unaltered.

In particular, the Directors point out that the sensitivity analyses conducted with reference to the CGU Datalogic did not reveal any critical situations. With reference to the CGU Informatics, the % reduction in operating cash flows, compared to those forecast for each year of the plan, keeping WACC and g unchanged, which would bring the test to break-even, amounts to 20%, and the increase in the WACC rate, keeping the other parameters unchanged, which would bring the test into balance, amounts to 2.01%.

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

The "**Development costs**" item, amounting to €22,108 thousand, is composed of specific product development projects. The **"Other"** item, amounting to €24,417 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group in previous years, and software implementations. Details are shown below:

	31.12.2020	31.12.2019	Change
Patents	10,275	14,184	(3,909)
Know-how	1,675	3,066	(1,391)
Licence agreement	1,714	2,943	(1,229)
Software	10,753	8,099	2,654
Others	-	138	(138)
Total	**24,417**	**28,430**	**(4,013)**

The **"Assets in progress and payments on account"** item, equal to €12,650 thousand, is attributable, in the amount of €12,336 thousand, to the capitalisation of costs relating to Research and Development projects that are currently underway, as well as, in the amount of €314 thousand, to software implementations that are not yet completed.

Note 3. Right-of-use assets

Over the year, recognised net investments amounted to €4,635 thousand, and depreciation amounted to €5,146 thousand, while the exchange rates differences were negative by €194 thousand. The breakdown of the item as at 31 December 2020 and 31 December 2019 is as follows.

	31.12.2020	31.12.2019	Change
Buildings	6,716	7,560	(844)
Vehicles	2,214	2,041	173
Office equipment	118	152	(34)
Total	**9,048**	**9,753**	**(705)**

Details of movements as at 31 December 2020 and 31 December 2019 are as follows:

	Buildings	Vehicles	Office equipment	Total
Historical cost	11,186	2,982	228	14,396
Accumulated depreciation	(3,626)	(941)	(76)	(4,643)
Net book value as at 01.01.2020	**7,560**	**2,041**	**152**	**9,753**
Increases 31.12.2020				
Investments	3,856	1,532	40	5,428
Total	**3,856**	**1,532**	**40**	**5,428**
Decreases 31.12.2020				
Disposals, historical cost	(2,898)	(176)	(4)	(3,078)
Disposals, accumulated depreciation	2,156	128	1	2,285
Depreciation	(3,782)	(1,295)	(69)	(5,146)
Total	**(4,524)**	**(1,343)**	**(72)**	**(5,939)**
Other changes 31.12.2020				
Exchange differences in historical cost	(295)	(21)	(5)	(321)
Exchange differences in accumulated depreciation	119	5	3	127
Total	**(176)**	**(16)**	**(2)**	**(194)**
Historical cost	11,849	4,317	259	16,425
Accumulated depreciation	(5,133)	(2,103)	(141)	(7,377)
Net book value as at 31.12.2020	**6,716**	**2,214**	**118**	**9,048**

	Buildings	Vehicles	Office equipment	Total
Net book value as at 01.01.2019				
Increases 31.12.2019				
Adoption of IFRS 16	11,186	2,982	228	14,396
Total	**11,186**	**2,982**	**228**	**14,396**
Decreases 31.12.2019				
Depreciation	(3,626)	(941)	(76)	(4,643)
Total	**(3,626)**	**(941)**	**(76)**	**(4,643)**
Historical cost	11,186	2,982	228	14,396
Accumulated depreciation	(3,626)	(941)	(76)	(4,643)
Net book value as at 31.12.19	**7,560**	**2,041**	**152**	**9,753**

Note 4. Equity investments in associates

The non-controlling interests held by the Group as at 31 December 2020 are detailed below.

	31.12.2019	Measurement at equity	31.12.2020
CAEN RFID S.r.l.	550	(329)	221
R4I	150	(62)	88
Datalogic Automation AB	2	224	226
Specialvideo S.r.l.	29	332	361
Datasensor GMBH	45	(41)	4
Total	**776**	**124**	**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	31.12.2019
Non-current financial assets	**1,334**	**535**	**8,930**	**10,799**
Financial assets - Investments		535	8,930	9,465
Other receivables	1,334			1,334
Current financial assets	**253,996**	**31,200**	**-**	**285,196**
Trade receivables	77,308			77,308
Other receivables	24,847			24,847
Financial assets - Other		31,200		31,200
Cash and cash equivalents	151,841			151,841
Total	**255,330**	**31,735**	**8,930**	**295,995**

	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 liabilities

	Derivatives	Financial liabilities at amortised cost	31.12.2019
Non-current financial liabilities	**-**	**132,262**	**132,262**
Financial payables		115,578	115,578
Other payables		16,684	16,684
Current financial liabilities	**-**	**208,064**	**208,064**
Trade payables		105,841	105,841
Other payables		48,124	48,124
Short-term financial payables		54,099	54,099
Total	**-**	**340,326**	**340,326**

	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	**-**	**196,703**	**196,703**
Trade payables		96,672	96,672
Other payables		42,175	42,175
Short-term financial payables		57,766	57,766
Total	**-**	**296,429**	**296,429**

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	31.12.2020
Assets measured at fair value				
Financial assets - Investments	6,876		947	7,823
Financial assets - Other	10,152	-	2,037	12,189
Total Assets measured at fair value	**17,028**	**-**	**2,984**	**20,012**

Note 6. Financial assets

The financial assets include the following:

	31.12.2020	31.12.2019	Change
Non-current financial assets	7,823	9,465	(1,642)
Current financial assets	12,189	31,200	(19,011)
Total	**20,012**	**40,665**	**(20,653)**

The “Current financial assets” item mainly consists of investments in corporate cash. The change refers to the measurement at fair value for the period and to the investment in a financial investment, convertible into capital, issued by the company AWM Smart Shelf, and amounting to €2,037 thousand, and to the disposal, at arm’s length, of an investment to the Parent Company.

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

	31.12.2020	31.12.2019	Change
As at 1 January	**9,465**	**7,224**	**2,241**
Investments/Divestments	342	535	(193)
Profits/(Losses) recognised in OCI	(1,727)	1,431	(3,158)
Adjustment on exchange rates	(257)	275	(532)
As at 31 December	**7,823**	**9,465**	**(1,642)**

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.
The amount relating to 15% of the investment in the capital of Solution Net Systems Inc. is also recognised, which, as at 31 December 2020, is measured at fair value.

Note 7. Trade and other receivables

The breakdown of the item as at 31 December 2020 and 31 December 2019 is as follows:

	31.12.2020	31.12.2019	Change
Trade receivables	64,440	73,164	(8,723)
Contract assets	3,068	5,361	(2,293)
Bad debt provision	(2,262)	(1,217)	(1,045)
Net trade receivables	**65,246**	**77,308**	**(12,062)**
Receivables from associates	**1,310**	**895**	**415**
Receivables from related parties	**7**	**-**	**7**
Total Trade receivables	**66,563**	**78,203**	**(11,640)**
Other receivables - current accrued income and prepaid expenses	16,270	24,924	(8,654)
Other receivables - non-current accrued income and prepaid expenses	1,164	1,334	(170)
Total Other receivables - accrued income and prepaid expenses	**17,434**	**26,258**	**(8,824)**
Trade and other receivables - non-current	1,164	1,334	(170)
Trade and other receivables - current	**82,833**	**103,127**	**(20,294)**

Trade receivables

"Trade receivables" as at 31 December 2020, gross of the bad debt provision, amounted to €66,563 thousand, representing a decrease of 14.9%. As at 31 December 2020, factored trade receivables amounted to €30,349 thousand (compared to €36,566 thousand at the end of 2019). Trade receivables from associates arise from commercial transactions carried out at arm's length conditions.

As at 31 December 2020, the breakdown of the item by maturity terms, compared with the same period of the previous year, was as follows:

	31.12.2020	31.12.2019
Not yet due	59,485	59,343
Past due by 30 days	4,249	11,703
Past due by 31 - 90 days	2,942	5,165
Past due by more than 90 days	832	2,315
Bad debt provisions	(2,262)	(1,217)
Total	**65,246**	**77,308**

The following table shows the breakdown of trade receivables by currency as at 31 December 2020 and 31 December 2019:

	31.12.2020	31.12.2019
Euro	25,004	22,028
US Dollar (USD)	27,145	42,638
British Pound Sterling (GBP)	2,834	3,260
Australian Dollar (AUD)	1,948	911
Canadian Dollar (CAD)	-	331
Japanese Yen (JPY)	1,412	782
Hungarian Forint (HUF)	12	1
Chinese Renminbi (CNY)	5,881	5,388
Vietnam Dong (VND)	154	329
Brazilian Real (BRL)	855	1,640
Total	**65,246**	**77,308**

Customer trade receivables are posted net of bad debt provisions totalling €2,262 thousand (€1,217 thousand as at 31 December 2019). Changes in bad debt provision during the year were as follows:

	2020	2019	Change
As at 1 January	**1,217**	**2,890**	**(1,673)**
Foreign exchange-rate differences	(32)	51	(83)
Provisions	1,334	448	886
Releases	(226)	(2,148)	1,922
Uses	(31)	(24)	(7)
As at 31 December	**2,262**	**1,217**	**1,045**

Other receivables - accrued income and prepaid expenses

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

	31.12.2020	31.12.2019	Change
Other receivables - current	1,702	2,311	(609)
Other receivables - non-current	1,164	1,334	(170)
VAT receivables	11,324	18,534	(7,210)
Accrued income and prepaid expenses	3,244	4,079	(835)
Total	**17,434**	**26,258**	**(8,824)**

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

Note 8. Inventories

	31.12.2020	31.12.2019	Change
Raw and ancillary materials and consumables	37,633	41,754	(4,121)
Work in progress and semi-finished products	15,012	23,582	(8,570)
Finished products and goods	25,626	37,585	(11,959)
Total	**78,271**	**102,921**	**(24,650)**

The reduction in the item compared to the previous year is mainly due to the reduction in turnover, the effects of specific actions aimed at improving net working capital efficiency and the at containment of the level of stocks carried out by Management to mitigate the risk exposure factors in the context of the economic downturn caused by the Covid-19 pandemic.

Inventories are disclosed net of an obsolescence provision totalling €10,187 thousand as at 31 December 2020 (€10,121 thousand as at 31 December 2019). Movements in the obsolescence provision as at 31 December 2020 and 31 December 2019 are reported below:

	2020	2019
As at 1 January	**10,121**	**11,222**
Foreign exchange-rate differences	(335)	(185)
Provisions	3,310	920
Release for scrap and other utilisations	(2,909)	(1,836)
As at 31 December	**10,187**	**10,121**

Note 9. Tax payables and receivables

	31.12.2020	31.12.2019	Change
Tax receivables	12,004	24,421	(12,417)
of which from Parent Company	*641*	*12,742*	*(12,101)*
Tax payables	(7,681)	(25,822)	18,141
of which to Parent Company	*(1,700)*	*(15,913)*	*14,213*
Total	**4,323**	**(1,401)**	**5,724**

As at 31 December 2020, the "Tax receivables" item amounted to €12,004 thousand, decreasing by €12,417 thousand compared to the end of 2019 (€24,421 thousand as at 31 December 2019). The receivables for IRES tax from the Parent Company Hydra S.p.A., generated within the tax consolidation regime and equal to €641 thousand (€12,742 thousand as at 31 December 2019) are classified under this item.

The "Tax payables" item amounted to €7,681 thousand as at 31 December 2020, down €18,141 thousand (€25,822 thousand as at 31 December 2019). The payables for IRES tax to the Parent Company Hydra S.p.A., generated within the tax consolidation regime and equal to €1,700 thousand (€15,913 thousand as at 31 December 2019) are classified under this item.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

The Shareholders' Equity is broken down as follows.

	31.12.2020	31.12.2019	Change
Share capital	30,392	30,392	-
Share premium reserve	111,779	111,779	-
Treasury shares held in portfolio	(21,899)	(15,113)	(6,786)
Share capital and capital reserves	**120,272**	**127,058**	**(6,786)**
Translation reserve	2,331	26,550	(24,219)
Other reserves	6,204	5,756	448
Retained earnings	225,816	192,885	32,931
Profit for the year	**13,582**	**50,069**	**(36,487)**
Group Shareholders' Equity	**368,205**	**402,318**	**(34,113)**
Profit (Loss) of Minority interests	300	212	88
Shareholders' Equity of Minority interests	1,854	1,641	213
Total Shareholders' Equity	**370,358**	**404,171**	**(33,812)**

Share capital

Movements in share capital as at 31 December 2020 and 31 December 2019 are reported below:

	Number of shares	Share capital	Share cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
01.01.2020	**57,298,154**	**30,392**	**2,813**	**(15,113)**	**24,595**	**84,371**	**127,058**
Purchase of treasury shares	(606,663)			(6,787)	6,787	(6,787)	(6,787)
Exit for assignment of Stock Grant plan	869						
Purchase/sale expenses				1			1
31.12.2020	**56,692,360**	**30,392**	**2,813**	**(21,899)**	**31,382**	**77,584**	**120,272**

	Number of shares	Share capital	Share cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
01.01.2019	**57,550,542**	**30,392**	**2,813**	**(10,810)**	**20,297**	**88,669**	**131,361**
Purchase of treasury shares	(252,388)			(4,298)	4,298	(4,298)	(4,298)
Op. charges, treasury shares				(5)			(5)
31.12.2019	**57,298,154**	**30,392**	**2,813**	**(15,113)**	**24,595**	**84,371**	**127,058**

As at 31 December 2020, the Share Capital of €30,392 thousand represents the share capital fully subscribed and paid by the Parent Company Datalogic S.p.A. It comprises a total number of ordinary shares of 58,446,491, of which 1,754,131 are held as treasury shares for a value of €21,899 thousand, 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 December 2020, the breakdown of the main changes in other reserves were as follows:

- negative change in the translation reserve, amounting to €24,219 thousand;
- positive change in the cash flow hedge reserve, amounting to €191 thousand;
- negative change in the reserve of financial assets measured at FVOCI, amounting to €1,572 thousand.

Note 11. Financial payables

Financial payables are broken down as follows:

	31.12.2020	31.12.2019	Change
Non-current financial payables	83,656	115,578	(33,771)
Current financial payables	57,766	54,099	5,516
Total	**141,422**	**169,677**	**(28,255)**

The breakdown of this item is detailed below:

	31.12.2020	31.12.2019	Change
Borrowings from bank	130,753	157,527	(26,774)
Financial payables IFRS 16	9,138	10,061	(923)
Payables to factoring companies	1,500	1,868	(368)
Bank overdrafts	31	221	(190)
Total	**141,422**	**169,677**	**(28,255)**

The breakdown of changes in the “Borrowings from bank” item as at 31 December 2020 and 31 December 2019 is shown below:

	2020	2019
As at 1 January	**157,527**	**204,721**
Increases	-	35
Decreases for borrowing repayments	(27,034)	(47,841)
Recalculation of amortised cost	260	612
As at 31 December	**130,753**	**157,527**

The reduction in “Decreases for borrowing repayments” compared to the previous year is solely due to the moratorium obtained with reference to the October 2020 instalment of the “Club Deal” loan. This moratorium allowed the Company to postpone the October 2020 instalment and settle the payment along the subsequent instalments, leaving the original maturity of the loan unchanged. The amendment to the loan agreement is a non-substantial modification pursuant to IFRS 9.

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 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.

	31.12.2020	31.12.2019	Change
Deferred tax assets	41,101	43,572	(2,471)
Deferred tax liabilities	(16,217)	(17,819)	1,602
Net deferred taxes	**24,884**	**25,753**	**(869)**

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.

Below we show the main items forming deferred tax assets and deferred tax liabilities and changes during the year.

Deferred tax assets	01.01.2020	Accrued in (released from) Income Statement	Accrued in (released from) Shareholders' Equity	Foreign exchange gains/losses	Others	31.12.2020
Receivables, foreign taxes	19,608	(93)	-	(1,495)	(17)	**18,004**
Foreign exchange differences	886	(303)	-	15	(22)	**576**
Amortisation	2,240	204	-	(146)	(1)	**2,298**
Asset write-downs	926	233	-	(4)	-	**1,155**
Non-deductible temp. diff.	15,372	1,522	-	(1,064)	(104)	**15,726**
Other	986	(189)	5	(1)	-	**801**
Adjustments	3,554	(1,012)	-	-	-	**2,542**
Total	**43,572**	**363**	**5**	**(2,695)**	**(144)**	**41,101**

Deferred tax liabilities	01.01.2020	Accrued in (released from) Income Statement	Accrued in (released from) Shareholders' Equity	Foreign exchange gains/losses	31.12.2020
NOLs	16	-	-	-	**16**
Foreign exchange differences	838	276	(21)	-	**1,093**
Differences on amortisation/depreciation	12,185	835	-	(1,420)	**11,600**
IAS Reserves	315	-	-	-	**315**
Non-taxable temp. diff.	1,123	(103)	-	(5)	**1,015**
Other	2,222	(1,165)	-	-	**1,057**
Adjustments	1,120	-	-	-	**1,120**
Total	**17,819**	**(157)**	**(21)**	**(1,425)**	**16,217**

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 December 2020 and 31 December 2019 is shown below:

	2020	2019
As at 1 January	**7,026**	**6,541**
Accrual	1,943	2,140
Payments	(1,117)	(1,112)
Discounting	196	666
Other movements	(214)	(60)
Social security receivables for post-employment benefits	(972)	(1,149)
As at 31 December	**6,862**	**7,026**

Note 14. Provisions for risks and charges

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

	31.12.2020	31.12.2019	Change
Provisions for risks and charges, current	3,852	4,273	(421)
Provisions for risks and charges, non-current	4,375	4,916	(541)
Total	**8,227**	**9,189**	**(962)**

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

	31.12.2019	Increases	(Uses) and (Releases)	Exchange diff.	31.12.2020
Product warranty provision	8,305	-	(1,076)	(4)	7,225
Others	885	465	(319)	(29)	1,002
Total	**9,189**	**465**	**(1,395)**	**(33)**	**8,227**

The **"Product warranty provision"** covers the estimated cost of service repairs on products sold up to 31 December 2020 and covered by the warranty period. It amounts to €7,225 thousand (of which €4,036 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 by IAS 37.

Note 15. Trade and other payables

	31.12.2020	31.12.2019	Change
Trade payables	95,455	104,193	(8,738)
Contract liabilities - customer advances	1,307	1,648	(341)
Trade payables	**96,762**	**105,841**	**(9,079)**
Payables to associates	**194**	**55**	**139**
Payables to related parties	**50**	**133**	**(83)**
Total Trade payables	**97,006**	**106,029**	**(9,023)**
Other payables - current accrued liabilities and deferred income	42,175	48,124	(5,949)
Other payables - non-current accrued liabilities and deferred income	16,070	16,684	(614)
Total Other payables - accrued liabilities and deferred income	**58,245**	**64,808**	**(6,563)**
Less: non-current portion	16,070	16,684	(614)
Current portion	**139,181**	**154,153**	**(14,972)**

Trade payables amounted to €97,006 thousand, decreased by €9,023 thousand compared to the previous year.

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	31.12.2020	31.12.2019	Change
Non-current accrued liabilities and deferred income	16,070	16,684	(614)
Other short-term payables:	23,152	27,134	(3,982)
Payables to employees	15,177	17,883	(2,706)
Payables to pension and social security agencies	5,808	6,382	(574)
Other payables	2,167	2,869	(702)
VAT payables	3,217	3,673	(456)
Current accrued liabilities and deferred income	15,806	17,317	(1,511)
Total	**58,245**	**64,808**	**(6,563)**

Payables to employees represents the amount due for salaries and vacations accrued by employees as at 31 December 2020. The item "Accrued liabilities and deferred income" is mainly composed of deferred income related to multi-annual maintenance contracts.

INFORMATION ON THE INCOME STATEMENT

Note 16. Revenues

Revenues divided by type are shown in the following table:

	31.12.2020	31.12.2019 Restated	Change
Revenues from sale of products	441,491	542,595	(101,104)
Revenues from services	38,337	43,164	(4,827)
Total Revenues	**479,828**	**585,759**	**(105,931)**

In 2020, consolidated net revenues amounted to €479,828 thousand, decreasing by 18.1% compared to €585,759 thousand in the same period of 2019. The Group's revenues, divided by recognition method and business segment, are broken down as follows:

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	31.12.2020
Revenues from the sale of goods and services - point in time	424,714	11,718	(1,186)	435,246
Revenues from the sale of goods and services - over the time	39,866	4,716		44,582
Total	**464,580**	**16,434**	**(1,186)**	**479,828**

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	31.12.2019 Restated
Revenues from the sale of goods and services - point in time	513,600	15,533	(1,105)	528,028
Revenues from the sale of goods and services - over the time	54,528	3,203		57,731
Total	**568,128**	**18,736**	**(1,105)**	**585,759**

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	31.12.2020
Sale of goods	431,055	11,621	(1,185)	441,491
Sale of services	33,525	4,813	(1)	38,337
Total	**464,580**	**16,434**	**(1,186)**	**479,828**

Revenues broken down by type	Datalogic	Informatics	Adjustments	31.12.2019 Restated
Sale of goods	529,270	14,428	(1,103)	542,595
Sale of services	38,858	4,308	(2)	43,164
Total	**568,128**	**18,736**	**(1,105)**	**585,759**

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 December 2020, compared with the same period of the previous year, including non-recurring costs and revenues.

	31.12.2020	31.12.2019 Restated	Change
Cost of goods sold	**263,205**	**298,000**	**(34,795)**
Operating costs	**202,602**	**232,630**	**(30,028)**
Research and development expenses	52,134	58,844	(6,710)
Distribution expenses	99,282	121,463	(22,181)
General and administrative expenses	49,162	49,893	(731)
Other operating expenses	2,024	2,430	(406)
Total	**465,807**	**530,630**	**(64,823)**

Cost of goods sold

This item amounted to €263,205 thousand and during 2020, decreased by 11.7% compared to the same period of 2019, mainly due to the reduction in volumes and partly to the cost reduction of the materials, while the impact on revenues increased by 4.0% to 54.9% (50.9% in 2019).

Operating costs

Thanks to the cost reduction plan implemented by Management due to the macro-economic situation, operating costs decreased by 12.9% from €232,630 thousand to €202,602 thousand; the impact on turnover increased from 39.7% to 42.2%, with a worsening of 2.5%.

"**Research and development expenses**" amounted to €52,134 thousand, decreasing compared to the previous year, but with a higher percentage on turnover of 10.9% (10.0% in the previous year) thanks to a balancing between increasing efficiency and strengthening the investments in development for pursuing strategic goals.

"**Distribution expenses**" amounted to €99,282 thousand, a significant decrease compared to the previous year both due to a reduction in volumes and due to the greater efficiency achieved in salling, distribution and marketing costs, also as a result of the renewed sales organization structure.

"General and administrative expenses" amounted to €49,162 thousand, decreasing by 1.5%.

"**Other operating expenses**", amounting to €2,024 thousand, decreased compared to the previous year, in particular due to the decrease in the item "Non-income taxes", reported in detail below.

	31.12.2020	31.12.2019 Restated	Change
Non-income taxes	1,644	2,388	(744)
Provision for risks accrual	56	(95)	151
of which non-recurring	*37*	-	*37*
Costs charge-back	99	5	94
Loss on disposal of fixed assets	56	104	(48)
Others	169	28	141
Total	**2,024**	**2,430**	**(406)**

Breakdown of costs by type

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

	31.12.2020	31.12.2019 Restated	Change
Purchases	181,637	231,789	(50,152)
Change in inventories	19,449	(5,206)	24,655
Labour cost	155,787	181,474	(25,687)
Amortisation, depreciation and write-downs	28,668	26,660	2,008
Goods receipt and shipment expenses	19,610	19,600	10
Legal, tax and other advisory consultancies	6,942	6,256	686
Consumables and R&D material	6,131	8,350	(2,219)
EDP expenses	5,570	4,849	721
Travel and meetings expenses	4,201	11,524	(7,323)
Marketing expenses	3,944	7,449	(3,505)
Repairs and warranty provision accrual	3,843	3,732	111
Quality certification expenses	3,736	2,171	1,565
R&D technical consultancies	3,380	3,624	(244)
Royalties	2,957	4,763	(1,806)
Building expenses	2,890	3,342	(452)
Telephone expenses	2,526	2,774	(248)
Utilities	1,928	2,218	(290)
Sundry service costs	1,602	2,165	(563)
Expenses for plant and machinery and other assets	1,422	1,709	(287)
Commissions	1,113	1,151	(38)
Directors’ remuneration	1,091	2,056	(965)
Vehicle expenses	850	1,430	(580)
Insurances	816	816	0
Audit Fees	794	916	(122)
Entertainment expenses	564	1,013	(449)
Others	4,356	4,005	351
Total Cost of goods sold and operating costs	**465,807**	**530,630**	**(64,823)**

Costs for purchases and change in inventories decreased by €25,496 thousand (-11.3%), compared to the same period of 2019, due to lower volumes and the efficiencies achieved in the costs of materials.

Labour costs amounted to €155,787 thousand (€181,474 thousand in 2019) and reported a decrease of €25,687 thousand compared to the previous year (-14.2%). The change, compared to 2019, is mainly due to the use of social safety nets, holidays related to previous years and partly to a reduction in staff in production and commercial structures. The detailed breakdown of labour cost is as follows:

	31.12.2020	31.12.2019 Restated	Change
Wages and salaries	117,486	138,090	(20,604)
Social security charges	23,912	27,445	(3,533)
Post-employment benefits	2,145	2,379	(234)
Severance indemnities and similar benefits	1,721	1,736	(15)
Other labour costs	10,523	11,824	(1,301)
Total	**155,787**	**181,474**	**(25,687)**

The increase of €2,008 thousand in **"Amortisation, depreciation and write-downs"** is mainly due to higher investments both on production plants and on product development.

"Goods receipt and shipment expenses", equal to €19,610 thousand, were substantially stable compared to the previous year, with a worsening of the percentage impact on turnover, which stood at 4.1% (3.3% in 2019), caused in particular by the greater difficulties in logistics management, in particular during lockdown phases.

"**Quality certification expenses**", amounting to €3,736 thousand, increased by €1,565 thousand compared to 2019 following the certification of new products.

Expenses for **"R&D technical consultancies"** amounted to €3,380 thousand and decreased by €244 thousand compared to the previous year.

The "**Travel and meetings expenses**" item, amounting to €4,201 thousand, recorded a 63.5% decrease, with a better percentage on turnover compared to the previous period (-1.1%), following the restrictive measures caused by the pandemic that limited in particular the site visits to customers.

Note 18. Other revenues

	31.12.2020	31.12.2019 Restated	Change
Grants to Research and Development expenses	2,439	5,058	(2,619)
Miscellaneous income and revenues	1,661	1,541	120
Rents	33	97	(64)
Income on disposal of fixed assets	43	95	(52)
Contingent assets	148	710	(562)
Others	61	59	2
Total	**4,385**	**7,560**	**(3,175)**

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

Note 19. Financial Income/(Expenses)

	31.12.2020	31.12.2019 Restated	Change
Financial income/(expenses)	(1,921)	(1,951)	30
Foreign exchange gains/losses	(4,925)	(506)	(4,419)
Fair value	962	1,255	(293)
Bank expenses	(867)	(1,234)	367
Dividends	306	216	90
Others	18	(155)	173
Total Financial Income/(Expenses)	**(6,427)**	**(2,375)**	**(4,052)**

The "Total Financial income/(expenses)" was negative for €6,427 thousand, a worsening of €4,052 thousand compared to a negative result of €2,375 thousand reported in the same period of 2019, mainly attributable to the unfavourable trend of exchange rates differences.

Note 20. Taxes

	31.12.2020	31.12.2019 Restated	Change
Profit/(Loss) before taxes from continuing operations	**11,980**	**60,314**	**(48,334)**
Income taxes	(1,212)	21,926	(23,138)
Deferred taxes	(519)	(10,310)	9,791
Taxes	**(1,731)**	**11,616**	**(13,347)**
Tax rate	**-14.4%**	**19.3%**	**-33.7%**

The reconciliation for 2020 of the nominal tax rate and the effective rate in the Consolidated Financial Statements is shown in the following table:

	2020		2019 Restated	
Profit (loss) before taxes from continuing operations	**11,980**		**60,314**	
Nominal tax rate under Italian law	**(2,875)**	**-24.0%**	**(14,475)**	**-24.00%**
Effects of local taxes	(143)	-1.2%	(1,651)	-2.70%
Effects of intercompany dividend taxation	(399)	-3.3%	(431)	-0.70%
Cumulative effect of different tax rates applied in foreign countries	909	7.6%	2,452	4.10%
Effects previous years taxes	1,337	11.2%	(530)	-0.90%
Other effects	2,902	24.2%	3,019	5.00%
Consolidated effective tax rate	**1,731**	**14.4%**	**(11,616)**	**-19.30%**

The tax rate as at 31 December 2020 was -14.4% (19.3% as at 31 December 2019). The change is attributable to the decrease in comprehensive income and to a different influence of the effects that the pandemic context has had on the business in the various geographical areas in which the Group is present with production and sales companies. There was also a favourable effect linked to tax liabilities estimated in the previous year that did not arise in the year ended 31 December 2020. The benefits included under "other tax effects" mainly refer to the subsidised "Patent Box" regime for the Italian companies of the Group.

Note 21. Profit/(loss) from discontinued operations

During the second quarter of 2020, the Group received statements of interest from certain investors for the purchase of the subsidiary Solution Net Systems Inc., based on which the sale process began. The sale of a majority interest, equal to 85% of the company's share capital was finalised on 24 July 2020. Therefore, in this Annual Financial Report, the economic situation of Solution Net Systems Inc. was classified under the results from discontinued operations.

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

The economic results of Solution Net Systems Inc. for the year 2019 and the period between 1 January 2020 and the effective date of the above transaction is summarised below:

INCOME STATEMENT	31.12.2020	31.12.2019
Revenues	**10,964**	**29,064**
Cost of goods sold	(8,271)	(24,498)
Gross Operating Margin	**2,693**	**4,566**
Research and development expenses	(328)	(532)
Distribution expenses	(1,066)	(254)
General and administrative expenses	(575)	(974)
Other operating (expenses)/income	(21)	(27)
Total operating costs	**(1,990)**	**(1,787)**
Operating result	**703**	**2,779**
Financial Income/(Expenses)	(376)	(860)
Profit/(Loss) before taxes	**327**	**1,919**
Income taxes	(156)	(336)
Profit/(Loss)	**171**	**1,583**

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

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

STATEMENT OF CASH FLOW	31.12.2020	31.12.2019
Cash flows from operations	1,673	5,181
Cash flows from investments	(2)	29
Cash flows from financial activity	(6,064)	(4,022)
Total	**(4,392)**	**1,188**

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 year, 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.

	31.12.2020	31.12.2019 Restated
Profit/(Loss) for the year of the Group	13,882	50,281
Average number of shares (thousands)	57,729	57,525
Basic earnings/(loss) per share	**0.24**	**0.87**
Profit/(Loss) for the year of the Group	13,882	50,281
Average number of shares (thousands) - Diluted effect	58,276	57,699
Diluted earnings/(loss) per share	**0.24**	**0.87**

Note 23. Audit fees

Pursuant to article 149-duodecies of the Issuers' Regulation, implementing Legislative Decree 58 of 24 February 1998, the following is the summary schedule of fees pertaining to the year 2020 due to the Independent Auditor.

	2020
Fees for services supplied by the independent auditor to the Parent Company and to the Subsidiaries	
Datalogic S.p.A. - auditing	130
Italian subsidiaries - auditing	161
Foreign subsidiaries - auditing	312
Total auditing*	**603**
Non-auditing services	56
Total	**659**

** Fees relating to foreign subsidiaries include €26 thousand for auditing services provided by auditors not belonging to the network of the Parent Company's independent auditor (Deloitte & Touche S.p.A.).*

The non-auditing services item refer to the limited evaluation of the Consolidated Non-Financial Statement, related to the year ended 31 December 2020 and the audit on the expenses incurred for Research and Development.

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 01.01.2020 – 31.12.2020, the Company's Board of Directors did not approve any relevant transaction, as set out by art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group's balance sheet or profit/(loss).

	Parent Company	Company controlled by Chairman of BoD	Companies not consolidated on a line-by-line basis	31.12.2020
Equity investments	-	-	900	900
Trade receivables and other, accrued income, prepaid expenses	-	7	1,313	1,320
Receivables pursuant to tax consolidation	641	-	-	641
Payables pursuant to tax consolidation	1,700	-	-	1,700
Trade payables and other, accrued liabilities, deferred income	-	50	194	244
Operating expenses	-	1,169	274	1,443
Revenues and other operating revenues	-	-	6,048	6,048
Other revenues	-	7	203	210
Financial Income/(Expenses)	-	-	124	124

NUMBER OF EMPLOYEES

	31.12.2020	31.12.2019	Change
Datalogic	2,752	2,962	(210)
Solution Net Systems	-	36	(36)
Informatics	74	76	(2)
Total	**2,826**	**3,074**	**(248)**

The Chairman of the Board of Directors

(Mr. Romano Volta)

Annexes

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ANNEX 1

Certification for the Consolidated Financial Statements, pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and following amendments and supplements

1. The undersigned Ms. Valentina Volta, as CEO, and Ms. Laura Bernardelli, as Manager in charge of drawing up Datalogic S.p.A.'s accounting statements, hereby certify the following, also taking account of provisions set forth by art. 154-bis, par. 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy of the information on Company operations and
- the actual application

of the administrative and accounting procedures for the formation of the consolidated financial statements, during the year 2020.

2. The assessment on the adequacy of the administrative and accounting procedures for the formation of the consolidated financial statements as at 31 December 2020 is based on a procedure defined by Datalogic S.p.A. in compliance with the Internal Control – Integrated Framework model, issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is the reference framework generally accepted at international level.

3. Moreover, the following is certified:

3.1 the Consolidated Financial Statements:

a) were prepared in accordance with international accounting standards (IFRS), recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
b) correspond to the accounting records;
c) provide a true and fair view of the financial position, the results of operations and the cash flows of the issuer and of the other companies in the scope of consolidation;

3.2 the Report on Operations includes a reliable analysis of the Group's state of affairs, as well as of the position of the issuer and the companies in the scope of consolidation, together with the description of the main risks and uncertainties to which the Group is exposed.

Lippo di Calderara di Reno (BO), 9 March 2021

CEO

Valentina Volta

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

ANNEXES

ANNEX 2

CONSOLIDATION AREA

The Consolidated Annual Financial Report includes 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 scope of consolidation as at 31 December 2020, consolidated on a line-by-line basis, are disclosed hereunder:

Company	Registered office	Share capital		Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A.	Bologna – Italy	Euro	30,392,175	349,685	19,905	
Datalogic Real Estate France Sas	Courtabouef Cedex - France	Euro	2,227,500	3,767	66	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	4,401	312	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	26,126	3,361	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	13,969	126	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	247	28	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	3,466	627	100%
Datalogic Hungary Kft	Balatonboglar-Hungary	HUF	3,000,000	2,253	(2,376)	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	149,118	7,529	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	Euro	66,388	1,516	1,429	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	206,900	1,389	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	84	(294)	100%
Datalogic Technologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(305)	(64)	100%
Datalogic Scanning Eastern Europe GmbH	Langen-Germany	Euro	25,000	3,879	95	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	1,070	113	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	29,027	5,128	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	1,917	(1,016)	100%
Suzhou Mobydata Smart System Co. Ltd	Suzhou, JiangSu - China	CNY	161,224	4,288	612	51%

The following companies were consolidated using the equity method as at 31 December 2020:

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

(*) data as at 31 December 2019

(**) data as at 30 June 2020

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

REVENUES BY GEOGRAPHICAL AREA

	31.12.2019 Reported (*)	*Restatement*	31.12.2019 Restated
Italy	*47,995*	*1,287*	*49,282*
EMEAI (excluding Italy)	*261,608*	*(3,752)*	*257,856*
Total EMEAI	309,563	(2,425)	307,138
Americas	208,825	1,280	210,105
APAC	67,371	1,146	68,517
Total Revenues	**585,759**		**585,759**

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

REVENUES BY BUSINESS SEGMENT

	31.12.2019 Reported	*Restatement*	31.12.2019 Restated
Retail	265,672	34,613	231,059
Manufacturing	157,356	39,700	117,656
Transportation & Logistics	75,049	630	74,419
Healthcare	20,004	2,341	17,663
Channel	50,047	(77,284)	127,331
Total Revenues	**568,128**		**568,128**

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.

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ANNEX 4

RECONCILIATION OF ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

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

	31.12.2020		31.12.2019 Restated		Change
Adjusted EBITDA	**58,324**	**12.16%**	**92,076**	**15.72%**	**(33,752)**
Cost of goods sold	3,325	0.69%	384	0.07%	2,941
Research and Development expenses	95	0.02%	-	0.00%	95
Distribution expenses	4,268	0.89%	842	0.14%	3,426
General and administrative expenses	3,524	0.73%	1,503	0.26%	2,021
Other operating (expenses)/income	37	0.01%		0.00%	37
Non-recurring costs/revenues and write-downs	**11,249**	**2.34%**	**2,729**	**0.47%**	**8,520**
Gross operating margin (EBITDA)	**47,075**	**9.81%**	**89,347**	**15.25%**	**(42,272)**

Non-recurring costs and revenues are shown hereunder.

	31.12.2020	31.12.2019 Restated	Change
Covid-19	3,802	-	3,802
Reorganisation	6,528	1,466	5,062
Other	919	1,263	(344)
Total	**11,249**	**2,729**	**8,520**

Non-recurring costs and revenues relate to income and expenses 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.

The costs relating to the management of the Covid-19 emergency mainly concerned the extraordinary costs incurred for the modification of the supply and distribution flows in the lockdown phases, as well as expenses for the sanitation and purchase of safety devices in the workplace, penalties for the cancellation of trade fairs and events and internal personnel costs for emergency management.

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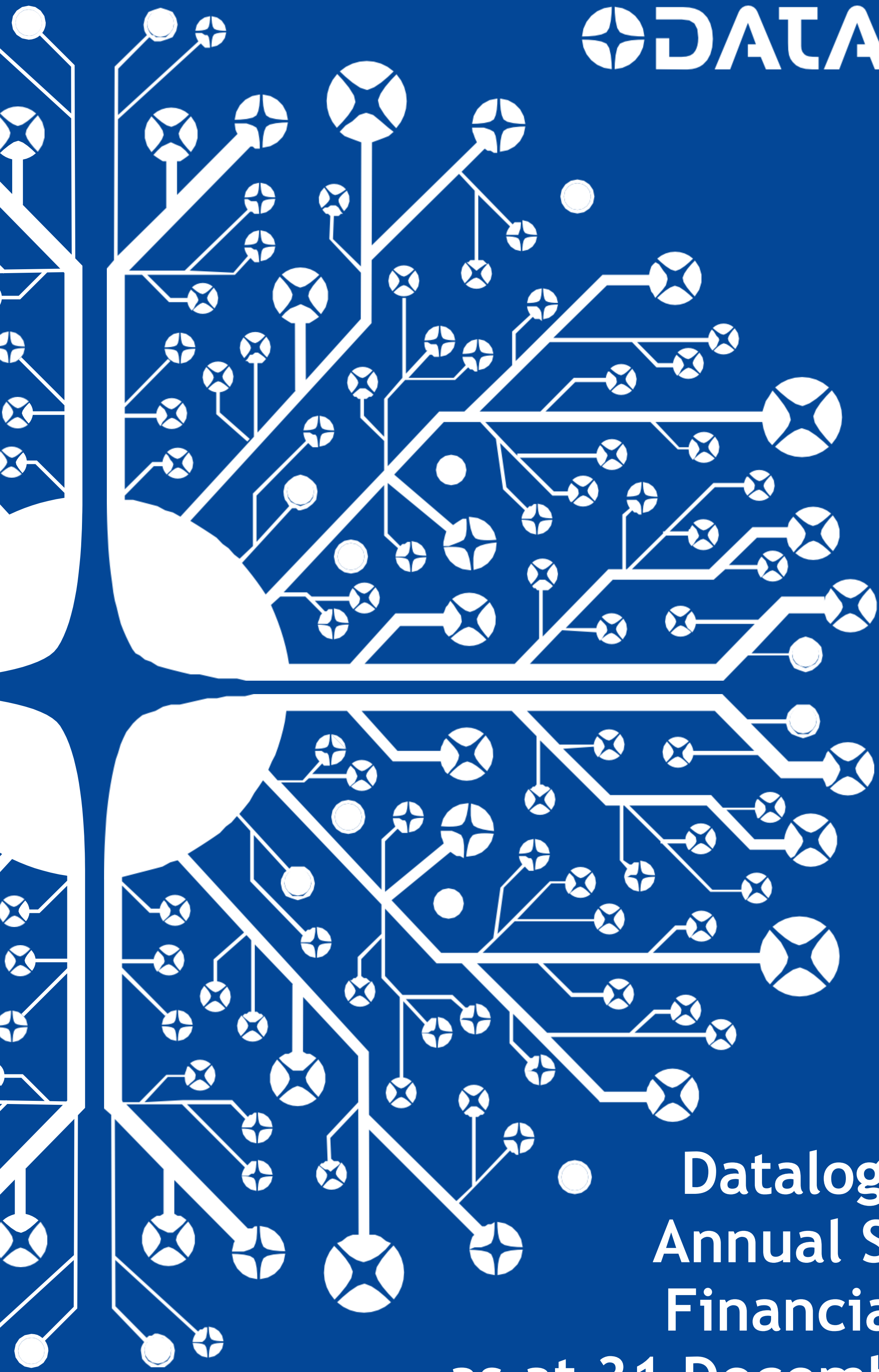

Datalogic S.p.A.
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Datalogic S.p.A. Financial Statements

E-MARKET SDIR CERTIFIED

STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Notes	31.12.2020	31.12.2019
A) Non-current assets (1+2+3+4+5+6+7+8)		**228,691**	**227,127**
1) Tangible assets		**21,769**	**22,929**
Land	1	2,466	2,466
Buildings	1	15,100	15,333
Other assets	1	4,203	5,130
2) Intangible assets		**8,705**	**7,911**
Software	2	8,652	5,701
Other	2	0	72
Assets in progress and payments on account	2	53	2,138
3) Right-of-use assets		**395**	**649**
Buildings	3	172	453
Vehicles	3	223	196
4) Equity investments in subsidiaries and associates	**4**	**188,936**	**185,155**
5) Financial assets		**7,764**	**9,465**
Equity investments	6	7,764	9,465
7) Trade and other receivables	7	**172**	**182**
8) Deferred tax assets	**12**	**950**	**836**
B) Current assets (9+10+11+12+13+14+15)		**340,101**	**450,106**
10) Trade and other receivables		**12,386**	**110,440**
Trade receivables	**7**	**10,166**	**9,495**
of which from subsidiaries	*7*	*10,145*	*9,480*
Other receivables, accrued income and prepaid expenses	**7**	**2,220**	**100,945**
of which from subsidiaries		*652*	*98,744*
11) Tax receivables	**8**	**197**	**961**
of which from Parent Company	8		
12) Financial assets		**10,152**	**31,200**
Other	6	10,152	31,200
13) Loans	**9**	**236,910**	**200,575**
Loans to subsidiaries	9	234,873	*200,575*
Loans to third parties		2,037	
14) Financial assets - Derivative instruments		**-**	**-**
15) Cash and cash equivalents		**80,456**	**106,930**
Total Assets (A+B)		**568,792**	**677,233**

STATEMENT OF FINANCIAL POSITION

LIABILITIES (€/000)	Notes	31.12.2020	31.12.2019
A) Total Shareholders' Equity (1+2+3+4+5+6)		**349,685**	**353,548**
1) Share capital	10	30,392	30,392
2) Share premium reserve	10	111,779	111,779
3) Treasury shares held in portfolio	10	(21,899)	(15,113)
4) Other reserves	10	6,428	6,272
5) Retained earnings	10	203,080	115,178
6) Profit (loss) for the year	10	19,905	105,040
B) Non-current liabilities (7+8+9+10+11+12+13)		**80,383**	**113,984**
7) Financial payables	11	**77,926**	**110,203**
10) Deferred tax liabilities	12	**1,811**	**3,148**
11) Post-employment benefits	13	**646**	**633**
C) Current liabilities (14+15+16+17+18)		**138,724**	**209,701**
14) Trade and other payables		**10,279**	**15,053**
Trade payables	15	**6,190**	**5,768**
of which to subsidiaries	15	*110*	*189*
of which to related parties	15		2
Other payables, accrued liabilities and deferred income	15	**4,089**	**9,286**
of which from subsidiaries		376	5,366
15) Tax payables	8	**2,497**	**3,191**
of which to Parent Company		*1,700*	*2,128*
18) Short-term financial payables	11	**125,948**	**191,457**
of which to subsidiaries		*73,090*	*144,044*
Total Liabilities (A+B+C)		**568,792**	**677,233**

INCOME STATEMENT

(€/000)	Notes	31.12.2020	31.12.2019
1) Revenues	**16**	**28,066**	**30,745**
Revenues from Royalties		12,528	15,503
Revenues from Services		15,537	15,242
2) Cost of goods sold	17	**1,659**	**1,579**
Gross Operating Margin (1-2)		**26,407**	**29,166**
3) Other operating revenues	18	**2,109**	**624**
of which from subsidiaries		*1,934*	*519*
of which from related parties		*63*	
4) Research and development expenses	17	**574**	**558**
5) Distribution expenses	17	**1,069**	**896**
6) General and administrative expenses	17	**24,910**	**24,624**
of which to related parties		*74*	*72*
of which to subsidiaries		*485*	*440*
7) Other operating expenses	17	**287**	**368**
of which to related parties		*(3)*	*3*
of which to subsidiaries		*(752)*	*(1,161)*
Total operating costs (4+5+6+7)		**26,840**	**26,446**
Operating result		**1,676**	**3,344**
8) Financial income	19	**23,641**	**107,273**
of which from subsidiaries		*19,558*	*102,284*
9) Financial expenses	19	**6,856**	**4,036**
of which to subsidiaries		*195*	*492*
Financial income/(expenses) (8-9)		**16,785**	**103,237**
Profit/(Loss) before taxes from continuing operations		**18,461**	**106,581**
Income taxes	20	(1,443)	1,541
Profit/(Loss) for the year		**19,905**	**105,040**

STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Notes	31.12.2020	31.12.2019
Profit/(Loss) for the year		**19,905**	**105,040**
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 year:		**-**	**-**
Profit/(Loss) on derivative financial instruments (cash flow hedge)	10	188	250
of which tax effect		*(58)*	*(77)*
Reserve for adjustment on exchange rates	10		
of which tax effect			
Profit/(loss) due to translation of financial assets at FVOCI	10	(1,706)	1,687
of which tax effect		*21*	*(20)*
Total other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the year		**(1,518)**	**1,936**
Other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the year:			
Actuarial gains (losses) on defined-benefit plans	10	3	(196)
of which tax effect		*(1)*	*62*
Total other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the year		**3**	**(196)**
Total Profit/(Loss) of comprehensive income statement		**(1,515)**	**1,741**
Total comprehensive profit/(loss) for the year		18,390	106,781

STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW (€/000)	Notes	31.12.2020	31.12.2019
Profit (loss) before taxes		**18,462**	**106,581**
Amortisation of intangible assets	1, 2	1,545	1,308
Depreciation of tangible assets		1,627	1,552
Depreciation of right-of-use assets	3	193	191
Change in provisions for risks and charges	15	-	(60)
Change in employee benefits reserve	14	16	(235)
Net Financial Income/(Expenses)		(17,308)	(2,564)
Allocation to Stock Grant plan		607	459
Other non-monetary changes		189	250
Cash flow generated (absorbed) from operations before changes in working capital		**5,331**	**107,231**
Change in trade receivables	7	(671)	389
Change in trade payables	16	422	(1,044)
Change in other current assets	7	101	(90,474)
Change in other current liabilities	16	(5,197)	(4,598)
Change in other non-current assets	7	10	3
Cash flow generated (absorbed) from operations after changes in working capital		**(4)**	**11,757**
Change in taxes		83	153
Interest paid		(3,912)	(3,133)
Interest collected		4,383	5,553
Cash flow generated (absorbed) from operations (A)		**549**	**14,330**
Increase in intangible assets	2	(2,339)	(3,717)
Decrease in intangible assets	2	-	4
Increase in tangible assets	1	(467)	(896)
Decrease in tangible assets	1	-	13
Change in non-current financial assets	5	(3,131)	(553)
Change in financial receivables and other financial assets	5	(15,287)	83,358
Cash flow generated (absorbed) from investments (B)		**(21,224)**	**78,208**
Change in financial payables	12, 6	(97,788)	(78,476)
Change in lease financial payables		(191)	-
(Purchase)/Sale of treasury shares	10	(6,786)	(4,303)
Dividends collected		115,972	163
Dividends paid	10	(17,007)	(28,716)
Other changes		-	75
Cash flow generated (absorbed) from financial activity (C)		**(5,801)**	**(27,899)**
Net increase (decrease) in available cash (A+B+C)		**(26,476)**	**(18,719)**
Net cash and cash equivalents at beginning of period		**106,930**	**125,649**
Net cash and cash equivalents at end of period		**80,456**	**106,930**

CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Treasury shares held in portfolio	Share capital and capital reserves	Other reserves	Retained earnings	Profit for the year	Total Shareholders' Equity
01.01.2020	**30,392**	**111,779**	**(15,113)**	**127,058**	**6,272**	**115,178**	**105,040**	**353,548**
Allocation of earnings						105,040	(105,040)	
Dividends						(17,007)		(17,007)
Sale/(Purchase) of treasury shares			(6,786)	(6,786)				(6,786)
Other changes					131	(131)		
Stock Grant					1,540			1,540
Profit/(loss) as at 31.12.2020							**19,905**	**19,905**
Other components of the statement of comprehensive income					(1,515)			(1,515)
Total comprehensive Profit (Loss)					**(1,515)**		**19,905**	**18,390**
31.12.2020	**30,392**	**111,779**	**(21,899)**	**120,272**	**6,428**	**203,080**	**19,905**	**349,685**

	Share capital	Share premium reserve	Treasury shares held in portfolio	Share capital and capital reserves	Other reserves	Retained earnings	Profit for the year	Total Shareholders' Equity
01.01.2019	**30,392**	**111,779**	**(10,810)**	**131,361**	**3,011**	**114,555**	**29,340**	**278,267**
Allocation of earnings						29,340	(29,340)	
Dividends						(28,716)		(28,716)
Purchase/(Sale) of treasury shares			(4,303)	(4,303)				(4,303)
Other changes					1,521			1,521
Profit/(loss) for the year							**105,040**	**105,040**
Other components of the statement of comprehensive income					1,741			1,741
Total comprehensive profit (loss)					**1,741**		**105,040**	**106,781**
31.12.2019	**30,392**	**111,779**	**(15,113)**	**127,058**	**6,272**	**115,178**	**105,040**	**353,548**

Explanatory Notes

EXPLANATORY NOTES TO THE STATUTORY FINANCIAL STATEMENTS

GENERAL INFORMATION

Datalogic S.p.A. ("Company" or "Parent Company") is a joint-stock company listed on the STAR segment of the Italian Stock Exchange, with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO). The Company is a subsidiary of Hydra S.p.A., which is also based in Bologna.
Datalogic S.p.A. is the Parent Company of the Datalogic Group ("Group"), 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.

The publication of the Company's Financial Statements as at 31 December 2020 was authorised by resolution of the Board of Directors dated 9 March 2021.

BASIS OF PRESENTATION

1) General criteria

Pursuant to the European Regulation 1606/2002, the Financial Statements for the year were prepared in compliance with the international accounting standards (IAS/IFRS) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, pursuant to European Regulation 1725/2003 and subsequent amendments, with all the interpretations of the International Financial Reporting Interpretations Committee ("IFRS-IC"), formerly the Standing Interpretations Committee ("SIC"), endorsed by the European Commission at the date of approval of the draft financial statements by the Board of Directors and contained in the related EU Regulations published at this date, and in compliance with the provisions of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments.

These Financial Statements are drawn up in thousands of Euro, which is the Company's "functional" and "presentation" currency.

2) Financial statements

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

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the Company's normal operational cycle; current liabilities are those whose extinction is envisaged during the 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 Company's business result;
- the Statement of Comprehensive Income presents the components that determine profit/(loss) for the year and the costs and revenues reported directly under shareholders' equity;
- the Statement of Cash Flow is presented using the indirect method.

The Financial Statements were prepared in compliance with the general criterion of a reliable and true vision of the Company's financial position, financial performance and cash flows, on a going concern and on an accrual basis, in compliance with the general principles of consistency of presentation, relevance and aggregation, no offsetting and comparability of information.

The Statement of Changes in Shareholders' Equity analytically details the changes occurring in the financial year and in the previous financial year.

In preparing the Financial Statements, the historic cost principle has been adopted for all assets and liabilities except for some financial assets for which the fair value principle has been applied.

Preparation of IFRS-compliant financial statements requires the use of some estimates. Reference is made to the section describing the main estimates made in this set of Financial Statements.

3) Accounting policies and standards applied

Below we indicate the policies adopted for preparation of the Financial Statements as at 31 December 2020 by the Company.

Tangible assets

Owned tangible assets are initially recognised at the cost of contribution, purchase, or in-house construction. The cost comprises all directly attributable costs necessary to make the asset available for use (including, when significant and in the presence of effective obligations, the present value of the estimated costs for decommissioning and removal of the asset and for reinstatement of the location), net of trade discounts and allowances.

Some tangible assets in the "Land and buildings" categories were measured at fair value (market value) as at 1 January 2004 (IFRS transition date) and this value was used as the deemed cost. The cost of buildings is depreciated net of the residual value estimated as the realisation value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase are recognised in the asset's carrying value, or are recognised as a separate asset, only if it is thought likely that the future economic benefits associated with the asset will be enjoyed and the asset's cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the income statement in the year in which they are borne.

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of use and taking into account the month when they became available for use in the first year of utilisation.
Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Company are as follows:

Asset category	Annual depreciation rates
Property:	
Buildings	2% - 3.3%
Land	0%
Other assets:	
Plants pertaining to buildings	8.33% - 10% - 6.67%
Lightweight constructions	6.67% - 4%
Production equipment & electronic instruments	20% - 10%
Moulds	20%
Electronic office machinery	33% - 20%
Office furniture and fittings	10% - 6.67% - 5%
Cars	25%
Freight vehicles	14%
Trade show & exhibition equipment	11% - 20%
Improvements to third-party assets	Contract duration

If, regardless of the depreciation already posted, an impairment emerges, the asset is written down; if the reasons for write-down disappear in later years, the original value is reinstated. The residual value and useful life of assets are reviewed at least at each year-end in order to assess any significant changes in value.

Assets held under lease contracts

Assets held by the Company under lease contracts, including operating leases, in accordance with IFRS 16, in force since 1 January 2019, are recorded under assets with a financial payable as a contra-entry. In particular, assets are recognized at a value equal to the present value of future payments at the date of signing of the contract, discounted using the applicable incremental borrowing rate for each contract, and depreciated over the duration of the underlying contract, taking into account the effects of any extension or early termination clauses whose exercise is reasonably certain.

In compliance with the provisions of IFRS 16, starting from 1 January 2019, the Company identifies contracts for which it obtains the right to use an identifiable asset for a period of time in exchange for consideration as leases.
For each lease contact, starting from the commencement date, the Company recognizes an asset (right of use of the asset) under tangible assets as a contra-entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low value lease contracts applied to situations in which the leased asset has a value not exceeding €5 thousand (new value).
For the short-term and low value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognised, but the lease payments are recognised in the income statement on a straight-line basis for the duration of the corresponding contracts.
In the case of a complex contract that includes a lease component, the latter is always managed separately from the other services included in the contract.

Rights of use are shown in a specific item of the Financial Statements. At the time of initial recognition of the lease contract, the right of use is recognized at a value corresponding to the lease payable, determined as described above, increased by the instalments paid in advance and the accessory charges and net of any incentives received. Where applicable, the initial value of the rights of use also includes the related costs of dismantling and restoring the area.
The situations that involve the recalculation of the lease payable imply a corresponding change in the value of the right of use.
After initial recognition, the right of use is depreciated on a straight-line basis, starting from the commencement date, and subject to write-downs in the event of impairment. Depreciation is carried out on the basis of the shorter of the

duration of the lease contract and the useful life of the underlying asset; however, if the lease agreement provides for the transfer of ownership, possibly also due to the use of redemption options included in the value of the right of use, depreciation is carried out on the basis of the useful life of the asset.

Lease payables are shown in the Financial Statements under current and non-current financial liabilities, together with the Company's other financial payables. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be paid determined using the implicit interest rate of the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Company); if this rate is not indicated in the contract or easily determinable, the present value is determined using the “incremental borrowing rate”, i.e. the incremental interest rate that, in a similar economic context and in order to obtain a sum equal to the value of the right to use, the Company would have paid for a loan with similar duration and guarantees.
The lease payments subject to discounting include fixed payments; variable fees due to an index or a rate; the redemption price, if any and if the Company is reasonably certain to use it; the amount of payment envisaged for any issue of guarantees on the residual value of the asset; the amount of penalties to be paid in the event of the exercise of options for early termination of the contract, where the Company is reasonably certain to exercise them.
After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortised cost, and decreased against the lease payments paid.
In addition, the lease payable is subject to restatement, up or down, in the event of changes to the contracts or other situations envisaged by IFRS 16 that involve a change in the amount of the instalments and/or the duration of the lease. In particular, in the presence of situations that involve a change in the estimate of the probability of exercise (or non-exercise) of the options for renewal or early termination of the contract or in the redemption (or not) provisions of the asset upon expiry of the contract, the lease payable is restated by discounting the new value of the instalments to be paid on the basis of a new discount rate.

Intangible assets

Intangible assets are recognised under assets in the Statement of Financial Position when it is likely that use of the asset will generate future economic benefits and when the asset’s costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.
If tangible and intangible assets are sold, the date of disposal will be the date when the purchaser obtains the control of the assets, pursuant to requirements set forth on performance obligations by the IFRS 15 standard. The profit or loss generated by the consideration is accounted for in the Income Statement and is determined according to requirements to determine the transaction price envisaged by IFRS 15. The following amendments to the estimated consideration used to determine the profit or loss must be recognised pursuant to requirements set forth by IFRS 15 in relation to changes in the transaction price.

Amortisation

Intangible assets of finite duration are systematically amortised according to their projected future usefulness, so that the net value at the reporting date corresponds to their residual usefulness or to the amount recoverable according to corporate business plans. Amortisation starts when the asset is available for use.

The useful life for each category is detailed below:

DESCRIPTION	Useful Life - years
Other intangible assets:	
- Software licences	3/5
- SAP licences	10
- User licences	Contract duration

The residual values, the useful lives and the amortisation of intangible assets are reviewed at each year end and, when required, corrected prospectively. The useful lives remained unchanged compared to the previous year.

Equity investments

Equity investments in subsidiaries and associates, not classified as "held for sale", are measured at cost, adjusted for impairment. They will be tested for impairment and if necessary written down when there is evidence that the asset may have suffered impairment. The actual impairment will be charged to the income statement if there is objective evidence that events occurred which impacted the expected future cash flows of the equity investments themselves. Any losses, exceeding the carrying value of equity investments, that might arise due to legal obligations or implicit obligations to cover losses of investees, are recognised under Provisions for risks and charges.
If the reasons for write-down disappear in later years, the original value is reinstated. The related dividends are recorded under financial income from equity investments at the time the right to receive them is determined, generally coinciding with the resolution taken by the Shareholders' Meeting.

Subsidiaries
Companies are defined as subsidiaries when the Company has the power to govern, directly or indirectly, their financial and operating policies and to obtain benefits connected with their business.

Associates
Companies are defined as associates when the Company exercises a significant influence on them, but it does not hold control on their management or has not the power to govern their financial and operating policies and to obtain benefits connected with their business.

Impairment

Tangible and intangible assets, as well as equity investments are tested for impairment in the presence of specific indicators of loss of value.
The aim of this impairment test is to ensure that tangible and intangible assets, as well as equity investments, are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value less selling costs and their value in use.
Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

If the recoverable value of the asset or CGU, to which it belongs, is less than the net carrying value, the asset in question is written down to reflect its impairment, with recognition of the latter in the Income Statement for the year.

As no goodwill is recognised in the Financial Statements, impairment losses relating to CGUs are allocated on a proportional basis.

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount of what would have been the book value, net of amortisation calculated using the historical cost, if no impairment had been recognised.
Any reinstatements of value are recognised in the Income Statement.

Financial assets and liabilities

The Company measures some financial assets and liabilities at fair value. Fair value is the price that would be received for the sale of an asset or that would be paid for transfer of a liability in a normal transaction between market operators at the date of measurement.

A measurement of fair value assumes that the sale of the asset or transfer of the liability takes place:

- in the main market of the asset or liability; or
- when there is no main market, in the market most advantageous for the asset or liability.

The main market or most advantageous market must be accessible for the Company. The fair value of an asset or liability is measured by adopting the assumptions that the market operators would use in determining the price of the asset or liability, presuming that they act to meet their economic interest in the best way. Measurement of the fair value of a non-financial asset considers the capability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator that would use it in its maximum and best use.
The Company uses measurement methods that are appropriate for the situation, and for which data available to measure fair value are sufficient, while maximising the use of relevant inputs observable and limiting the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy and described hereunder:

- Level 1 - listed prices (not adjusted) in active markets for identical assets or liabilities the entity of which is identifiable at the measurement date;
- Level 2 - input data other than listed prices included in Level 1 which can be observed, either directly or indirectly for the asset or liability to be measured;
- Level 3 - the valuation techniques for which input data cannot be observed for the asset or liability to be measured.

The fair value measurement is classified internally at the same fair value hierarchy level in which the lowest hierarchy input used for the measurement is stated.
As regards assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Company determines whether transfers between hierarchy levels occurred while revising the classification at each annual reporting date.

Financial instruments

A financial instrument is any contract generating a financial asset for an entity and a financial liability or an equity instrument for another entity.

Financial assets

The financial assets are initially recognised at their fair value, increased by their ancillary charges if the financial assets are not recognised at their fair value through profit or loss. Trade receivables that do not include a significant financing component are excluded. For these receivables the Company applies the practical expedient and measures them at the transaction price, as determined pursuant to IFRS 15.

Upon recognition, for future measurements, financial assets are stated based on four possible measurement modalities:

- Financial assets at amortised cost;
- Financial assets at fair value through OCI with a reclassification of cumulative profits and losses;
- Financial assets at fair value through OCI without reversal of cumulative profits and losses when eliminated (equity instruments);
- Financial assets at fair value through profit or loss.

The selection of the classification of financial assets depends on the following:

- nature of financial assets, determined primarily by the characteristics of expected contractual cash flows;
- business model that the Company applies to the management of the financial assets in order to generate cash flows, which might result from the collection of contractual cash flows, as well as from the sale of financial assets or from both.

In order to classify and measure a financial asset at amortised cost or at fair value through other comprehensive income, this asset shall generate cash flows that depend solely on payments of principal and interest (SPPI). This measurement is defined as SPPI test and it is performed at instrument level.

Financial assets are derecognised from the financial statements when the right to receive cash no longer exists, the Company has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and (1) has transferred essentially all the risks and benefits of ownership of the financial asset or (2) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.

In the cases in which the Company has transferred the rights to receive cash flows from an asset or has signed an agreement based on which it retains the contractual rights to receive the cash flows of the financial asset, but takes on a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and benefits pertaining to the ownership.

Valuations are regularly carried out in order to verify whether there is objective evidence that a financial asset or a group of assets may have suffered impairment. If there is objective evidence, the impairment is recognized as a cost in the income statement for the year.

As regards trade receivables, the Company applies a simplified approach in calculating the expected losses. Therefore, the Company does not monitor changes in credit risk, but the expected loss is fully recognised at each reference date. As an instrument to determine the expected losses, the Company has defined a matrix system based on historical information, reviewed to take account of prospective elements, with reference to the specific types of debtors and their economic environment.

Equity investments in other companies are measured at fair value.

Financial liabilities

Financial liabilities are measured at amortised cost. Expenses are recognised in the income statement with the effective interest rate method, except for financial liabilities acquired for trading or derivatives (see following paragraph), or financial liabilities designated at FVTPL by the Management at first-time recognition, which are measured at fair value with counter-entry in the income statement.

Financial guarantees given are agreements envisaging a payment to repay the owner of a debt security against a loss incurred due to a non-payment by the debtor at the contractual maturity term. If the financial guarantees are issued by the Company, they are initially recognised as liabilities at fair value, increased by transaction costs that are directly attributable to the issue of the guarantee itself. The liability is then measured at the higher between the best estimated disbursement, required to fulfil the guaranteed obligation at the reporting date, and the initially recognised amount, less accumulated amortisation.

A financial liability is written off when the obligation underlying the liability has been extinguished, annulled or fulfilled. If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, or if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability and a recognition of a new liability, with recognition in the Income Statement of any differences involving the carrying values. In the event of amendments on financial liabilities defined as irrelevant, the economic effects of renegotiation are recognised in the Income Statement.

Offsetting financial instruments

A financial asset and liability can be offset and the net balance can be shown in the Statement of Financial Position if there is a current legal right to offset the amounts recognised and there is the intention to settle the net remainder, or realise the asset and at the same time settle the liability.

Financial derivatives

Derivatives, including embedded derivatives, separate from the main contract, are initially recognised at fair value.
Derivatives are classified as hedging instruments when the relation between derivatives and the object matter of the hedging is formally documented and the effectiveness of the hedging, which is periodically checked, is high.
When the hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value, and the effects are charged to the Income Statement. Accordingly, the hedged instruments are adjusted to reflect the changes in fair value, associated to the hedged risk.
In the event of cash flow hedges, the derivatives are designated as a hedge for exposure to variable cash flows attributable to risks that might subsequently affect the Income Statement. These risks are generally associated with an asset or liability recognised in the Financial Statements (as future payments on variable rate payables).
The effective portion of fair value change, related to the portion of derivative contracts designated as hedge derivatives pursuant to the standard, is recognised as component of the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year in the period in which the hedged transaction affects the Income Statement.
The ineffective portion of fair value change, as well as the entire fair value change in derivatives that have not been designated as hedge derivatives or that do not have the requirements envisaged in IFRS 9, is instead recognised directly through the Income Statement.

Non-current Assets Held for Sale and Discontinued Operations

The Company classifies discontinued non-current assets as held for sale if their carrying value will be recovered mainly with a sale, instead than through their continuous use. These discontinued non-current assets, classified as held for sale, are measured at the lower of their carrying amount or fair value, less sales costs. Sales costs are any additional costs directly attributable to the sale, excluding financial expenses and taxes.
The condition precedent to classify an asset as held for sale is deemed as fulfilled only when the sale is highly probable and the asset, or the discontinued group of assets, is available for immediate sale in its current conditions. The actions required for completing the sale should indicate that it is improbable that significant changes in the sale might occur or that the sale be cancelled. Management must be engaged in the sale, whose completion should be planned within one year from the date of classification.
The depreciation of property, plant and equipment and amortisation of intangible assets cease when they are classified as available for sale.
The assets and liabilities classified as held for sale are presented separately under the financial statement items.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Shareholders' Equity

Share capital consists of the ordinary shares outstanding, which are posted at par value.
Costs relating to the issue of new shares or options are classified in shareholders' equity (net of associated tax benefit relating to them) as a deduction from the proceeds of the issuance of such instruments.

Treasury shares

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable accessory costs, is deducted from the Company's Shareholders' Equity until such shares are cancelled, re-issued, or sold. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as Shareholders' Equity.
Consequently, no profit or loss is entered in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

Liabilities for employee benefits

Post-employment benefits are calculated based on programmes that, depending on their characteristics, are either "defined-contribution programmes" or "defined-benefit programmes". Liabilities for employee benefits include the Company's provision for severance indemnities.

Defined-contribution plans

Defined-contribution plans are formalised programmes of post-employment benefits according to which the company makes payments to an insurance company or a pension fund and will have no legal or constructive obligation to pay further contributions if, at maturity date, the fund has not sufficient assets to pay all benefits for employees, in relation to the work carried out in current and previous years. These contributions, paid against a work service rendered by employees, are accounted for as cost in the pertaining year.

Defined-benefit plans and other long-term benefits

Defined-benefit plans are programmes of post-employment benefits that represent a future obligation for the Company. The entity bears actuarial and investment risks related to the scheme.

The Company uses the projected unit credit method to determine the current value of liabilities of the scheme and the cost of services.

This actuarial calculation method requires the use of objective actuarial hypotheses, compatible and based on demographic variables (mortality rate, personnel turnover) and financial variables (discount rate, future increases of salaries and wages and benefits). When a defined-benefit plan is entirely or partially financed by contributions paid to a fund, legally separate from the company, or to an insurance company, the assets in support of the above scheme are measured at fair value. The amount of the obligation is therefore accounted for, less the fair value of assets in support of the scheme that the entity would pay to settle the obligation itself.

The revaluations, including actuarial profits and losses, the changes in the maximum threshold of assets (excluding net interest) and the yield of assets in support of the scheme (excluding net interests), are recognised immediately in the Statement of Financial Position, while debiting or crediting retained earnings through other components in the Statement of Comprehensive Income in the year in which they occur. Revaluations are not reclassified in the Income Statement in subsequent years. The other long-term benefits are intended for employees and differ from post-employment benefits. The accounting is similar to defined-benefit plans.

Provisions for risks and charges

Provisions for risks and charges are set aside to cover liabilities whose amount or due date are uncertain and that must be recognised in the Statement of Financial Position when the following conditions are satisfied at the same time:

- the entity has a current obligation (legal or constructive), i.e. under way as at the reporting date, arising from a past event;
- it is probable that economic resources will have to be used to fulfil the obligation;
- the amount needed to fulfil the obligation can be reliably estimated;
- risks, for which materialisation of a liability is only contingent, are disclosed in the notes to financial statements, in the section commenting on provisions, without provision being made.

In the case of events that are only remote, i.e. events that have very little likelihood of occurrence, no provisions are made and no additional or supplementary disclosure is provided.

Provisions are recognised at the value representing the best estimate of the amount the entity would pay to settle the obligation, or to transfer it to third parties, at the reporting date. If the time value of money is material, provisions are calculated by discounting expected future cash flows at a pre-tax discount rate reflecting the market's current evaluation of the cost of money over time. When discounting to present value is performed, the increase in the provision due to the passage of time is recognised as financial expense.

The funds are entered at the current value of expected financial resources, to be used in relation to the obligation. The provisions are periodically updated to reflect changes in cost estimates, realisation timing and any discounted value. Estimate reviews of provisions are charged to the same item in the Income Statement that previously included the allocation and in the Income Statement for the year in which the change occurred.

The Company establishes restructuring provisions if there exists an implicit restructuring obligation and a formal plan for restructuring that created in interested third parties the reasonable expectation that the company will carry out the restructuring, or because it has begun its realisation or because it has already communicated its main aspects to interested third parties.

Share-based payments - Equity-settled transactions

Some employees of the Company and the Group receive a portion of their compensation under the form of share-based payments. Therefore employees render their services against shares (equity-settled transactions).
The cost of equity-settled transactions is determined by the fair value at the date of the assignment, by using an adequate measurement method.
As regards the Company's employees, this cost is recognised under labour cost for the period in which terms and conditions related to the achievement of targets and/or the performance of the services are fulfilled. The counter entry is a corresponding increase in shareholders' equity. However, as regards other Group companies that are directly and indirectly controlled, this cost increases the carrying value of equity investments. Cumulative expenses and increases of related equity investments, recognised in relation to these transactions at the reporting date of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue.

Service or performance conditions are not taken into account when the fair value of the plan is defined at the grant date. The probability that these conditions be satisfied is however taken in to account while defining the best estimate of the number of equity instruments that will be held to maturity. Arm's length conditions are reflected in the fair value at the grant date. Any other term and condition related to the plan and that would not entail a performance obligation shall not be considered as a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and entail the prompt accounting of the expense related to the plan, unless there are also service or performance conditions.

No expense or increase in equity investments will be recognised in relation to rights that have not accrued by reason of the non-satisfaction of performance and/or service obligations. When the rights include a market condition, or a non-vesting condition, these rights are considered to be accrued regardless of the fact that market conditions or other non-vesting conditions have been fulfilled or not. It is understood that all other performance and/or service obligations must be satisfied.

If the conditions of the plan are modified, the minimum expense to be recognised is the fair value at the grant date, in the absence of the amendment of the plan itself, provided that the original conditions of the plan be fulfilled. Moreover, an expense for each change is recognised if it entails the increase in total fair value of the payment plan, or if this change is in any case favourable for employees. This expense is measured with reference to the change date. When a plan is cancelled by the entity or the counterpart, any remaining fair value element in the plan is immediately transferred to the income statement.

Income taxes

Income taxes include current and deferred taxes. Income taxes are generally recognised in the income statement, except when they relate to items entered directly in equity, in which case the tax effect is recognised directly in equity. Current income taxes are calculated by applying to taxable income the tax rate in force at the reporting date and include the adjustments to taxes related to prior periods.

Deferred taxes are calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences and tax credits and losses which were not used and can be brought forward, to the extent that the existence of adequate future taxable profits is probable, against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used.

Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is sold or the liability is redeemed.

Datalogic S.p.A. participates in the “national tax consolidation programme” of Hydra S.p.A., which makes it possible to transfer the net aggregate income or tax loss of the individual participating companies owned by the parent company, which will result in a single taxable income for the company or a single tax loss that can be carried forward, as the algebraic sum of income and/or losses, and will thus enter a single payable to or receivable from Tax Authorities.

Revenues recognition

Revenues are measured at fair value of the amount collected or collectable from the rendering of services within the scope of the Company’s ordinary business activity. Revenues are shown net of VAT, discounts and allowances.
Pursuant to IFRS 15, the Company recognises revenues after identifying the contracts with its customers, as well as performance obligations to be fulfilled, determining the consideration to which it expects to be entitled in exchange for the services, and after evaluating the ways to satisfy such performance obligations (satisfaction at point in time or over the time).

Pursuant to provisions set out by IFRS 15, the Company recognises revenues only when the following obligations have been satisfied:

- the parties in a contract have approved the contract and have undertook themselves to satisfy the related performance obligations;
- the rights of either party can be defined as regards goods and services to be transferred;

- payment terms of transferable goods and services can be defined;
- the contract is of a commercial type;
- the consideration in exchange of services transferred will be received.

If the aforesaid requirements are fulfilled, the Company recognises the revenues by applying the following rules.

Rendering of services

The Company renders services to its subsidiaries. The Company recognises revenues from services when it has fulfilled its obligation to do so by transferring the promised service (i.e. asset) to the customer. The asset is transferred when the customer acquires its control.

Government grants

Government grants are recognised - regardless of the existence of a formal grant resolution - when there is reasonable certainty that the company will comply with any conditions attached to the grant and therefore that the grant will be received.

Government grants receivable as compensation for costs already incurred, or to provide immediate financial support to the recipient company with no future related costs, are recognised as income in the year in which they become receivable.

Revenues relating to dividends and interest

Revenues relating to dividends and interest is respectively recognised as follows:

- dividends, when the right is established to receive dividend payment (with a receivable recognised in the statement of financial position when distribution is resolved);
- interest, with application of the effective interest rate method.

Dividends paid out

Dividends are recognised when shareholders have the right to receive payment. This normally corresponds to the date of the annual General Shareholders' Meeting that approves dividend distribution.
The dividends distributable to Shareholders are recognised as an equity movement in the year when they are approved by the Shareholders' Meeting.

Treatment of foreign currency items

Functional presentation currency

The items shown in the Company's Financial Statements are shown in the currency of the economic environment in which the entity operates, i.e. functional currency. These Financial Statements are disclosed in thousands of Euro, which is the Company's "functional" and "presentation" currency.

Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are initially translated in the functional currency by using the exchange rate at the date of transaction. At the reporting date of the reference year, non functional-currency monetary assets and liabilities are converted in the functional currency at the exchange rate in force on that date. Exchange rate differences realized upon collection of receivables and payment of payables in foreign currency and those deriving from the translation of monetary assets and liabilities into non-functional currency at the reporting date are recorded in the Income Statement in the section relating to financial income and expenses. Non-monetary assets and liabilities, denominated in a non-functional currency and measured at cost, are translated at the exchange rate effective on the date of transaction, while transactions measured at fair value are translated at the exchange rate on the date in which such value is determined.

4) New accounting standards, interpretations and amendments adopted by the Company as at 1 January 2020

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

- On 31 October 2018, the IASB published the document ***"Definition of Material (Amendments to IAS 1 and IAS 8)"***. The document introduced an amendment in the definition of "material" included in the IAS 1 – Presentation of Financial Statements e IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of this amendment had no impact on the Company's Financial Statements.

- On 22 October 2018, the IASB published the document ***"Definition of a Business (Amendments to IFRS 3)"***. Some clarifications are supplied in the document on the definition of business for a correct application of the IFRS 3 standard. The adoption of that amendment did not have any effects on the Company's Financial Statements.

- On 29 March 2018, the IASB published an amendment to the ***"References to the Conceptual Framework in IFRS Standards"***. The amendment is applicable to the annual reporting periods beginning on or after 1 January 2020. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. The adoption of this amendment had no impact on the Company's Financial Statements.

- On 26 September 2019, the IASB issued the amendment entitled ***"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform"***. It amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. The adoption of this amendment had no impact on the Company's Financial Statements.

5) IFRS and IFRIC accounting standards, amendments and interpretations that, as at 31 December 2020, were endorsed by the European Union but whose application was not yet mandatory and early application was not adopted by the Company

- On 28 May 2020, the IASB issued an amendment entitled "***Covid-19 Related Rent Concessions (Amendment to IFRS 16)"***. The document envisages for lessees to recognise Covid-19 related rent reductions without having to measure, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is complied with. Directors do not expect any significant impact on the Company's Financial Statements due to the adoption of this amendment. In this regard, during the year no reductions in lease instalments were requested as a result of Covid-19.

- 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. These amendments will enter in force on 1 January 2021. Directors do not expect any significant impact on the Company's Financial Statements due to the adoption of this amendment.

- 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.

All these amendments will enter in force on 1 January 2021. At present, the Directors are assessing the possible effects of the introduction of this amendment on the Company's Financial Statements.

6) IFRS accounting standards, amendments and interpretations that are still not endorsed by the European Union

- On 18 May 2017, the IASB published ***IFRS 17 - Insurance Contracts,*** which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds.
  The new standard also envisages presentation and disclosure requirements to improve comparability between entities belonging to this sector. The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
  The standard applies from 1 January 2023, but early application is permitted, only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. In view of its content, the Directors do not expect any impact on the Company's Financial Statements due to the adoption of this standard.

- On 23 January 2020, the IASB published an amendment entitled "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments come into force on 1 January 2023; early application is however permitted. Directors do not expect any significant impact on the Company's Financial Statements due to the adoption of this amendment.

- On 14 May 2020, the IASB published the following amendments:
  - ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without this changing the provisions of IFRS 3.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is not to allow the amount received from the sale of assets produced in the test phase of the asset to be deducted from the cost of tangible assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the assessment of the possible cost of a contract includes not only the incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of personnel costs and depreciation of the machinery used to fulfil the contract).
  - ***Annual Improvements 2018-2020***: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All these amendments will enter in force on 1 January 2022. Directors do not expect any significant impacts on the Company's Financial Statements due to the adoption of these amendments.

7) Use of estimates and assumptions

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

Following are the assumptions concerning the future, as well as the other main causes of uncertainty related to estimates which, at the reporting date, show a significant risk to generate remarkable adjustments in the carrying values of assets and liabilities within the following financial year. The Company has based its assumptions and estimates on parameters which were available when preparing the Financial Statements. The current circumstances and assumptions on future developments might however change upon occurrence of market changes or events beyond the Company's control. Upon their occurrence, these changes are reflected in the assumptions.

Impairment of equity investments in subsidiaries and associates

An impairment occurs when the book value of an asset exceeds its recoverable value, which is its fair value, less sales costs, and its value in use, whichever is higher. The fair value, less sales costs, is the amount that can be obtained from the sale of an asset, in a free transaction between aware and willing parties, less costs for disposal. The value in use is calculated by using a discounted cash-flow model. Cash flows result from plans. The recoverable value depends much on the discounting rate used in the discounted cash flow model, as well as on cash flows expected in the future and the growth rate used for extrapolation.

Fair value of financial assets

When the fair value of a financial asset or liability, which is recognised in the statement of financial position, cannot be measured based on quotations in an active market, fair value is determined by using various measurement techniques. Inputs included in this model are taken from observable markets, whenever possible, but when it is not possible, a certain level of estimates is required to determine fair values.

Share-based payments - Equity-settled transactions

Some employees of the Company and the Group receive a portion of their compensation under the form of share-based payments. The cost of equity-settled transactions is determined by the fair value of instruments at the date of the assignment. Cumulative expenses, recognised in relation to these transactions at the reporting date of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue. Evaluation processes and modalities, as well as the determination of the above-mentioned estimates, are based on assumptions that, for their nature, involve the evaluation of Directors.

FINANCIAL RISK MANAGEMENT

Risk factors

The Company is exposed to various types of financial risks in the course of its business, including:

- **market risk,** specifically:
  - foreign currency exchange risk, relating to operations in currency areas other than that of the functional currency;
  - interest rate risk, connected with the Company's level of exposure to financial instruments, generating interest and recognised in the Statement of Financial Position;
- **credit risk**, deriving from trade transactions or from financing activities;
- **liquidity risk,** relating to availability of financial resources and access to the credit market.

The Company specifically monitors each of the aforementioned financial risks, taking prompt action in order to minimise such risks. The sensitivity analysis is subsequently used to indicate the potential impact on the final results deriving from hypothetical fluctuations in the reference parameters. As provided for by IFRS 7, the analyses are based on simplified scenarios applied to the figures and, owing to their nature, they cannot be considered indicative of the actual effects of future changes.

MARKET RISK

a) Foreign currency exchange risk

The Company operates in an international environment and is exposed to transaction exchange risk. **Transaction risk** relates to trade transactions (foreign currency receivables/payables) and financial transactions (foreign currency borrowings or loans) of the Company in currencies other than its functional presentation currency. The foreign currency to which the Company is most exposed is the US dollar.

To permit full understanding of the impact of the foreign currency exchange risk on the Company's Financial Statements, we have analysed the sensitivity of foreign currency accounting items to changes in exchange rates. The variability parameters applied were identified among the foreign exchange-rate differences considered reasonably possible, with all other variables remaining equal. The following table shows the results of the analysis as at 31 December 2020:

USD	Nominal value	Portion exposed to exchange rate risk	5%	-5%
Exchange rates		**1.2271**	**1.2885**	**1.1657**
Financial assets				
Cash and cash equivalents	80,456	20,904	(995)	1,100
Financial assets and Investments	10,152			
Trade and other receivables	12,386	75	(4)	4
Loans	236,910	11,070	(527)	583
Financial liabilities				
Loans	203,874	26,759	1,274	(1,408)
Trade and other payables	10,279	101	198	208
Net impact on the income statement			**(54)**	**487**

As at 31 December 2020, the Company has no financial instruments in place to hedge changes in exchange rates on foreign currencies.

b) Interest rate risk

The Company is exposed to interest rate risk associated both with the availability of cash and with current borrowings. The objective of interest rate risk management is to limit and stabilize the negative effects on cash flows subject to changes in interest rates. As at 31 December 2020, the Company had no financial instruments to hedge interest rate changes.

In order to fully understand the potential effects of fluctuations in interest rates to which the Company is exposed, a sensitivity analysis was carried out on the items of the Financial Statements most subject to risk, assuming a change of 10 basis points in the Euribor interest rate and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2020.

Euribor	Nominal value	Portion exposed to interest rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	80,456	59,552	60	(60)
Financial assets and loans	10,152	10,152	10	(10)
Loans	236,910	225,840	224	(224)
Financial liabilities				
Loans	203,874	46,740	(46)	46
Net impact on the income statement			**248**	**(248)**

Libor	Nominal value	Portion exposed to interest rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	80,456	20,904	21	(21)
Financial assets and loans	10,152			
Loans	236,910	11,070	11	(11)
Financial liabilities				
Loans	203,874	26,759	(27)	27
Net impact on the income statement			**5**	**(5)**

CREDIT RISK

The Company, having no commercial or financial relations with customers external to the Datalogic Group, but only with associates, is not significantly exposed to this risk.

LIQUIDITY RISK

The Company's liquidity risk is minimised by careful management by the Central Treasury Department. Bank indebtedness and liquidity are handled via instruments aimed at optimising the financial resources, including cash pooling. The Company manages and negotiates medium/long-term financing and credit lines to meet its own and the Group's requirements. Centralised negotiation of credit lines and loans, and the management of the Group's cash resources are aimed at optimising financing costs.

Details of financial liabilities by maturity are provided below.

	0 - 1 year	1 - 5 years	Total
Loans	52,659	77,717	130,376
Lease financial payables	199	209	408
Financial payables to Datalogic Group companies	73,090		73,090
Trade and other payables	10,279		10,279
Total	**136,227**	**77,926**	**214,153**

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

The breakdown of tangible assets as at 31 December 2020 and 31 December 2019 is reported below. Net investments were recognised, over the year, amounting to €467 thousand and depreciation amounting to €1,627 thousand.

	31.12.2020	31.12.2019	Change
Land	2,466	2,466	-
Buildings	15,100	15,333	(233)
Other assets	4,203	5,130	(927)
Total	**21,769**	**22,929**	**(1,160)**

Details of movements as at 31 December 2020 and 31 December 2019 are as follows:

	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	2,466	18,177	15,409		36,052
Accumulated depreciation		(2,844)	(10,279)		(13,123)
Net book value as at 01.01.2020	**2,466**	**15,333**	**5,130**		**22,929**
Increases 31.12.2020					
Investments			467		467
Total			**467**		**467**
Decreases 31.12.2020					
Disposals, historical cost			(35)		(35)
Disposals, accumulated depreciation			35		35
Depreciation		(233)	(1,394)		(1,627)
Total		**(233)**	**(1,394)**		**(1,627)**
Historical cost	2,466	18,177	15,841		36,484
Accumulated depreciation		(3,077)	(11,638)		(14,715)
Net book value as at 31.12.2020	**2,466**	**15,100**	**4,203**		**21,769**

	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	2,466	18,089	14,672	9	35,236
Accumulated depreciation	0	(2,611)	(9,027)		(11,638)
Net book value as at 01.01.2019	**2,466**	**15,478**	**5,645**	**9**	**23,598**
Increases 31.12.2019					
Investments		79	817		896
Total		**79**	**817**		**896**
Decreases 31.12.2019					
Disposals, historical cost			(79)		(79)
Disposals, accumulated depreciation			67		67
Depreciation		(233)	(1,319)		(1,552)
Total		**(233)**	**(1,331)**		**(1,564)**
Other changes 31.12.2019					
Incoming transfers at historical cost		9		(9)	
Total		**9**		**(9)**	
Historical cost	2,466	18,177	15,409		36,052
Accumulated depreciation	-	(2,844)	(10,279)		(13,123)
Net book value as at 31.12.2019	**2,466**	**15,333**	**5,130**		**22,929**

Investments refer to the normal replacement of goods and plants concerning the “Other assets” item, which includes mainly office furniture and machines (€3,389 thousand) and general plants related to buildings (€750 thousand).

Note 2. Intangible assets

Intangible assets as at 31 December 2020 amounted to €8,705 thousand (€7,911 thousand as at 31 December 2019). Net investments were recognised, over the year, amounting to €2,339 thousand and amortisation amounting to €1,545 thousand.

	31.12.2020	31.12.2019	Change
Software	8,652	5,701	2,951
Other	-	72	(72)
Assets in progress and payments on account	53	2,138	(2,085)
Total	**8,705**	**7,911**	**794**

The investments made during the year relate to the development of a management application to support the control model.

Details of movements as at 31 December 2020 and 31 December 2019 are as follows:

	Software	Other	Assets in progress and payments on account	Total
Historical cost	13,631	641	2,138	16,410
Accumulated amortisation	(7,930)	(569)		(8,499)
Net book value as at 01.01.2020	**5,701**	**72**	**2,138**	**7,911**
Increases 31.12.2020				
Investments	2,295		44	2,339
Total	**2,295**		**44**	**2,339**
Decreases 31.12.2020				
Disposals, historical cost	(2)			(2)
Disposals, accumulated amortisation	2			2
Amortisation	(1,473)	(72)		(1,545)
Total	**(1,473)**	**(72)**		**(1,545)**
Other changes 31.12.2020				
Incoming transfers at historical cost	2,129		(2,129)	
Total	**2,129**		**(2,129)**	
Historical cost	18,053	641	53	18,747
Accumulated amortisation	(9,401)	(641)		(10,042)
Net book value as at 31.12.2020	**8,652**	**-**	**53**	**8,705**

	Software	Other	Assets in progress and payments on account	31.12.2019
Historical cost	11,281	641	776	12,698
Accumulated amortisation	(6,767)	(425)		(7,192)
Net book value as at 01.01.2019	**4,514**	**216**	**776**	**5,506**
Increases 31.12.2019				
Investments	2,185		1,532	3,717
Total	**2,185**		**1,532**	**3,717**
Decreases 31.12.2019				
Disposals, historical cost	(5)			(5)
Disposals, accumulated amortisation	1			1
Amortisation	(1,164)	(144)		(1,308)
Total	**(1,168)**	**(144)**		**(1,312)**
Other changes 31.12.2019				
Incoming transfers at historical cost	170		(170)	
Total	**170**		**(170)**	
Historical cost	13,631	641	2,138	16,410
Accumulated amortisation	(7,930)	(569)		(8,499)
Net book value as at 31.12.2019	**5,701**	**72**	**2,138**	**7,911**

Note 3. Right-of-use assets

Right-of-use assets amounting to €395 thousand as at 31 December 2020 (€649 thousand as at 31 December 2019) relate to the recognition of the rights of use of buildings and vehicles with operating leases.

	31.12.2020	31.12.2019	Change
Buildings	172	453	(281)
Vehicles	223	196	27
Total	**395**	**649**	**(254)**

Details of movements as at 31 December 2020 and 31 December 2019 are as follows:

	Buildings	Vehicles	Total
Historical cost	570	271	841
Accumulated amortisation	(117)	(75)	(192)
Net book value as at 01.01.2020	**453**	**196**	**649**
Increases 31.12.2020			
Investments		127	127
Total		**127**	**127**
Decreases 31.12.2020			
Disposals, historical cost	(243)		(243)
Disposals, accumulated amortisation	55		55
Amortisation	(93)	(100)	(193)
Total	**(281)**	**(100)**	**(381)**
Historical cost	327	398	725
Accumulated amortisation	(155)	(175)	(330)
Net book value as at 31.12.2020	**172**	**223**	**395**

	Buildings	Vehicles	Total
Net book value as at 01.01.2019			
Increases 31.12.2019			
Adoption of IFRS 16	570	271	841
Total			
Decreases 31.12.2019			
Amortisation	(117)	(75)	(192)
Total			
Historical cost	570	271	841
Accumulated amortisation	(117)	(75)	(192)
Net book value as at 31.12.2019	**453**	**196**	**649**

During the year, the Company did not request significant reductions in lease payments as a result of Covid-19.

Note 4. Equity investments

The equity investments held by the Company as at 31 December 2020 amount to €188,936 thousand (€185,155 thousand as at 31 December 2019).

	31.12.2019	Increases	Decreases	Other changes	31.12.2020
Subsidiaries	184,455	3,780	-	-	188,236
Associates	700	-	-	-	700
Total associates	**185,155**	**3,780**	**-**	**-**	**188,936**

The change in the year is represented by the purchase of a further 3.9% of the share capital of the subsidiary Datalogic IP Tech S.r.l. for a consideration of €2,847 thousand, determined on the basis of an estimate of the fair value of said company. The transfer of 3.9% of the shares determines the equal balance at 50% of the percentages held in Datalogic IP Tech S.r.l. by the two participating companies Datalogic S.p.A. and Datalogic S.r.l. The new shareholding structure reflects more consistently the governance of the transferor Datalogic S.r.l. and of the assignee Datalogic S.p.A. compared to the investee IP Tech S.r.l. and allows the latter to adopt more effective administrative solutions aimed at simplifying management and operations.

The other changes, amounting to €933 thousand, relate to the recognition, in accordance with IFRS 2, of the Stock Grant plan in relation to the rights assigned by the Group’s subsidiaries.
The information on the equity investments in subsidiaries and associates are set out in Annex 2. The negative differentials between the pro-rate shareholders’ equity and the carrying value of some equity investments are not deemed as impairment in relation to future revenue expectations of investees and their contribution to the Group’s business.

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 as at 31 December 2020 and 31 December 2019:

	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	**172**	**888**	**6,876**	**7,936**
Financial assets - Equity investments	-	888	6,876	7,764
Other receivables	172	-	-	172
Current financial assets	**327,715**	**12,189**	**-**	**339,904**
Trade receivables	10,166	-	-	10,166
Other receivables	2,220	-	-	2,220
Financial assets - Other	-	10,152	-	10,152
Loans to subsidiaries	234,873	-	-	234,873
Loans to third parties	-	2,037	-	2,037
Cash and cash equivalents	80,456	-	-	80,456
Total	**327,887**	**13,077**	**6,876**	**347,840**

	Financial assets at amortised cost	Financial assets at FV through profit or loss	Financial assets at FV through OCI	31.12.2019
Non-current financial assets	**182**	**535**	**8,930**	**9,647**
Financial assets - Equity investments	-	-	8,930	9,465
Financial assets - Other	-	-	-	-
Other receivables	182	-	-	182
Current financial assets	**417,945**	**31,200**	**-**	**449,145**
Trade receivables	9,495	-	-	9,495
Other receivables	100,945	-	-	100,945
Financial assets - Other	-	31,200	-	31,200
Loans to subsidiaries	200,575	-	-	200,575
Cash and cash equivalents	106,930	-	-	106,930
Total	**418,127**	**31,735**	**8,930**	**458,792**

	Derivatives	Financial liabilities at amortised cost	31.12.2020
Non-current financial liabilities	**-**	**77,926**	**77,926**
Financial payables	-	77,926	77,926
Current financial liabilities	**-**	**136,227**	**136,227**
Trade payables	-	6,190	6,190
Other payables	-	4,089	4,089
Short-term financial payables	-	125,948	125,948
Total	**-**	**214,153**	**214,153**

	Derivatives	Financial liabilities at amortised cost	31.12.2019
Non-current financial liabilities	**-**	**110,203**	**110,203**
Financial payables	-	110,203	110,203
Current financial liabilities	**-**	**206,511**	**206,511**
Trade payables	-	5,768	5,768
Other payables	-	9,286	9,286
Short-term financial payables	-	191,457	191,457
Total	**-**	**316,714**	**316,714**

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 Company 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).

Fair Value hierarchy	Level 1	Level 2	Level 3	31.12.2020
Financial assets - Investments	6,876	-	888	7,764
Financial assets - Other	10,152	-	-	10,152
Financial assets - Loans	-	-	2,037	2,037
Total Assets measured at fair value	**17,028**	**-**	**2,925**	**19,953**

Note 6. Financial assets

The financial assets include the following:

	31.12.2020	31.12.2019	Change
Non-current financial assets	7,764	9,465	(1,700)
Current financial assets	12,189	31,200	(19,011)
Total	**19,953**	**40,665**	**(20,712)**

The item “Non-current financial assets” consists of equity investments in other companies, mainly represented by the investment of 1.2% in the Japanese company Idec Corporation for €6,876 thousand. The change over the year is attributable to the fair value adjustment of the investment and the effect of exchange rates and the investment in the Mandarin III fund for €283 thousand. Changes during the year are shown below:

	2020	2019	Change
As at 1 January	**9,465**	**7,224**	**2,241**
Investments/Divestments	283	535	(252)
Profits/(losses) recognised in OCI	(1,728)	1,431	(3,159)
Adjustment on exchange rates	(256)	275	(531)
As at 31 December	**7,764**	**9,465**	**(1,701)**

The “Current financial assets” item mainly consists of temporary investments in corporate cash, represented by insurance policies and spot cash mutual investment funds. The change refers to the measurement at fair value for the period and to the investment in a financial investment, convertible into capital, issued by the company AWM Smart Shelf, and amounting to €2,037 thousand, as well as to the disposal, at arm’s length, of an investment to the Parent Company.

Note 7. Trade and other receivables

The breakdown of the item as at 31 December 2020 and 31 December 2019 is as follows:

	31.12.2020	31.12.2019	Change
Trade receivables	**10,166**	**9,495**	**671**
of which from subsidiaries	*10,145*	*9,480*	*665*
Other receivables - accrued income and prepaid expenses	**2,220**	**100,945**	**(98,725)**
of which from subsidiaries	*589*	*98,744*	*(98,092)*
Total trade and other receivables	**12,386**	**110,440**	**(98,054)**

Trade receivables

Trade receivables as at 31 December 2020 amounted to €10,166 and mainly include trade relationships for intercompany services rendered to subsidiaries at arm's length. As at 31 December 2020, the breakdown of the item by maturity terms, compared with the same period of the previous year, was as follows:

	31.12.2020	31.12.2019
Not yet due	9,659	9,072
Past due by 30 days	20	-
Past due by 31 - 90 days	21	-
Over 90 days	466	423
Total	**10,166**	**9,495**

The following table shows the breakdown of trade receivables by currency as at 31 December 2020 and 31 December 2019:

	31.12.2020	31.12.2019
Euro (EUR)	10,037	9,111
US Dollar (USD)	72	326
British Pound Sterling (GBP)	4	4
Japanese Yen (JPY)	53	55
Total	**10,166**	**9,495**

Other receivables - accrued income and prepaid expenses

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

	31.12.2020	31.12.2019	Change
Other short-term receivables	942	99,078	(98,136)
of which from subsidiaries	*589*	*98,744*	*(98,092)*
Other receivables - non-current	172	182	(10)
VAT receivables	3	502	(499)
Accrued income and prepaid expenses	1,275	1,365	(90)
Total	**2,392**	**101,127**	**(98,735)**

The item "Other short-term receivables" from subsidiaries comprises €589 thousand for VAT receivables from the company Datalogic IP Tech S.r.l., part of the Group VAT consolidation. The change in the period is mainly due to the payment of dividends from the subsidiary Datalogic S.r.l.

The "Accrued income and prepaid expenses" item is mainly composed of insurance, as well as hardware and software licenses.

Note 8. Tax payables and receivables

	31.12.2020	31.12.2019	Change
Tax receivables	197	961	(764)
Tax payables	(2,497)	(3,191)	694
of which to Parent Company	*(1,700)*	*(2,128)*	*428*
Total	**(2,300)**	**(2,230)**	**(70)**

As at 31 December 2020, "Tax receivables" amounted to €197 thousand, decreasing by €764 thousand compared to 2019 (€961 thousand as at 31 December 2019).

"Tax payables" amounted to €2,497 thousand as at 31 December 2020, decreasing by €694 thousand (€3,191 thousand as at 31 December 2019). The payables for IRES tax to the Parent Company Hydra S.p.A. equal to €1,700 thousand are classified under this item. This amount is part to the tax consolidation.

Note 9. Loans to subsidiaries

	31.12.2020	31.12.2019	Change
Loans to subsidiaries	145,500	145,500	-
Financial receivables from subsidiaries for cash pooling	89,373	55,075	34,298
Total	**234,873**	**200,575**	**34,298**

As at 31 December 2020, the item "Loans to subsidiaries" amounted to €234,873 thousand (€200,575 thousand as at 31 December 2019) with the change during the year caused by the change in the short-term financial receivables from the Parent Company within the scope of the cash pooling contract. The above-mentioned loans bear interest at normal market conditions.

For details on the breakdown of the item by counterparty, please refer to the following section on transactions with related parties.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

The breakdown of Shareholders' Equity of €349,685 thousand as at 31 December 2020 compared with the previous year is shown below.

	31.12.2020	31.12.2019	Change
Share capital	30,392	30,392	-
Share premium reserve	111,779	111,779	-
Treasury shares held in portfolio	(21,899)	(15,113)	(6,786)
Share capital and capital reserves	**120,272**	**127,058**	**(6,786)**
Other reserves	**6,428**	**6,272**	**156**
Retained earnings	**203,080**	**115,178**	**87,902**
Profit for the year	**19,905**	**105,040**	**(85,135)**
Total shareholders' equity	**349,685**	**353,548**	**(3,863)**

Share capital

Movements in share capital and reserves as at 31 December 2020 and 31 December 2019 are reported below:

	Number of shares	Share capital	Share cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
01.01.2020	**57,298,154**	**30,392**	**2,813**	**(15,113)**	**24,595**	**84,371**	**127,058**
Purchase of treasury shares	(606,663)	-	-	(6,787)	6,787	(6,787)	(6,787)
Assignment of Stock Grants	869	-	-	-	-	-	-
Purchase/sale expenses	-	-	-	1	-	-	1
31.12.2020	**56,692,360**	**30,392**	**2,813**	**(21,899)**	**31,382**	**77,584**	**120,272**

	Number of shares	Share capital	Share cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
01.01.2019	**57,550,542**	**30,392**	**2,813**	**(10,810)**	**20,297**	**88,669**	**131,361**
Purchase of treasury shares	(252,388)			(4,298)	4,298	(4,298)	(4,298)
Purchase/sale expenses				(5)			(5)
31.12.2019	**57,298,154**	**30,392**	**2,813**	**(15,113)**	**24,595**	**84,371**	**127,058**

As at 31 December 2020, the share capital of €30,392 thousand represents the share capital fully subscribed and paid by 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 December 2020, changes in other reserves are broken down as follows:

- change in the cash flow hedge reserve, amounting to €188 thousand;
- change in the reserve of financial assets measured at FVOCI, amounting to €1,575 thousand;
- change in the stock grant reserve, amounting to €1,540 thousand.

With reference to changes in the stock grant reserve, these changes were related to the recognition of the medium/long-term share-based incentive plan, approved by the Shareholders' Meeting on 30 April 2019. Should

present performance targets be achieved, the rights to receive Company's shares were assigned to the beneficiaries by the Directors on 25 June 2019 (grant date).
The above-mentioned increase in Shareholders' Equity was recognised, for the portion pertaining to the year, based on the measurement at fair value of the entire plan, carried out by a primary expert.

Note 11. Financial payables

Financial payables are broken down as follows:

	31.12.2020	31.12.2019	Change
Borrowings from Bank	130,376	156,956	(26,580)
Financial payables to subsidiaries for cash pooling	73,090	144,044	(70,954)
Lease financial payables	408	660	(252)
Total Financial liabilities	**203,874**	**301,660**	**(97,786)**

Financial payables are apportioned by maturity date as follows:

	Within 12 months	After 12 months	31.12.2020
Borrowings from Bank	52,659	77,717	130,376
Financial payables to subsidiaries for cash pooling	73,090	-	73,090
Lease financial payables	199	209	408
Total	**125,948**	**77,926**	**203,874**

Bank borrowings in place as at 31 December 2020, for a total of €130,376 thousand, were taken out at a fixed rate. The change in the period is determined by the repayment of instalments falling due during the year.

	2020	2019
As at 1 January	**156,956**	**203,980**
Decreases for borrowing repayments	(26,834)	(47,637)
Recalculation of amortised cost	254	613
As at 31 December	**130,376**	**156,956**

The change in financial payables to subsidiaries for the year is determined by the change in intragroup current accounts with subsidiaries as part of cash pooling contracts. This moratorium allowed the Company to postpone the October 2020 instalment and to settle the payment along the subsequent instalments, leaving the original maturity of the loan unchanged. The amendment to the loan agreement is a non-substantial modification pursuant to IFRS 9.

Covenants

Some borrowing contracts envisage the compliance with some financial covenants, measured on consolidated figures of the Datalogic Group every six months as at 30 June and as at 31 December, as set out in detail 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, the aforesaid covenants were fulfilled.

Note 12. Net deferred taxes

The net balance of deferred tax assets and deferred tax liabilities amounted to €861 thousand as at 31 December 2020 (€2,312 thousand as at 31 December 2019). The change in the year is mainly due to the release of deferred taxes relating to dividends collected.

	31.12.2020	31.12.2019	Change
Deferred tax assets	950	836	114
Deferred tax liabilities	(1,811)	(3,148)	1,337
Net deferred taxes	**(861)**	**(2,312)**	**1,451**

Deferred tax assets and liabilities result both from positive items already recognised in the income statement and subject to deferred taxation under current tax regulations and temporary differences between recorded assets and liabilities and their relevant taxable value. Deferred tax assets are accounted for based on assumptions of the future recoverability of the temporary differences that originated them, which is based on economic and fiscal strategic plans.

Below we show the main items forming deferred tax assets and deferred tax liabilities and changes occurred in them over the year:

Prepaid taxes	01.01.2020	Accrued in (released from) Income Statement	Accrued in (released from) Shareholders' Equity	31.12.2020
Adjustment on exchange rates	71	235	-	306
Amortisation	223	23	-	246
Provisions	263	7	-	270
Other	279	(151)	1	129
Total	**836**	**114**	**-**	**950**

Deferred taxes	01.01.2020	Accrued in (released from) Income Statement	Accrued in (released from) Shareholders' Equity	31.12.2020
Adjustment on exchange rates	519	(133)	(21)	365
Amortisation	1,391	-	-	1,391
Provisions	(109)	-	-	(109)
Other	1,347	(1,183)	-	164
Total	**3,148**	**(1,316)**	**(21)**	**1,811**

Note 13. Post-employment benefits

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

	2020	2019	Change
As at 1 January	**633**	**395**	**238**
Provisions	265	286	(21)
Payments	(68)	(166)	98
Receivable from INPS	(184)	(159)	(25)
Discounting	4	277	(273)
Other movements	(4)	-	(4)
As at 31 December	**646**	**633**	**13**

Note 14. Provisions for risks and charges

Some irrelevant disputes related to the Company are currently in place. Their risk is assessed by experts as possible and no allocations were made in relation to them, as provided for by IAS 37.

Note 15. Trade and other payables

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

	31.12.2020	31.12.2019	Change
Trade payables	**6,190**	**5,768**	**422**
of which to subsidiaries	*110*	*189*	*(79)*
of which to related parties	*-*	*2*	*(2)*
Other short-term payables	**3,624**	**8,868**	**(5,244)**
of which to subsidiaries	*376*	*5,366*	*(4,990)*
Accrued liabilities and deferred income	**465**	**418**	**47**

Trade payables amounted to €6,190 thousand as at 31 December 2020 and are substantially in line with the previous year, marking a change of €422 thousand.

Other payables – accrued liabilities and deferred income

	31.12.2020	31.12.2019	Change
Other short-term payables:	**3,624**	**8,868**	**(5,244)**
Payables to employees	1,442	1,465	(23)
Payables to pension and social security agencies	1,122	1,125	(3)
Other payables	1,060	6,278	(5,218)
Current accrued liabilities and deferred income	**465**	**418**	**47**
Total	**4,089**	**9,286**	**(5,197)**

Payables to employees represents the amount due for salaries and holidays accrued as at 31 December 2020.

The change in “Other payables” of €5,218 thousand is mainly attributable to the decrease in the amount due to Group companies participating in the VAT consolidation, relating to Datalogic IP Tech S.r.l. for €4,102 thousand and to Datalogic S.r.l. for €813 thousand.

Note 16. Net financial position

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

(€/000)	**31.12.2020**	**31.12.2019**
A. Cash and bank deposits	80,456	106,930
B. Other cash equivalents	-	-
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**80,456**	**106,930**
E. Current financial receivables	**247,062**	**231,775**
e.1 loans to subsidiaries	*234,873*	*200,575*
e.2 other current financial receivables	*12,189*	*31,200*
F. Bank overdrafts	-	-
G. Current portion of non-current debt	125,749	191,266
H. Other current financial liabilities	199	191
h.1 leasing payables	*199*	191
I. Current financial debt (F) + (G) + (H)	**125,948**	**191,457**
J. Current Net Financial Debt/(Net Financial Position) (I) - (E) - (D)	**(201,570)**	**(147,249)**
K. Non-current bank borrowing	77,717	109,734
L. Other non-current financial assets	-	-
M. Other non-current financial liabilities	209	469
m.1 leasing payables	*209*	469
N. Non-current financial debt (K) + (L) + (M)	**77,926**	**110,203**
O. Net Financial Debt/(Net Financial Position) (J) + (N)	**(123,644)**	**(37,046)**

The **Net Financial Position**, as at 31 December 2020, was €123,644 thousand, up by €86,598 thousand compared to 31 December 2019 (€37,046 thousand). Cash flows, which brought about the change in the Company's Net Financial Position as at 31 December 2020, are mainly represented by the dividends received from investee companies.

	31.12.2020	**31.12.2019**	**Change**
Financial Debt (Financial Position) at the beginning of the period	**37,046**	**61,306**	**(24,260)**
EBITDA	6,203	7,680	(1,477)
Change in net trade working capital	(5,358)	2,748	(8,106)
Net investments	(5,553)	(5,150)	(403)
Change in taxes	62	13	49
Financial Incomes/(Expenses)	471	2,420	(1,949)
Dividends collected	115,972	163	115,809
Dividend distribution	(17,007)	(28,716)	11,709
Treasury shares	(6,786)	(4,303)	(2,483)
Other changes	(1,345)	(3,035)	1,691
Change in Net Financial Position before IFRS 16	**86,659**	**(418)**	**87,077**
IFRS 16	(61)	(660)	599
Change in Net Financial Position	**86,598**	**(24,260)**	**110,858**
Financial Debt (Financial Position) at the end of the period	**123,644**	**37,046**	**86,598**

INFORMATION ON THE INCOME STATEMENT

Note 17. Revenues

Revenues divided by type are shown in the following table:

	31.12.2020	31.12.2019	Change
Revenues from Royalties	12,528	15,503	(2,975)
Revenues from Services	15,538	15,242	296
Total	**28,066**	**30,745**	**(2,679)**

The Company's revenues are represented by active royalties debited to subsidiaries for the use of the Datalogic trademark and invoicing of intercompany services. The decrease compared to the previous year is attributable to the lower flow of royalties paid by the subsidiaries for the use of the Datalogic trademark on the products they sell, due to the decrease in the level of Group revenues mainly attributable to the negative economic situation resulting from the Covid-19 pandemic.

Note 18. Cost of goods sold and operating costs

	31.12.2020	31.12.2019	Change
Cost of goods sold	**1,659**	**1,579**	**80**
Operating costs	**26,840**	**26,446**	**394**
Research and development expenses	574	558	16
Distribution expenses	1,069	896	173
General and administrative expenses	24,910	24,624	286
Other operating expenses	287	368	(81)
Total	**28,499**	**28,025**	**474**

The Cost of goods sold amounted to €1,659 thousand, in line with the previous year. Operating costs amounted to €26,840 thousand, substantially in line with the previous year. The breakdown of "Other operating expenses" is as follows:

	31.12.2020	31.12.2019	Change
Loss on disposal of fixed assets	-	1	(1)
Non-income taxes	268	419	(151)
Others	19	(53)	72
Total Other operating costs	**287**	**368**	**(81)**

Breakdown of costs by type

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

	31.12.2020	31.12.2019	Change
Labour cost	12,922	13,269	(347)
Software maintenance and assistance	4,266	3,433	833
Technical, legal, ax and other advisory consultancies	3,429	2,146	1,282
Depreciation and amortisation	3,349	3,035	314
Utilities and telephone expenses	1,244	1,406	(162)
Directors’ remuneration	1,019	1,978	(959)
Service costs	468	429	39
Stock exchange costs and membership fees	390	382	8
Rental and building maintenance	259	206	53
Audit fees	187	221	(34)
Insurance expenses	175	78	97
Travel and lodging	101	333	(232)
Vehicle leasing and maintenance	84	110	(26)
Board of Statutory Auditors’ remuneration	77	70	7
Advertising and Marketing	75	172	(97)
Entertainment expenses	39	102	(63)
Patents	10	40	(30)
Expenses for personnel training	5	31	(26)
Meeting expenses	1	36	(35)
Other costs	399	548	(149)
Total Cost of goods sold and operating costs	**28,499**	**28,025**	**474**

Compared to the previous year, note the reduction in costs for “Travel and lodging” due to the limitation of travel imposed by the spread of Covid-19, as well as the lower variable remuneration paid to Directors. The increase in “Technical, legal and tax advisory consultancy”, compared to the previous year, is mainly related to the costs for the sale of an indirectly owned company, subsequently charged back to the subsidiary as illustrated below.

Labour cost amounted to €12,922 thousand (€13,269 thousand in the previous year), a decrease of €347 thousand compared to the previous period (-2.6%) thanks to lower expenses for recruitment services and canteen services as detailed in the table below.

	31.12.2020	31.12.2019	Change
Wages and salaries	9,339	8,989	350
Social security charges	2,378	2,316	62
Post-employment benefits	267	282	(15)
Severance indemnities and similar benefits	310	300	10
Other costs	629	1,382	(753)
Total	**12,922**	**13,269**	**(347)**

The increase in the item “depreciation and amortisation” of €314 thousand is due to higher investments in software (€308 thousand).

Costs related to “Software maintenance and assistance” increased by €833 thousand due to the subscription to new licenses.

Note 19. Other revenues

	31.12.2020	31.12.2019	Change
Rents	632	525	107
Gains from sale of fixed assets	-	4	(4)
Others	1,477	95	1,382
Total	**2,109**	**624**	**1,485**

The item "Other revenues" recorded a total increase of €1,485 thousand due to the recharging of costs to investee companies, including assistance services in the sale of an indirectly owned company.

Note 20. Financial Income/(Expenses)

	31.12.2020	31.12.2019	Change
Financial income/(expenses)	516	2,610	(2,094)
Foreign exchange gains/losses	(1,034)	2,039	(3,073)
Bank expenses	(83)	(171)	88
Dividends	17,348	98,788	(81,440)
Others	38	(29)	67
Total Financial Income/(Expenses)	**16,785**	**103,237**	**(86,452)**

The item Financial Income/(Expenses) was positive for €16,785 thousand. The change in the year is due to lower dividends from investees for €81,440 thousand, lower income for interest income accrued on loans to Group companies for €1,201 thousand, as well as the unfavourable trend in exchange rate differences.

Note 21. Taxes

	31.12.2020	31.12.2019	Change
Profit (loss) before taxes	**18,462**	**106,581**	**(88,119)**
Income taxes	72	3,509	(3,437)
Deferred taxes	(1,515)	(1,968)	453
Total	**(1,443)**	**1,541**	**(2,984)**
Tax Rate	**-7.8%**	**1.4%**	**-9.3%**

The average tax rate comes to -7.8% (1.4% as at 31 December 2019). The reconciliation for 2020 of the nominal tax rate and the effective rate is shown below:

	31.12.2020		31.12.2019	
Profit (loss) before taxes	**18,462**		**106,581**	
Nominal tax rate	**(4,431)**	**-24.0%**	**(25,579)**	**-24.0%**
Effects of local taxes	(198)	-1.1%	(346)	-0.3%
Tax effect on intercompany dividends	3,955	21.4%	22,524	21.1%
Patent Box fiscal benefit	1,473	8.0%	1,806	1.7%
Tax effects - previous years	341	1.8%	7	0.0%
Other effects	303	1.6%	48	0.0%
Effective tax rate	**1,443**	**7.8%**	**(1,541)**	**-1.4%**

Among the most significant effects that influenced the effective level of taxation in 2020, note the taxation of dividends and the tax benefits relating to the "Patent Box".

Note 22. Audit fees

Pursuant to article 149-duodecis of the Issuers' Regulation, implementing Legislative Decree 58 of 24 February 1998, the following is the summary schedule of fees pertaining to the year 2020 provided by the auditing firm and divided in auditing and other services.

	2020
Datalogic S.p.A. - auditing	130
Total auditing	**130**
Non-auditing services	20
Total	**150**

The Non-auditing services item refers to the limited audit of the consolidated non-financial statement, related to the year ended 31 December 2020.

Note 23. Remuneration paid to Directors and Statutory Auditors

For this information, please refer to the report on remuneration which will be published pursuant to article 123-ter of the T.U.F. and will be available on the website www.datalogic.com.

RELATED-PARTY TRANSACTIONS

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 Company is Hydra S.p.A. The transactions with related parties were carried out within the scope of ordinary operations and on an arm's length basis. 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 Company 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 Company 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 article 5, par. 8, of the Consob Regulations, it should be noted that, over the year 2020, the Company's Board of Directors did not approve any relevant transaction, as set out by article 3, par. 1, lett. b) of the Consob Regulations, or any other minor transaction with related parties that had a significant impact on the Company's balance sheet or profit/(loss).

	Hydra S.p.a.	Hydra Immobiliare S.n.c.	Datalogic S.r.l.	Subsidiaries of Datalogic S.r.l.	Solution Net Systems Inc.	Società Gruppo Real Estate	Informatics Holdings Inc.	Datalogic IP Tech S.r.l.	31.12.2020
Receivables			**220,718**	**24,614**	**64**	**40**	**26**	**208**	**245,670**
Trade receivables			8,110	1,761		40	26	208	10,145
Receivables pursuant to tax consolidation			588						588
Other receivables					64				64
Financial receivables for cash pooling			66,520	22,853					89,373
Loans to subsidiaries			145,500						145,500
Payables	**1,700**		**60,339**	**7,112**		**1,711**	**1,279**	**3,135**	**75,276**
Payables pursuant to tax consolidation	1,700								1,700
Payables pursuant to VAT tax consolidation								375	375
Other payables			1						1
Trade payables			92	16		1		1	110
Financial payables for cash pooling			60,246	7,096		1,710	1,279	2,759	73,090
Costs		**74**	**(3)**	**(58)**	**10**	**3**	**(3)**	**(24)**	**(1)**
Operating costs		74	468	17					559
Other operating expenses			(574)	(151)	(3)		(3)	(24)	(755)
Financial expenses			103	76	13	3			195
Revenues			**45,589**	**1,730**	**97**	**1,327**	**11**	**867**	**49,621**
Revenues and other operating revenues			27,180		34	80		772	28,066
Other revenues			564	1,312	63			58	1,997
Financial income			17,845	418		1,247	11	37	19,558

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ALLOCATION OF THE YEAR'S EARNINGS

To our Shareholders,

Considering that the Financial Statements of Datalogic S.p.A. show a net profit for the year of €19,905,355 and considering that the legal reserve has reached one fifth of the share capital pursuant to art. 2430 of the Italian Civil Code, the Board of Directors proposes the distribution to the Shareholders of an ordinary unit dividend, gross of legal withholdings, equal to €0.17 per share, for a total maximum amount of €9,935,903, with detachment of the coupon on 24 May 2021 (record date 25 May 2021) and payment starting from 26 May 2021, and for the residual part of the result for the year, allocation to available reserves.

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

Annexes

ANNEXES

ANNEX 1

Certification for the Financial Statements, pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and following amendments and supplements

1. The undersigned Ms. Valentina Volta, as CEO, and Ms. Laura Bernardelli, as Manager in charge of drawing up Datalogic S.p.A.'s accounting statements, hereby certify the following, also taking account of provisions set forth by art. 154-bis, par. 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy of the information on Company operations and
- the actual application

of the administrative and accounting procedures for the formation of the financial statements, during the year 2020.

2. The assessment on the adequacy of the administrative and accounting procedures for the formation of the financial statements as at 31 December 2020 is based on a procedure defined by Datalogic S.p.A. in compliance with the Internal Control – Integrated Framework model, issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is the reference framework generally accepted at international level.

3. Moreover, the following is certified:

3.1 the Financial Statements:

a) were prepared in accordance with international accounting standards (IFRS), recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
b) correspond to the accounting records;
c) provide a true and fair view of the financial position, the results of operations and the cash flows of the issuer;

3.2 the Report on Operations includes a reliable analysis of the Company's state of affairs, as well as of the position of the issuer, together with the description of the main risks and uncertainties to which the Company is exposed.

Lippo di Calderara di Reno (BO), 9 March 2021

CEO	Manager in charge of drawing up the Company's accounting statements
Valentina Volta	Laura Bernardelli

ANNEXES

ANNEX 2

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AS AT 31 DECEMBER 2020

Company	Registered office	Currency	Share capital in local currency	Shareholders' Equity^	Pro-rata Shareholders' Equity^	Profit/loss for the period^	% owned	Carrying value^	Difference
Informatics Holdings, Inc.	Plano (Texas) - USA	USD	1,568,000	14,216	14,216	154	100%	11,011	3,205
Datalogic S.r.l.	Bologna - Italy	EUR	10,000,000	149,118	149,118	7,529	100%	150,404	(1,286)
Datalogic Real Estate France Sas	Paris – France	EUR	2,227,500	3,767	3,767	66	100%	3,919	(152)
Datalogic Real Estate UK Ltd.	Redbourn - UK	GBP	3,500,000	4,401	4,401	312	100%	3,668	733
Datalogic IP Tech S.r.l.	Bologna - Italy	EUR	65,677	26,126	13,063	3,361	50%	18,032	(4,969)
Total subsidiaries								**187,034**	**(2,469)**
CAEN RFID S.r.l.*	Viareggio (Lu) - Italy	EUR	150,000	1,103	221	(130)	20%	550	(329)
R4I S.r.l.*	Benevento - Italy	EUR	131,250	441	88	38	20%	150	(62)
Total associates								**700**	**(391)**
Nomisma S.p.A.*	Bologna - Italy	EUR	6,963,500	8,917	7	716	0%	7	-
Conai								0	n.a.
Caaf Ind. Emilia Romagna**	Bologna - Italy	EUR	377,884	670	6	2	1%	4	2
T3 LAB Consortium								7	(7)
Crit S.r.l.*	Modena - Italy	EUR	413,800	832		75	0%	52	(52)
IDEC Corporation	Osaka - Japan	YEN	10,056,605,173				1%	6,876	
Mandarin III	Luxembourg	EUR					1%	819	n.a.
Total other companies								**7,764**	**(57)**

* as at 31.12.2019
** as at 31.08.2018
^ amounts in thousands of Euro as at 31.12.2020