



**Consolidated Interim
Report
31 March 2021**

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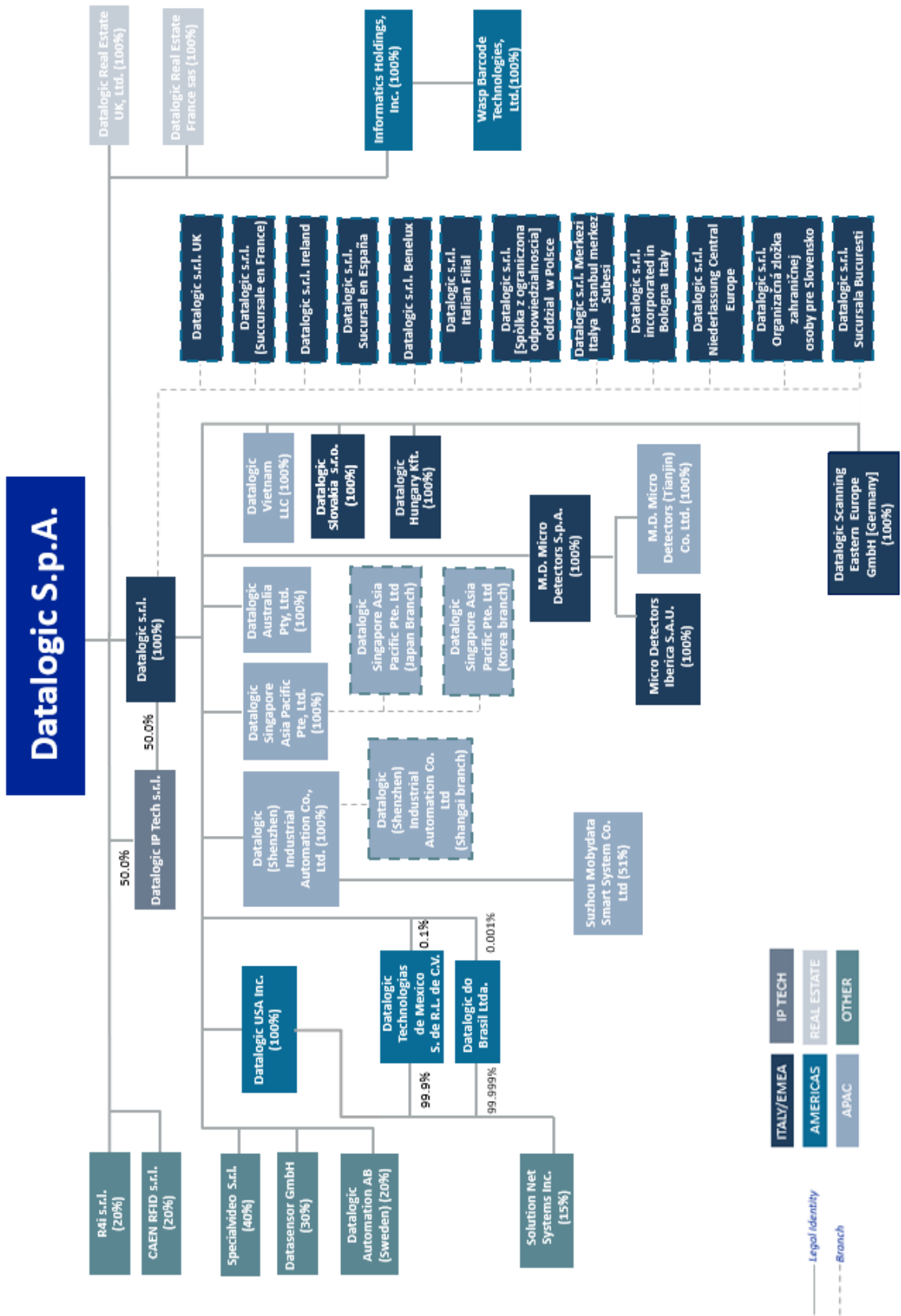
ANNEXES

- Certification by the Manager in charge of drawing up the Company's accounting statements
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DISCLAIMER

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

GROUP STRUCTURE



ITALY/EMEA	IP TECH
AMERICAS	REAL ESTATE
APAC	OTHER

— Legal Identity
- - - Branch

COMPOSITION OF CORPORATE BODIES

Board of Directors ⁽¹⁾

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

Board of Statutory Auditors ⁽³⁾

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

Audit and Risk, Remuneration and Appointments Committee

Angelo Manaresi	Chairman
Chiara Giovannucci Orlandi	Independent Director
Vera Negri Zamagni	Independent Director

Independent Auditor ⁽⁴⁾

Deloitte & Touche S.p.A.

(1) The Board of Directors will remain in office until the Shareholders' Meeting held for the approval of the financial statements as at 31 December 2023.

(2) Legal representative as regards third parties.

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

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

Report on Operations



REPORT ON OPERATIONS

INTRODUCTION

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

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

GROUP PROFILE

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

HIGHLIGHTS OF THE PERIOD

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

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

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

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

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

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

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

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

ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP MEASURES)

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

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

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

GROUP RECLASSIFIED ECONOMIC RESULTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GROUP ECONOMIC RESULTS BY DIVISION FOR THE PERIOD

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. The operating segments are indicated below:

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

The following tables show the divisional Revenues and Adjusted EBITDA achieved in the first quarter of 2021 compared with the same period of the previous year:

REVENUES BY DIVISION

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

EBITDA BY DIVISION

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

DATALOGIC DIVISION

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

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

▪ Retail

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

▪ Manufacturing

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

▪ Transportation & Logistics

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

▪ Healthcare

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

- **Channel**

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

INFORMATICS DIVISION

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

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD

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

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

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

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

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

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

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

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

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

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

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

SIGNIFICANT EVENTS DURING THE PERIOD

COVID-19 DISCLOSURE

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

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

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

OTHER EVENTS DURING THE PERIOD

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

SUBSEQUENT EVENTS

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

BUSINESS OUTLOOK

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

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

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

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

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

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

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

Consolidated Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

CONSOLIDATED INCOME STATEMENT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Notes	31.03.2021	31.03.2020 Restated
Net Profit/(Loss) for the period		9,029	(4,265)
Other components of the statement of comprehensive income:			
Other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the period:		-	-
Profit/(Loss) on derivative financial instruments (cash flow hedge)	10	38	54
Profit/(Loss) due to translation of the accounts of foreign companies	10	11,542	6,429
Profit/(Loss) from financial assets at FVOCI	10	(357)	(3,325)
<i>of which tax effect</i>		4	39
Total other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the period		11,223	3,158
Other components of the statement of comprehensive income which will not be subsequently reclassified to Profit/(Loss) for the period			
Actuarial gains (losses) on defined-benefit plans		-	-
<i>of which tax effect</i>		-	-
Total other components of the statement of comprehensive income which will not be subsequently reclassified to Profit/(Loss) for the period		-	-
Total profit/(loss) of Comprehensive Income Statement		11,223	3,158
Total comprehensive Profit/(Loss) for the period		20,252	(1,107)
Attributable to:			
Shareholders of the Parent Company		20,026	(1,046)
Minority interests		226	(61)

CONSOLIDATED STATEMENT OF CASH FLOW

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

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

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

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Other reserves	Retained earnings	Group Profit (Loss)	Group Shareholders' Equity	Profit (Loss) of Minority interests	Shareholders' Equity of Minority interests	Profit (Loss)	Shareholders' Equity
01.01.2020	30,392	111,779	(15,113)	26,530	5,776	192,885	50,069	402,318	212	1,853	50,281	404,171
Allocation of earnings						50,067	(50,069)		(212)	212	(50,281)	
Dividends												
Treasury shares			(2,470)					(2,470)				(2,470)
Stock Grants												
Other changes				(11)				(11)		(201)		(212)
Net Profit/(Loss) for the period							(4,204)	(4,204)	(61)	(61)	(4,265)	(4,265)
Other components of the statement of comprehensive income				6,429	(3,271)			3,158				3,158
Total comprehensive Profit (Loss)				6,429	(3,271)		(4,204)	(1,046)	(61)	(61)	(4,265)	(1,107)
31.03.2020	30,392	111,779	(17,583)	32,948	2,505	242,952	(4,204)	398,791	(61)	1,803	(4,265)	400,593

Explanatory Notes



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

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

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

BASIS OF PRESENTATION

1) *General criteria*

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

This Consolidated Interim Report must therefore be read together with the Consolidated Financial Statements as at 31 December 2020, which were prepared in accordance with the IFRS accounting standards, endorsed by the European Union, approved at the Meeting of the Board of Directors held on 9 March 2021 and available in the section Investor Relations in the Group’s website (www.Datalogic.com).

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

2) *Financial statements*

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

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

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

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

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

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

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

4) New accounting standards issued but still not in force

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

5) Use of estimates and assumptions

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

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

6) Consolidation area

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

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

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

7) Translation criteria of items in foreign currency

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

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

BUSINESS COMBINATION

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

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

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

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

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

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

SEGMENT DISCLOSURE

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

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

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

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

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

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

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

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

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

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

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

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

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

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

Note 2. Intangible assets

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

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

Goodwill

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

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

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

The estimated recoverable value of each Cash Generating Unit (CGU), associated with each Goodwill item measured, consists of its corresponding value in use. Value in use is calculated by discounting the future cash flows that are expected to be generated by the CGU – during production and at the time of its disposal – to present value using a certain discount rate, based on the Discounted Cash Flow method.

The cash flows of the individual CGUs are estimated based on forward-looking plans prepared by Management. These plans represent the best estimate of the outlook for operations, on the basis of company strategies and growth indicators of the sector and of the reference markets, taking into account the changed reference context, following the spread of the Covid-19 pandemic, and the actions adopted and planned by the Group to address the short and medium-term uncertainties arising as a result of the same.

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

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

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

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

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

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

Note 3. Right-of-use assets

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

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

Note 4. Equity investments in associates

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

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

Note 5. Financial assets and liabilities by category

The following table shows the breakdown of “Financial assets and liabilities”, according to provisions set out by IFRS 9:

Financial assets

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

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

Financial liabilities

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

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

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

Fair value - hierarchy

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

Level 1: market prices;

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

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

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

Note 6. Financial assets

The financial assets include the following:

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

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

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

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

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

Note 7. Trade and other receivables

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

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

Trade receivables

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

Other receivables - accrued income and prepaid expenses

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

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

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

Note 8. Inventories

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

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

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

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

Note 9. Tax payables and receivables

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

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

The Shareholders' Equity is broken down as follows.

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

Share capital

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

Other Reserves

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

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

Note 11. Financial payables

Financial payables are broken down as follows:

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

The breakdown of this item is detailed below:

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

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

Covenants

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

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

As at 31 December 2020, all covenants were fulfilled.

Note 12. Net deferred taxes

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

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

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

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

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

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

Note 13. Post-employment benefits

The breakdown of changes in the “Post-employment benefits” item as at 31 March 2021 and 31 March 2020 is shown below:

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

Note 14. Provisions for risks and charges

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

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

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

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

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

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

Note 15. Trade and other payables

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

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

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

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

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

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

INFORMATION ON THE INCOME STATEMENT

Note 16. Revenues

Revenues divided by type are shown in the following table:

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

In the first quarter of 2021, consolidated net revenues amounted to €135,413 thousand, increased by 13.6% compared to €119,188 thousand in the same period of 2020. The Group's revenues, divided by recognition method and business segment, are broken down as follows:

Revenues broken down by recognition method	Datalogic	Informatics	Adjustments	31.03.2021
Revenues from the sale of goods and services - point in time	121,060	3,205	(175)	124,090
Revenues from the sale of goods and services - over the time	10,103	1,220		11,323
Total	131,163	4,425	(175)	135,413

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

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

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

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

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

Note 17. Cost of goods sold and operating costs

The following table shows the trends of cost of goods sold and operating costs as at 31 March 2021, compared with the same period of the previous year, including non-recurring costs and revenues.

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

Cost of goods sold

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

Operating costs

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

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

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

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

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

Breakdown of costs by type

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

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

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

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

The detailed breakdown of labour cost is as follows:

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

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

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

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

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

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

Note 18. Other revenues

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

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

Note 19. Financial Income/(Expenses)

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

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

Note 20. Taxes

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

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

Note 22. Earnings/loss per share**Earnings/loss per share**

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

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

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

For the definition of “Related parties”, see both IAS 24, approved by EC Regulation no. 1725/2003, and the Procedure for Transactions with Related Parties approved by the Board of Directors on 4 November 2010 (most recently amended on 24 July 2015), available on the Company’s website www.datalogic.com. The Parent Company of the Datalogic Group is Hydra S.p.A.

Intercompany transactions are executed as part of the ordinary operations and at arm's length conditions. Furthermore, there are other relationships with related parties, always carried out as part of ordinary operations and at arm’s length conditions, of an immaterial amount and in accordance with the “**Procedure for Transactions with Related Parties**”, chiefly with Hydra S.p.A. or entities under joint control (with Datalogic S.p.A.), or with individuals that carry out the coordination and management of Datalogic S.p.A. (including entities controlled by the same and close relatives).

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

Pursuant to art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2021 – 31.03.2021, the Company's Board of Directors did not approve any relevant transaction, as set out by art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

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

NUMBER OF EMPLOYEES

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

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

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ANNEX 1

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

INTERIM REPORT AS AT 31 MARCH 2021

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

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

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

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CONSOLIDATION AREA

The Consolidated Interim Report include the accounting reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. Reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company. The companies included in the consolidation area as at 31 March 2021, consolidated on a line-by-line basis, are disclosed hereunder:

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

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

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

(*) data as at 31 December 2019

(**) data as at 30 June 2020

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RESTATEMENT OF SEGMENT DISCLOSURE

As envisaged by the International Accounting Standards on segment reporting, in the event of a reorganisation of the business segments, the comparative periods are restated to allow a like-for-like comparison. Below are the restated results for 2020 following the reorganisation of the commercial function launched in the first quarter and finalised in the fourth quarter of 2020, in which some revenue allocation logics to geographical areas and business segments have been partially redefined to ensure coverage of the various types of end-user and partner customers, as well as geographical areas.

REVENUES BY GEOGRAPHICAL AREA

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

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

REVENUES BY BUSINESS SEGMENT

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

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

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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 March 2021, compared with 31 March 2020.

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

Non-recurring costs and revenues are shown hereunder.

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

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

