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**Consolidated Interim Report
30 September 2019**

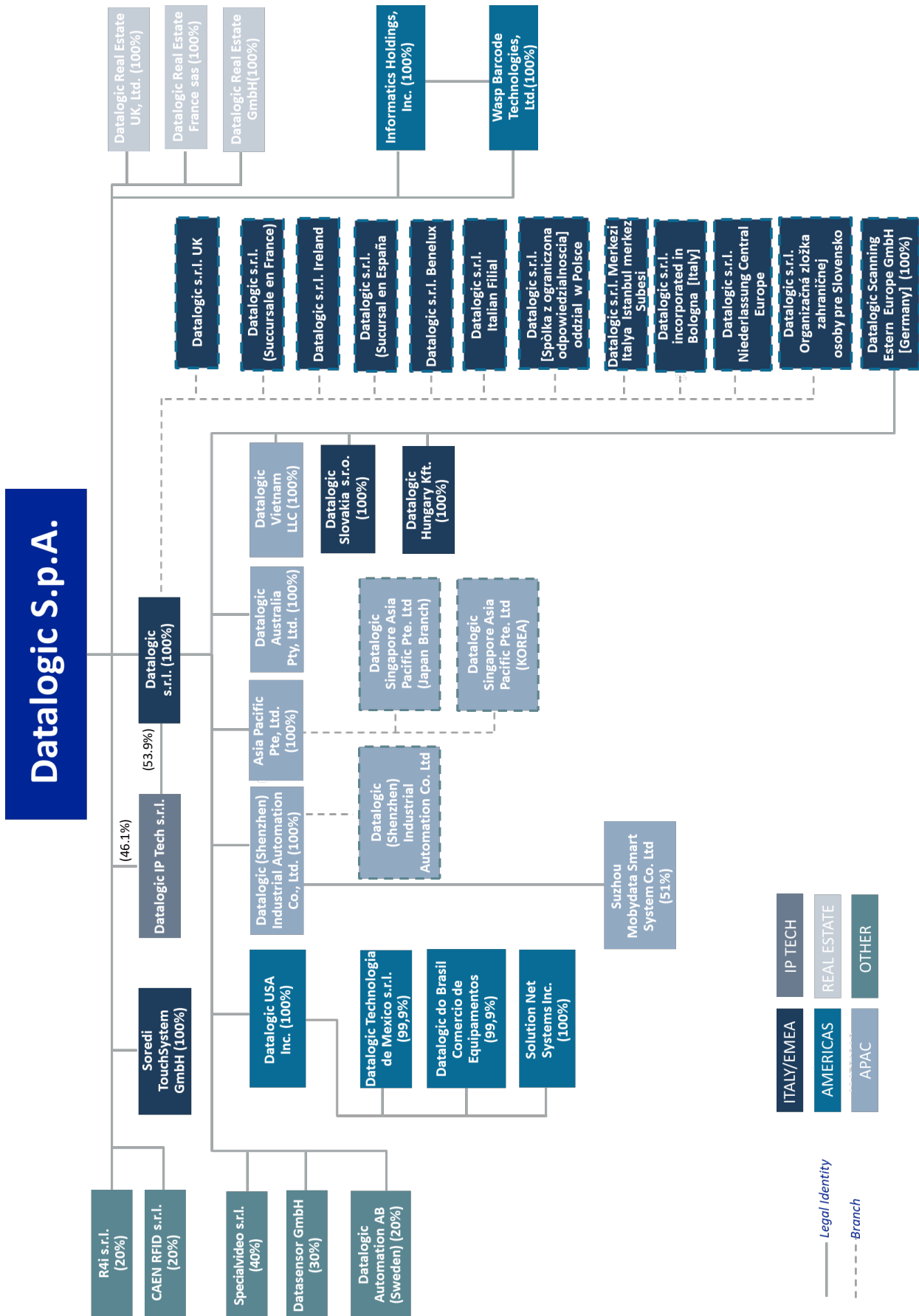
TABLE OF CONTENTS

GROUP STRUCTURE	page 3
COMPOSITION OF CORPORATE BODIES	page 4
REPORT ON OPERATIONS	page 5
CONSOLIDATED FINANCIAL STATEMENTS	page 20
Consolidated Statement of Financial Position - Assets	
Consolidated Statement of Financial Position - Liabilities	
Consolidated Income Statement	
Consolidated Statement of Comprehensive Income	
Consolidated Statement of Cash Flow	
Changes in Consolidated Shareholders' Equity	
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	page 27
Information on the Statement of Financial Position	
Information on the Income Statement	
ANNEXES	
· Statement pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/1998	
· Consolidation Area	

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



— Legal Identity
 - - - Branch

ITALY/EMEA
 AMERICAS
 APAC
 IP TECH
 REAL ESTATE
 OTHER

COMPOSITION OF CORPORATE BODIES

Board of Directors ⁽¹⁾

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

Board of Statutory Auditors ⁽³⁾

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

Audit and Risk Management, Remuneration and Appointments Committee

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

Independent Auditor ⁽⁴⁾

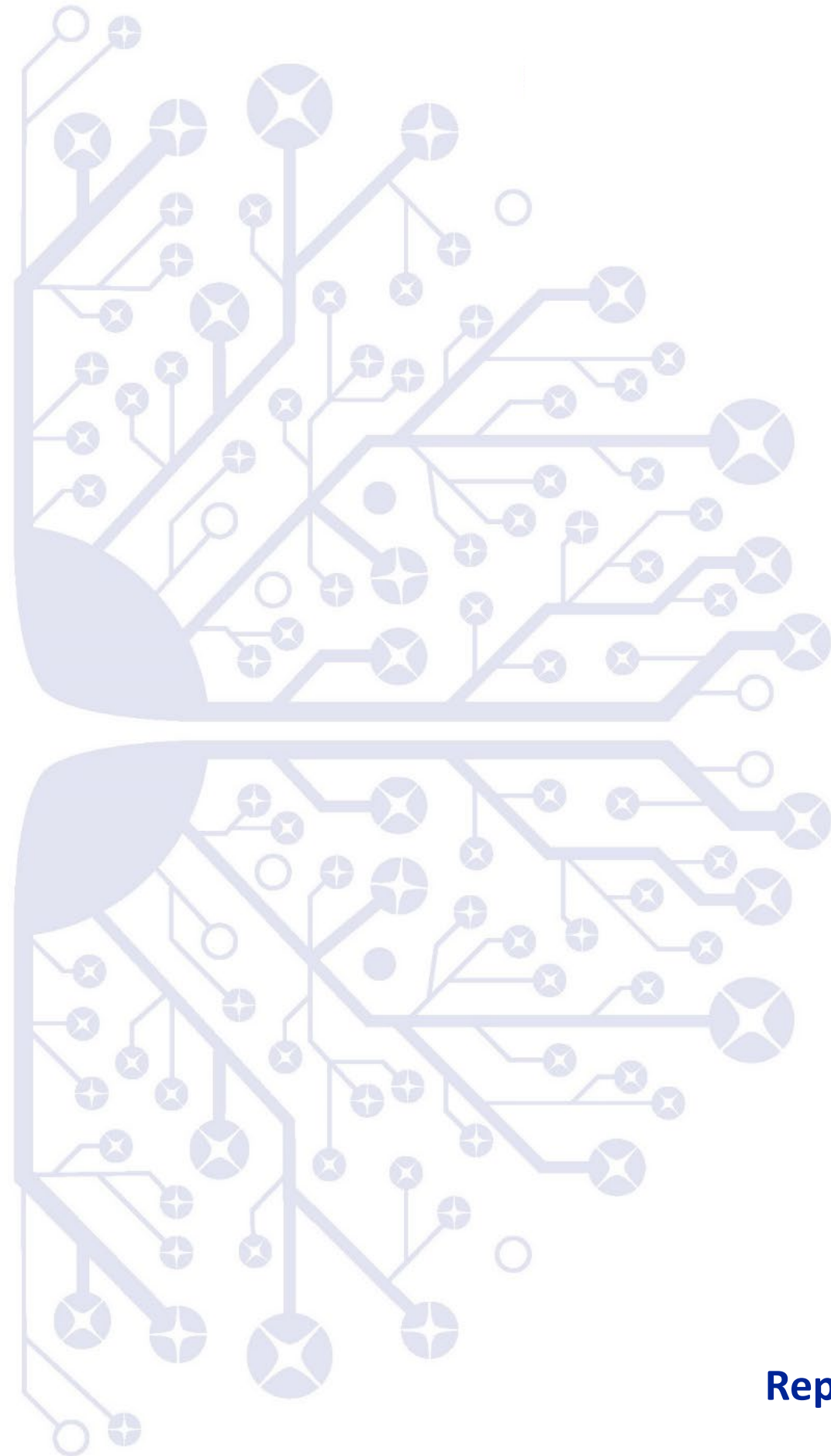
Deloitte & Touche S.p.A.

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

(2) Legal representative as regards third parties.

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

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



REPORT ON OPERATIONS

INTRODUCTION

This Consolidated Interim Report as at 30 September 2019 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 Report on Operations are expressed in thousands of Euro. The notes to the accounts are expressed in millions of Euro.

GROUP PROFILE

Datalogic 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 along the entire value chain, in the Retail, Manufacturing, Transportation & Logistics and Healthcare sectors.

HIGHLIGHTS OF THE PERIOD

The following table summarises the Datalogic Group's key operating and financial results as at 30 September 2019 in comparison with the same period a year earlier:

	Nine months ended						
	30.09.2019	% on Revenues	30.09.2018	% on Revenues	Change	% change	% ch. net FX
Revenues	461,372	100.0%	466,088	100.0%	(4,716)	-1.0%	-3.8%
EBITDA	73,300	15.9%	77,545	16.6%	(4,245)	-5.5%	-3.9%
Operating result (EBIT)	52,017	11.3%	61,076	13.1%	(9,059)	-14.8%	-12.1%
Net Profit/(Loss)	39,678	8.6%	43,578	9.3%	(3,900)	-8.9%	-5.1%
Net financial position (NFP)	(19,483)		10,859		(30,342)		

In the first nine months of 2019, revenues came to €461.4 million, showing a slight decline of 1.0% on the same period of 2018, EBITDA decreased by 5.5%, to €73.3 million, taking the EBITDA margin to 15.9% (16.6% as at 30 September 2018).

During the first nine months of 2019, the growth in North America (+7.5%) was confirmed, which partially offsets the slowdown in the APAC (-15.5%) and the EMEAI (-2.9%).

The net profit came to €39.7 million (€43.6 million in the same period of 2018), with an incidence on revenues that went from 9.3% to 8.6%.

As at 30 September 2019, the Net Financial Position was negative for €19.5 million, with a decrease of respectively €30.3 million compared to 30 September 2018 (positive for €10.9 million) and €43.3 million compared to 31 December 2018

(positive for €23.8 million). Net of the application of the new accounting standard IFRS 16, which determined the recognition of right-of-use assets (€9.9 million) and financial liabilities (€10.0 million), the net financial position decrease would have been €20.3 million on 30 September 2018 and €33.3 million on 31 December 2018.

The change as compared with 30 September 2018 is mainly due to higher investments for approximately €7.1 million and to working capital trend.

ALTERNATIVE PERFORMANCE INDICATORS

To allow for a better valuation of the Group's performance, management adopted certain alternative performance indicators that are not identified as accounting measures within IFRS (NON-GAAP measures). The measurement criteria applied by the Group might not be consistent with those adopted by other groups and the indicators might not be comparable with indicators calculated by the latter. These performance indicators, determined according to provisions set out by 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 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.

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** this indicator is defined as Profit/Loss for the period before depreciation and amortisation of tangible and intangible assets, non-recurring costs/revenues, financial income and expenses and income taxes;
- **EBIT (Earnings Before Interest and Taxes) or Operating result:** operating result, as inferable from the Income Statement.
- **Net Trade Working Capital:** this indicator is calculated as the sum of Inventories and Trade Receivables, less Trade Payables.
- **Net Working Capital:** this indicator is calculated as the sum of Net Trade Working Capital and Other Current Assets and Liabilities, including short-term Provisions for Risks and Charges.
- **Net Invested Capital:** this indicator is the total of Current and Non-Current Assets, excluding financial assets, less Current and Non-Current Liabilities, excluding financial liabilities.
- **NFP (Net Financial Position) or Net Financial Debt:** this indicator is calculated based on provisions set out by Consob Communication no. 15519 of 28 July 2006. This indicator includes also "Other financial assets" represented by temporary cash investments and financial liabilities for operating leases resulting from the application of the new IFRS 16 accounting standard.

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE PERIOD

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

	Nine months ended					
	30.09.2019		30.09.2018		Change	% change
Revenues	461,372	100.0%	466,088	100.0%	(4,716)	-1.0%
Cost of goods sold	(237,850)	-51.6%	(239,373)	-51.4%	1,523	-0.6%
Gross Operating Margin	223,522	48.4%	226,715	48.6%	(3,193)	-1.4%
Research and development expenses	(47,509)	-10.3%	(46,948)	-10.1%	(561)	1.2%
Distribution expenses	(88,960)	-19.3%	(81,920)	-17.6%	(7,040)	8.6%
General and administrative expenses	(32,845)	-7.1%	(32,527)	-7.0%	(318)	1.0%
Other operating income/(expenses)	2,980	0.6%	1,055	0.2%	1,925	182.5%
Total Operating expenses and others	(166,334)	-36.1%	(160,340)	-34.4%	(5,994)	3.7%
Non-recurring costs/revenues	(1,540)	-0.3%	(1,883)	-0.4%	343	-18.2%
Amortisation of intangible assets from acquisitions	(3,631)	-0.8%	(3,416)	-0.7%	(215)	6.3%
Operating result (EBIT)	52,017	11.3%	61,076	13.1%	(9,059)	-14.8%
Financial Income/(Expenses)	(1,474)	-0.3%	(1,802)	-0.4%	328	-18.2%
Foreign exchange gains/(losses)	840	0.2%	(3,209)	-0.7%	4,049	n.a.
Profit/(Loss) before taxes (EBT)	51,383	11.1%	56,065	12.0%	(4,682)	-8.4%
Taxes	(11,705)	-2.5%	(12,487)	-2.7%	782	-6.3%
Net Profit/(Loss)	39,678	8.6%	43,578	9.3%	(3,900)	-8.9%
Non-recurring costs/revenues	(1,540)	-0.3%	(1,883)	-0.4%	343	-18.2%
Depreciation	(12,246)	-2.7%	(7,725)	-1.7%	(4,521)	58.5%
Amortisation	(7,497)	-1.6%	(6,861)	-1.5%	(636)	9.3%
EBITDA	73,300	15.9%	77,545	16.6%	(4,245)	-5.5%

Consolidated revenues amounted to €461.4 million, down by 1.0% compared to €466.1 million in the first nine months of 2018.

The table below shows Group revenue by **geographic area**, as achieved in the first nine months of 2019 versus the same period of 2018:

	Nine months ended						% ch. net FX
	30.09.2019	%	30.09.2018**	%	Change	% change	
Italy	37,945	8.2%	40,128	8.6%	(2,183)	-5.4%	-6.0%
EMEA (excluding Italy)	195,465	42.4%	200,226	43.0%	(4,761)	-2.4%	-3.0%
Total EMEA (*)	233,410	50.6%	240,354	51.6%	(6,944)	-2.9%	-3.5%
North America	164,703	35.7%	153,202	32.9%	11,501	7.5%	1.2%
Latin America	10,837	2.3%	10,530	2.3%	307	2.9%	-0.3%
APAC (*)	52,422	11.4%	62,002	13.3%	(9,580)	-15.5%	-17.7%
Total Revenues	461,372	100.0%	466,088	100.0%	(4,716)	-1.0%	-3.8%

(*) EMEA: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

During the first nine months of 2019, total revenues increased by 7.5% in North America, also thanks to the favourable trends of exchange rates, while decreased by 15.5% in APAC and by 2.9% in EMEA.

Gross Operating Margin, stood at €223.5 million, down by 1.4% from €226.7 million reported in the same period of the previous year. It remained essentially unchanged in the first nine months of 2018 as a percentage of turnover, going from 48.6% in 2018 to 48.4% in 2019. Net of the exchange rates, gross operating margin improved by 0.6 percentage points to 49.2%.

Operating expenses and other of €166.3 million were up by 3.7% on the €160.3 million in the same period of 2018, and increased by 1.7 as a percentage of turnover, from 34.4% to 36.1%. Distribution expenses increased by 8.6%, to €89.0 million, equivalent to 19.3% of turnover compared with the 17.6% of the same period of 2018, attributable to the investments made to strengthen the commercial organisations.

Research and development expenses at €47.5 million (€46.9 million in the first nine months of 2018), increased by 1.2% compared to the previous year, up by 0.2 percentage points over revenues. Overall expenses in Research and Development, including investments aimed at renewing the product range, over the first nine months of 2019, increased by 4.7% compared to the same period of the previous year. The percentage of turnover is around 10.6%, in line with the Group's strategic targets on innovation.

EBITDA decreased by 5.5%, going from €77.5 million in the first nine months of 2018 to €73.3 million, whilst EBITDA margin at 15.9%, 16.6% at constant exchange rates in line with the same period of last year. At constant exchange rate, EBITDA decreased by 3.9% compared to the first nine months of 2018, reflecting the increase in commercial and Research and Development, partially offset by the effect of the adoption of the new accounting standard IFRS 16-Leases, which resulted in the recognition of higher depreciation of €3.4 million and lower costs for rents and leases of €3.5 million.

EBIT decreased by 14.8% to €52.0 million from €61.1 million in the previous period, with an incidence on turnover at 11.3% from 13.1% recorded in the first nine months of 2018. Net of the unfavourable foreign exchange effect, EBIT decreased by 12.1%.

FINANCIAL INCOME/(EXPENSES)

	Nine months ended		Change
	30.09.2019	30.09.2018	
Financial Income/(Expenses)	(572)	(748)	176
Foreign exchange gains/losses	840	(3,209)	4,049
Bank expenses	(946)	(1,163)	217
Other	44	109	(65)
Total Financial Income/(Expenses)	(634)	(5,011)	4,377

Net financial expenses amounted to €0.6 million, recording a positive change of €4.4 million on the net expenses of €5.0 million in the same period of 2018, mainly thanks to the favourable performance of foreign exchange differences, which amounted to a gain of €0.8 million (compared with a loss of €3.2 million as at 30 September 2018) and to the rationalisation of treasury footprint.

Net profit amounted to €39.7 million, equal to 8.6% of revenues, down by 8.9% (5.1% net of exchange effect) in respect with the first nine months of 2018.

ECONOMIC RESULTS BY DIVISION

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. Consistently with the previous year, the operating segments were included in the following divisions:

- **Datalogic**, which represents the Group's core business and designs and produces bar code scanners, mobile computers, detection, measurement and security sensors, vision and laser marking and RFID systems that contribute to increasing the efficiency and quality of processes in the areas of Retail, Manufacturing, Transport & Logistics and Healthcare, along the entire value chain;
- **Solution Net Systems**, specialised in supplying and installing integrated solutions for the postal segment and distribution centres in the Retail sector;
- **Informatics** 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 breakdown of divisional Revenues and EBITDA achieved in the first nine months of 2019, compared with the same period of 2018:

	Nine months ended						% ch. net FX
	30.09.2019	%	30.09.2018	%	Change	% change	
Datalogic	428,563	92.9%	431,082	92.5%	(2,519)	-0.6%	-3.1%
Solution Net Systems	21,741	4.7%	22,423	4.8%	(682)	-3.0%	-8.7%
Informatics	13,682	3.0%	14,601	3.1%	(919)	-6.3%	-11.8%
Adjustments	(2,614)		(2,018)		(596)		
Total Revenues	461,372	100.0%	466,088	100.0%	(4,716)	-1.0%	-3.8%

	Nine months ended					
	30.09.2019	% on Revenues	30.09.2018	% on Revenues	Change	% change
Datalogic	70,414	16.4%	73,528	17.1%	(3,114)	-4.2%
Solution Net Systems	2,190	10.1%	3,618	16.1%	(1,428)	-39.5%
Informatics	688	5.0%	464	3.2%	224	48.3%
Adjustments	8		(65)		73	
Total EBITDA	73,300	15.9%	77,545	16.6%	(4,245)	-5.5%

DATALOGIC DIVISION

In the first nine months of the year, the Datalogic Division reported a turnover of €428.6 million, essentially unchanged compared to the same period of 2018 (-0.6%), with a positive performance in the Americas, partially offsetting the decline in EMEA and APAC.

Divisional EBITDA amounted to 70.4 million, down by 4.2% on to the same period of 2018, with an incidence of 16.4% on turnover (17.1% as at 30 September 2018). At constant exchange rates, the EBITDA margin is in line with the previous year (17.2%).

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

	Nine months ended						% ch. net FX
	30.09.2019	%	30.09.2018 (*)	%	Change	% change	
Retail	196,697	45.9%	203,243	47.1%	(6,546)	-3.2%	-6.3%
Manufacturing	118,116	27.6%	125,270	29.1%	(7,154)	-5.7%	-7.2%
Transportation & Logistics	58,290	13.6%	49,567	11.5%	8,723	17.6%	14.2%
Healthcare	15,000	3.5%	13,569	3.1%	1,431	10.6%	7.1%
Channel (Unallocated) (**)	40,460	9.4%	39,433	9.1%	1,027	2.6%	1.0%
Total Revenues	428,563	100%	431,082	100.0%	(2,519)	-0.6%	-3.1%

(*) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues to various operating segments.

(**) The Channel sector (unallocated) includes revenues not directly attributable to the 4 areas identified.

▪ **RETAIL**

The Retail segment decreased by 3.2% on last year, with a slowdown in the EMEA due to significant roll-of the previous two years. Latin America and APAC recorded a growth trend, whilst the postponement of some projects cause a slight downturn in North America.

▪ **MANUFACTURING**

The Manufacturing segment decreased by 5.7% compared to the previous year. The slowdown in the automotive market in EMEA and in consumer electronics in China was partially offset by the double-digit growth in the North American market.

▪ **TRANSPORTATION & LOGISTICS**

The Transportation & Logistics sector reported strong growth of 17.6% on the same period of 2018, driven by a very positive performance in North America and EMEAI.

▪ **HEALTHCARE**

The Healthcare segment recorded 10.6% growth on the first nine months of 2018, driven by sales in North America and EMEAI.

Distribution channel's revenues mainly towards small and medium-sized customers in the USA posted a positive performance.

SOLUTION NET SYSTEMS DIVISION

In the first nine months of the year, the Solution Net Systems Division recorded revenues for €21.7 million, down by 3.0% on the same period of 2018, mainly due to the seasonality of some projects. Divisional EBITDA was €2.2 million, with an EBITDA margin of 10.1% compared to 16.1% in the same period of 2018.

INFORMATICS DIVISION

In the first nine months of the year, the Informatics Division recorded revenues for €13.7 million, down by 6.3% on the first nine months of 2018. Divisional EBITDA was positive for €0.7 million (positive for €0.5 million in the same period of 2018).

GROUP RECLASSIFIED ECONOMIC RESULTS FOR THE THIRD QUARTER

The following table summarises the Datalogic Group's key economic results of the third quarter of 2019 in comparison with the same period a year earlier:

	3Q 2019	% on Revenues	3Q 2018	% on Revenues	Change	% change	% ch. net FX
Revenues	156,825	100.0%	159,094	100.0%	(2,269)	-1.4%	-3.7%
EBITDA	25,622	16.3%	26,707	16.8%	(1,085)	-4.1%	-3.9%
Operating result (EBIT)	18,095	11.5%	20,798	13.1%	(2,703)	-13.0%	-12.3%
Net Profit/(Loss) for the period	14,427	9.2%	14,615	9.2%	(188)	-1.3%	-0.2%

In the third quarter of 2019, revenues decreased by 1.4% to €156.8 million and EBITDA declined by 4.1% to €25.6 million, reducing the EBITDA margin to 16.3%, compared to 16.8% of the same period of 2018. At constant exchange rates, the EBITDA margin was in line with last year.

The quarter net profit amounted to €14.4 million, decreased by 1.3% compared to the same period of 2018. The incidence on turnover was in line with the third quarter of 2018.

ECONOMIC RESULTS BY DIVISION FOR THE THIRD QUARTER

The following tables show the breakdown of divisional Revenues and EBITDA achieved in the third quarter of 2019, compared with the same period of 2018:

	3Q 2019	%	3Q 2018	%	Change	% change	% ch. net FX
Datalogic	145,982	93.1%	146,778	92.3%	(796)	-0.5%	-2.7%
Solution Net Systems	7,209	4.6%	8,203	5.2%	(994)	-12.1%	-16.0%
Informatics	4,382	2.8%	4,857	3.1%	(475)	-9.8%	-13.7%
Adjustments	(748)		(744)		(4)		
Total Revenues	156,825	100.0%	159,094	100.0%	(2,269)	-1.4%	-3.7%

	3Q 2019	% on Revenues	3Q 2018	% on Revenues	Change	% change
Datalogic	25,189	17.3%	24,836	16.9%	353	1.4%
Solution Net Systems	328	4.5%	1,686	20.6%	(1,358)	-80.5%
Informatics	173	3.9%	203	4.2%	(30)	-14.8%
Adjustments	(68)		(18)		(50)	
Total EBITDA	25,622	16.3%	26,707	16.8%	(1,085)	-4.1%

The table below shows Group revenue by **geographic area**, as achieved in the third quarter of 2019 versus the same period of 2018:

:

	3Q 2019	%	3Q 2018 **	%	Change	% change	% ch. net FX
Italy	12,320	7.9%	11,011	6.9%	1,309	11.9%	11.4%
EMEA1 (excluding Italy)	61,224	39.0%	63,399	39.9%	(2,175)	-3.4%	-3.8%
Total EMEA1 (*)	73,544	46.9%	74,410	46.8%	(866)	-1.2%	-1.6%
North America	60,351	38.5%	61,428	38.6%	(1,077)	-1.8%	-6.1%
Latin America	3,623	2.3%	3,984	2.5%	(361)	-9.1%	-12.5%
APAC (*)	19,307	12.3%	19,272	12.1%	35	0.2%	-2.5%
Total Revenues	156,825	100.0%	159,094	100.0%	(2,269)	-1.4%	-3.7%

(*) EMEA1: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

DATALOGIC DIVISION

In the third quarter of 2019, the Datalogic Division reported turnover of €146.0 million, slightly down (-0.5%) compared to the same period of 2018, with a positive trend in North America.

Divisional EBITDA, which increased by 1.4% over the same quarter of 2018, amounted to €25.2 million, with a percentage on revenues of 17.3%, compared to 16.9%. At constant exchange rates, EBITDA margin improved by 0.8% compared to the corresponding period of the previous year.

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

	3Q 2019	%	3Q 2018 (*)	%	Change	% change	% ch. net FX
Retail	67,190	46.0%	68,742	46.8%	(1,552)	-2.3%	-4.9%
Manufacturing	39,110	26.8%	38,728	26.4%	382	1.0%	-0.3%
Transportation & Logistics	23,923	16.4%	19,202	13.1%	4,721	24.6%	21.8%
Healthcare	4,972	3.4%	4,749	3.2%	223	4.7%	1.7%
Channel (Unallocated) (**)	10,787	7.4%	15,357	10.5%	(4,570)	-29.8%	-30.7%
Total Revenues	145,982	100%	146,778	100.0%	(796)	-0.5%	-2.7%

(*) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues to various operating segments.

(**) The Channel sector (unallocated) includes revenues not directly attributable to the 4 areas identified.

▪ RETAIL

The Retail sector decreased by 2.3% compared to the previous year, with a slowdown in the EMEA1 area and North America due to significant roll-outs occurred over the corresponding quarter of the previous year. The other geographical areas reported a growth trend.

▪ MANUFACTURING

The Manufacturing sector increased by 1.0% compared to the previous year. The slowdown in Latin America and APAC, especially due to the decrease in the consumer electronics market in China, was offset by the growth in North America and EMEA1.

▪ **TRANSPORTATION & LOGISTICS**

The Transportation & Logistics sector reported a strong growth, equal to 24.6%, compared to the same period of 2018, driven by a very positive performance in EMEAI, reporting a growth also in APAC.

▪ **HEALTHCARE**

The Healthcare sector reported 4.7% growth, compared to the third quarter of 2018, driven by sales in North America.

Distribution channel's revenues, mainly towards small and medium-sized customers, reported a decrease in all the geographical areas, except for North America.

SOLUTION NET SYSTEMS DIVISION

The Solution Net Systems Division recorded revenues amounting to €7.2 million, down by 12.1% in the third quarter of 2019. Divisional EBITDA amounted to €0.3 million, corresponding to 4.5% of sales compared to 20.6% in the third quarter of 2018, mainly due to a reduction in turnover.

INFORMATICS DIVISION

In the third quarter of the year, the Informatics Division recorded turnover of €4.4 million, down by 9.8% compared to the third quarter of 2018. Divisional EBITDA amounted to €0.2 million, in line with the same period of the previous year.

GROUP RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The following table shows the main financial and equity items for the Datalogic Group as at 30 September 2019, compared with 31 December 2018.

	30.09.2019	31.12.2018	Change	Ch. %
Intangible assets	46,372	44,506	1,866	4.2%
Goodwill	191,658	181,149	10,509	5.8%
Tangible assets	96,077	77,995	18,082	23.2%
Financial assets and equity investments in associates	8,919	9,397	(478)	-5.1%
Other non-current assets	55,348	56,665	(1,317)	-2.3%
Total Fixed Assets	398,374	369,712	28,662	7.8%
Trade receivables	86,437	90,439	(4,002)	-4.4%
Trade payables	(96,228)	(117,139)	20,911	-17.9%
Inventories	113,585	95,826	17,759	18.5%
Net Trade Working Capital	103,794	69,126	34,668	50.2%
Other current assets	59,809	41,855	17,954	42.9%
Other current liabilities and provisions for current risks	(102,595)	(78,037)	(24,558)	31.5%
Net Working Capital	61,008	32,944	28,064	85.2%
Other non-current liabilities	(24,101)	(37,829)	13,728	-36.3%
Employee severance indemnity	(6,584)	(6,541)	(43)	0.7%
Provisions for non-current risks	(4,914)	(6,320)	1,406	-22.2%
Net Invested Capital	423,783	351,966	71,817	20.4%
Shareholders' Equity	(404,300)	(375,809)	(28,491)	7.6%
Net financial position (NFP)	(19,483)	23,843	(43,326)	-181.7%

As at 30 September 2019, **Net Trade Working Capital** was €103.8 million (16.6% of revenues), up by €34.7 million compared to 31 December 2018. The change is mainly due to the increase in inventories, linked to seasonality, and the reorganization of the logistic hub in EMEA, which entailed a greater level of procurement in the cross-over phase, as well as a reduction in trade payables.

Net Invested Capital, equal to around €423.8 million, increased by €71.8 million compared to the previous year, due to the increased net working capital (€28.1 million) and increased fixed assets (around €28.7 million, of which €12.2 million due to exchange rate effect), mainly due to the adoption of IFRS 16 and investments made for the streamlining of the industrial footprint.

The **Net Financial Position**, as at 30 September 2019, was negative by €19.5 million, with a decrease of respectively €30.3 million on 30 September 2018 and of €43.3 million on 31 December 2018 (positive for €23.8 million). Cash flows, which brought about the change in Consolidated net financial position as at 30 September 2019, are summarised as follows:

	30.09.2019	30.09.2018	Change
Net Financial Position /(Net Financial Debt) at the beginning of the period	23,843	30,137	(6,294)
EBITDA	73,300	77,545	(4,245)
Change in net trade working capital	(34,668)	(22,003)	(12,665)
Net investments	(22,180)	(15,032)	(7,148)
Change in taxes	(15,621)	(19,506)	3,885
Dividend distribution	(28,712)	(28,914)	202
Treasury shares	(2,566)	(10,904)	8,338
Other changes	(2,837)	(464)	(2,373)
Change in Net financial position (NFP) before IFRS 16	(33,284)	(19,278)	(14,006)
Adoption of IFRS 16 Leases	(10,042)	0	(10,042)
Change in Net financial position	(43,326)	(19,278)	(24,048)
Net Financial Position/ (Net Financial Debt) at the end of the period	(19,483)	10,859	(30,342)

Net of the treasury share purchases and dividend distribution and the adoption of IFRS 16, cash absorption amounted to €2.0 million, whilst in the first nine months of 2018 cash generation amounted to €20.5 million.

This trend was due to both the increase in net investments, equal to €7.1 million, aimed at streamlining the European footprint and higher investments in R&D. The change in net trade working capital, negative by €12.7 million, was mainly due to the transition phase of the European logistics hub and lower payables to suppliers.

As at 30 September 2019, the net financial debt/(net financial position) is broken down as follows:

	30.09.2019	31.12.2018	30.09.2018
A. Cash and bank deposits	132,642	181,418	194,102
B. Other cash equivalents	13	12	12
<i>b1. restricted cash</i>	13	12	12
C. Securities held for trading	0	0	0
<i>c1. Short-term</i>	0	0	0
<i>c2. Long-term</i>	0	0	0
D. Cash and cash equivalents (A) + (B) + (C)	132,654	181,430	194,114
E. Current financial receivables	41,117	50,896	51,396
<i>e1. other current financial receivables</i>	41,117	50,896	51,396
F. Bank overdrafts	468	29	55
G. Current portion of non-current debt	48,911	47,314	47,736
H. Other current financial liabilities	4,624	3,733	5,779
<i>h1. Hedging instruments</i>	0	0	0
<i>h2. Leasing payables</i>	4,624	0	0
<i>h3. Current financial liabilities</i>	0	3,733	5,779
I. Current financial debt (F) + (G) +(H)	54,003	51,076	53,570
J. Current net financial debt/(current net financial position) (I) - (E) - (D)	(119,768)	(181,250)	(191,940)
K. Non-current bank borrowing	133,833	157,407	181,081
L. Bonds	0	0	0
M. Other non-current liabilities	5,418	0	0
<i>m1. Hedging instruments</i>	0	0	0
<i>m2. Leasing payables</i>	5,418	0	0
<i>m3. Non-current financial liabilities</i>	0	0	0
N. Non-current financial debt (K) - (L) + (M)	139,251	157,407	181,081
O. Net financial debt/(net financial position) (J) + (N)	19,483	(23,843)	(10,859)

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

The Reconciliation Statements between Shareholders' Equity and Net Profit of Datalogic S.p.A. and the corresponding consolidated values as at 30 September 2019 and 31 December 2018, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006, are disclosed here below.

	30.09.2019		31.12.2018	
	Shareholders' Equity	Profit (Loss)	Shareholders' Equity	Profit (Loss)
Parent Company shareholders' equity and profit	352,462	115,933	278,267	29,340
Shareholders' equity and profit/(loss) of consolidated companies	108,785	32,898	156,298	136,617
Elimination of dividends		(110,450)	0	(104,684)
Amortisation of "business combination" intangible assets	(5,827)		(5,827)	0
Effect of acquisition "under common control"	(31,733)		(31,733)	0
Elimination of capital gain on sale of business branch	(17,067)		(17,067)	0
Elimination of intercompany transactions	(11,963)	314	(12,277)	(1)
Adjustment of write-downs and capital gains on equity investments	5,517		4,581	(936)
Goodwill impairment	(1,395)		(1,395)	
Other	411		834	2,182
Tax effect	5,111	983	4,128	(308)
Consolidated shareholders' equity and profit	404,300	39,678	375,809	62,210

BUSINESS OUTLOOK

The positive performance of the Group's business in North America and growth in the turnover of new products confirm that the Group's strategy is solid. The particularly difficult economic situation in China and the slowdown to the main segments, in which the Group operates in Europe, are expected to continue also in the fourth quarter.

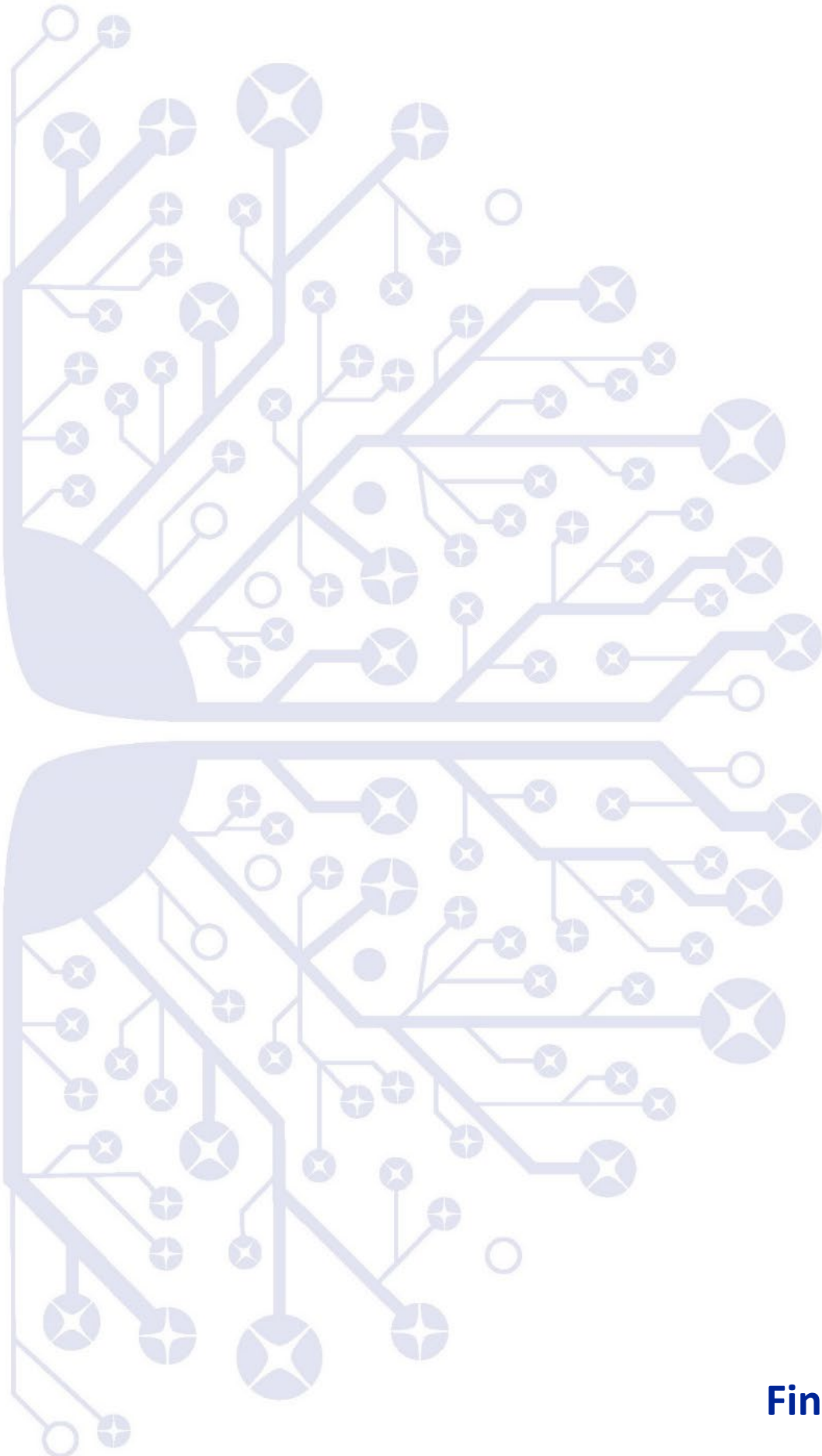
Despite the uncertainty of the economic environment, the Group will continue to execute its new product development strategy, while keeping costs under control.

In current market conditions, the Group expects to close the year substantially in line with the first nine months, save for any deferral of investment decisions by customers, which may impact the forecasted performance.

SECONDARY LOCATIONS

The Parent Company has no secondary locations.

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



**Consolidated
Financial Statements**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Note	30.09.2019	31.12.2018
A) Non-current assets (1+2+3+4+5+6+7+8)		398,374	369,712
1) Tangible assets		86,143	77,995
Land	1	8,720	8,349
Buildings	1	30,715	30,548
Other assets	1	35,248	34,932
Assets in progress and payments on account	1	11,460	4,166
2) Intangible assets		238,030	225,655
Goodwill	2	191,658	181,149
Development costs	2	8,674	10,381
Other	2	29,281	32,454
Assets in progress and payments on account	2	8,417	1,671
3) Assets in right of use	3	9,934	0
4) Equity investments in associates	4	776	2,173
5) Financial assets		8,143	7,224
Equity investments	6	8,143	7,224
Securities	6	0	0
6) Non-current financial receivables		0	0
7) Trade and other receivables	7	1,443	2,268
8) Deferred tax assets	13	53,905	54,397
B) Current assets (9+10+11+12+13+14+15)		433,602	460,446
9) Inventories		113,585	95,826
Raw and ancillary materials and consumables	8	48,851	40,369
Work in progress and semi-finished products	8	25,084	24,440
Finished products and goods	8	39,650	31,017
10) Trade and other receivables		122,743	113,633
Trade receivables	7	86,437	90,439
<i>of which from associates</i>	7	726	1,014
<i>of which from related parties</i>	7	0	8
Other receivables, accrued income and prepaid expenses	7	36,306	23,194
<i>of which from associates</i>		5	106
<i>of which from related parties</i>		76	76
11) Tax receivables	9	23,503	18,661
<i>of which from parent company</i>		11,808	11,276
12) Financial assets		41,117	50,896
Securities	6	0	0
Other	6	41,117	50,896
13) Current financial receivables		0	0
14) Financial assets - Derivative instruments	6	0	0
15) Cash and cash equivalents	10	132,654	181,430
C) Held-for-sale assets		0	0
Total Assets (A+B+C)		831,976	830,158

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (€/000)	Note	30.09.2019	31.12.2018
A) Total Shareholders' Equity (1+2+3+4+5+6)	11	404,300	375,809
1) Share capital	11	30,392	30,392
2) Reserves	11	140,041	123,915
3) Retained earnings	11	192,625	159,292
4) Net Profit/(Loss) for the period	11	39,678	62,210
5) Group Shareholders' Equity	11	402,736	375,809
6) Minority interests		1,564	0
B) Non-current liabilities (7+8+9+10+11+12+13)		174,850	208,097
7) Non-current financial payables	12	139,251	157,407
8) Non-current financial liabilities		0	0
9) Tax payables		67	43
10) Deferred tax liabilities	13	16,697	32,518
11) Post-employment benefits	14	6,584	6,541
12) Provisions for non-current risks and charges	15	4,914	6,320
13) Other liabilities		7,337	5,268
C) Current liabilities (14+15+16+17+18)		252,826	246,252
14) Trade and other payables		155,838	171,597
Trade payables	16	96,228	117,139
<i>of which to parent company</i>	16	0	0
<i>of which to associates</i>	16	47	260
<i>of which to related parties</i>		0	148
Other payables, accrued liabilities and deferred income	16	59,610	54,458
15) Tax payables	9	36,867	16,382
<i>of which to parent company</i>		29,289	9,557
16) Provisions for current risks and charges	15	6,118	7,197
17) Current financial liabilities		0	0
18) Current financial payables	12	54,003	51,076
Total Liabilities (A+B+C)		831,976	830,158

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Note	30.09.2019	30.09.2018
1) Revenues	17	461,372	466,088
Revenues from sale of products		429,434	440,492
Revenues from services		31,938	25,596
<i>of which from related parties and associates</i>		3,704	3,331
2) Cost of goods sold	18	238,253	239,949
of which non-recurring		403	576
<i>of which from related parties and associates</i>		445	744
Gross Operating Margin (1-2)		223,119	226,139
3) Other operating income	19	4,846	2,799
4) Research and development expenses	18	47,587	47,022
of which amortisation and write-downs pertaining to acquisitions		78	74
<i>of which from related parties and associates</i>		357	2,872
5) Distribution expenses	18	89,580	81,920
of which non-recurring		620	
<i>of which from related parties and associates</i>	6	32	91
6) General and administrative expenses	18	36,915	37,176
of which non-recurring		517	1,307
of which amortisation and write-downs pertaining to acquisitions		3,553	3,342
<i>of which from related parties and associates</i>		150	185
7) Other operating expenses	18	1,866	1,744
Total operating costs		175,948	167,862
Operating result		52,017	61,076
8) Financial income		37,295	25,445
9) Financial expenses		37,929	30,456
Financial Income/(Expenses) (8-9)	20	(634)	(5,011)
10) Profits from associates		0	0
Profit/(loss) before taxes from continuing operations		51,383	56,065
Income taxes	21	11,705	12,487
Net Profit/(Loss) for the period		39,678	43,578
Basic earnings/(loss) per share (Euro)	22	0.69	0.75
Diluted earnings/(loss) per share (Euro)	22	0.69	0.75
Profit/(Loss) for the period, attributable to:		39,678	
<i>Shareholders of the Parent Company</i>		39,513	
<i>Minority interests</i>		165	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)	Note	30.09.2019	30.09.2018
Net Profit/(Loss) for the period		39,678	43,578
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:			
		0	0
Profit/(Loss) on derivative financial instruments (cash flow hedge)	11	118	240
Profit/(Loss) due to translation of the accounts of foreign companies	11	16,949	5,133
Profit/(Loss) from financial assets at FVOCI	11	793	2,066
<i>of which tax effect</i>		<i>(11)</i>	<i>(28)</i>
Total other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the period		17,860	7,439
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		0	0
Total profit/(loss) of Comprehensive Income Statement		17,860	7,439
Total comprehensive profit/(loss) for the period		57,538	51,017
Attributable to:			
Parent company shareholders		57,538	51,017
Minority interests		0	0

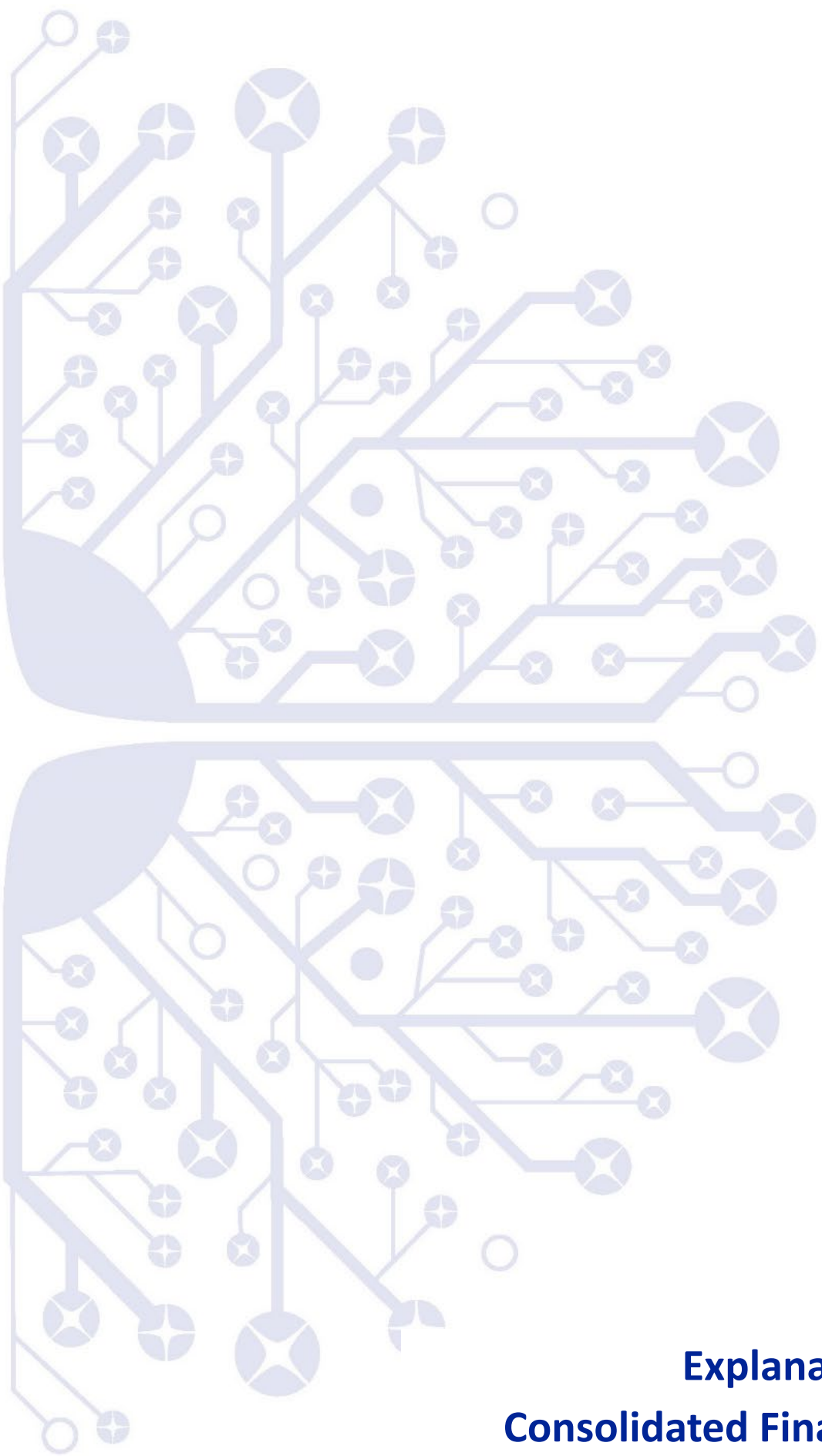
CONSOLIDATED STATEMENT OF CASH FLOW

CASH FLOW STATEMENT (€/000)	Note	30.09.2019	30.09.2018
Profit (loss) before taxes		51,383	56,065
Depreciation of tangible assets and write-downs	1, 2	8,864	7,774
Amortisation of intangible assets and write-downs	1, 2	7,497	6,861
Depreciation of assets in right of use	3	3,382	0
Losses (Gains) from sale of fixed assets	18, 19	(36)	(80)
Change in provisions for risks and charges	15	(2,485)	297
Change in bad debt provisions	18	(1,677)	174
Change in employee benefits reserve	14	43	103
Other non-monetary changes		6,492	3,342
Cash flow generated (absorbed) from operations before changes in working capital		73,462	74,536
Change in trade receivables	7	5,679	(4,297)
Change in final inventories	8	(17,759)	(23,158)
Change in trade payables	16	(20,911)	(3,351)
Change in other current assets	7	(13,112)	16
Change in other current liabilities	16	5,152	5,278
Change in other non-current assets	7	825	2,430
Change in other non-current liabilities	16	2,069	284
Cash flow generated (absorbed) from operations after changes in working capital		35,406	51,738
Change in taxes		(11,367)	(15,955)
Interest paid		(3,199)	(2,332)
Interest collected		1,681	530
Cash flow generated (absorbed) from operations (A)		22,180	33,981
Increase in intangible assets	2	(7,659)	(5,074)
Decrease in intangible assets	2	0	0
Increase in tangible assets	1	(16,620)	(10,258)
Decrease in tangible assets	1	605	51
Change in consolidation area		1,627	0
Change in unconsolidated equity investments	5	(133)	1,454
Cash flow generated (absorbed) from investments (B)		(22,180)	(13,827)
Change in financial receivables	5	9,779	(19,003)
Change in financial payables	12, 6	(28,739)	(22,831)
(Purchase)/sale of treasury shares	11	(2,566)	(10,904)
Changes in Reserves	11, 1, 2	118	(31)
Dividend payment	11	(28,712)	(28,914)
Effect of change in cash and cash equivalents		1,085	(45)
Other changes		(82)	(139)
Cash flow generated (absorbed) from financial activity (C)		(49,117)	(81,867)
Net increase (decrease) in available cash (A+B+C)	10	(48,776)	(61,713)
Net cash and cash equivalents at beginning of period	10	181,430	256,212
Net cash and cash equivalents at end of period	10	132,654	194,499

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	Minority interests	Net Profit (Loss)	Total Equity
01.01.2019	30,392	111,780	(10,810)	20,401	2,544	159,292	62,210	375,809			62,210	375,809
Allocation of earnings					-	62,210	(62,210)	0			(62,210)	
Dividends					-	(28,712)		(28,712)				(28,712)
Treasury shares			(2,566)		-	-		(2,566)				(2,566)
Stock Grant					832	-		832				832
Other changes										1,564		1,564
Profit/(Loss) for the period					-	-	39,513	39,513	165	1,564	39,678	39,678
Other components of the statement of comprehensive income				16,949	911	-		17,860				17,860
Total comprehensive profit (loss)	-	-	-	16,949	911	-		17,860				17,860
30.09.2019	30,392	111,780	(13,376)	37,350	4,287	194,189	39,513	402,736	165	1,564	39,678	404,300

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	Minority interests	Net Profit (Loss)	Total Equity
01.01.2018	30,392	111,780	6,120	10,439	4,376	129,843	60,080	353,029			60,080	353,029
Allocation of earnings						60,080	(60,080)	0			(60,080)	
Dividends						(28,914)		(28,914)				(28,914)
Treasury shares			(10,904)					(10,904)				(10,904)
Stock Grant					176			176				176
Other changes												
Profit/(Loss) for the period							43,578	43,578			43,578	43,578
Other components of the statement of comprehensive income				7,627	188			7,439				7,439
Total comprehensive profit (loss)	-	-	-	7,627	188	-		7,439				7,439
30.09.2018	30,392	111,780	(4,784)	18,066	4,364	161,009	43,578	364,404			43,578	364,404



**Explanatory Notes to the
Consolidated Financial Statements**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Datalogic is the world leader in the markets of automatic data capture and process automation. The company 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, Transport & 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 on the STAR segment of Borsa Italiana, with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO).

The Company is a subsidiary of Hydra S.p.A., which is also based in Bologna and is controlled by the Volta family.

This Consolidated Interim Report as at 30 September 2019 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 30 September 2019 of the Datalogic Group was authorised by resolution of the Board of Directors dated 13 November 2019.

BASIS OF PRESENTATION

1) General criteria

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

Therefore, this Consolidated Interim Report must be read together with the Consolidated Financial Statements and the Explanatory Notes as at 31 December 2018, which have been prepared in accordance with IFRS accounting standards endorsed by the European Union, approved at the Shareholders’ Meeting held on 30 April 2019 and available in the section Investor Relations at www.Datalogic.com.

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

2) Financial statements

The financial statements adopted are compliant with those required by IAS 1 and which were used in the Consolidated Financial Statements for the year ended 31 December 2018, in particular:

- non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realised, sold

- or used during the Group's normal operational cycle; current liabilities are those whose extinction is envisaged during the Group's normal operating cycle or in the 12 months after the reporting date;
- with regard to the Income Statement, cost and revenue items are disclosed based on grouping by function, as this classification was deemed more meaningful for comprehension of the Group's business result;
 - the Statement of Comprehensive Income presents the components that determine profit/(loss) for the period and the costs and revenues reported directly under shareholders' equity;
 - The Statement of Cash Flow is presented using the indirect method.

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

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

Adoption of IFRS 16 Leases

The IFRS 16 standard was issued in January 2016 and supersedes the following standards: IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives e SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets forth principles for recognition, measurement, presentation and disclosure of leases. The standard requires lessees to recognise financial and operating lease contracts in the financial statements according to one single accounting model, similar to the one used to recognise financial leases, pursuant to IAS 17.

This standard envisages two exemptions: lessees may elect not to recognise assets or liabilities for low value assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the inception of the lease, the lessee shall measure a liability related to lease costs (i.e. lease liabilities) and an asset representing the right of use of the underlying asset for the duration of the lease (i.e. the asset in right of use). Moreover, interest payable on liabilities for leases and amortisation/depreciation on the right of use shall be recognised separately.

The Group elected to apply this standard retrospectively on 1 January 2019, with the modified retrospective method, by recognising:

- a financial liability, equal to the current value of future residual payments at the transition date, discounted by using the incremental borrowing rate for each single contract, applicable at the transition date and adjusted, for each subsidiary, according to the economic context in which the company operates;
- an asset in right of use, equal to the value of the financial liability at the transition date, net of any accruals and deferrals related to the operating lease.

The impact as at 30 September 2019, resulting from the adoption of IFRS 16, was as follows:

- the recognition of assets in right of use, amounting to €9.9 million;
- the recognition of financial liabilities for leases, amounting to €10.0 million;
- the accounting of higher amortisation and lower costs for rents and leases of €3.4 million and €3.5 million, respectively.

It should be noted that the weighted average incremental borrowing rate applied to financial liabilities, as per 1 January 2019, was 2.4%.

While adopting IFRS 16, the Group availed itself of the exemption granted by IFRS 16. 5(a) concerning short-term leases. The Group also availed itself of the exemption granted by IFRS 16. 5(b) concerning lease contracts, for which the underlying asset is a low-value asset (i.e. the assets underlying the lease contract are not higher than €5 thousand, when new). Contracts for which the exemption was applied, are primarily included within the following categories: computers, telephones and tablets, printers, other electronic devices. For these contracts, the introduction of IFRS 16 did not involve the recognition of financial liabilities related to leases and corresponding right of use. Leases are recognised in the income statement on a straight-line basis for the duration of the corresponding contracts.

Moreover, with reference to transition rules, the Group availed itself of the following practical expedients available in the event the modified retrospective transition method is adopted:

- Classification of contracts expiring within 12 months from the transition as short-term leases. For these contracts, leases are recorded in the income statement on a straight-line basis;
- Exclusion of initial direct costs from the measurement of the right of use as from 1 January 2019;
- Use of information at the transition date to determine the lease term, with special reference to the exercise of extension and early termination options.

Other standards

As from 1 January 2019, some standards and/or amendments and interpretations entered in force (IFRS 9 – Prepayment Features with Negative Compensations; IFRIC 23 – Uncertainty over Income Tax Treatments; IAS 19 Plan Amendment, Curtailment or Settlement; IAS 28 Long Term Interest in Associates and Joint Ventures; Annual Improvements IFRSs 2015-2017). These have already been described in the Consolidated Financial Statements as at 31 December 2018, to which reference is made, and had no effect on the Consolidated Interim Report as at 30 September 2019.

4) New accounting standards issued but still not in force

As at the reporting date of this Consolidated Interim Report, some accounting criteria were issued but not yet applicable, as described in the Group Consolidated Financial Statements as at 31 December 2018, to which reference is made. The Group intends to adopt these standards and interpretations, if applicable, when they will enter into force.

5) Use of estimates and assumptions

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

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

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

6) Consolidation area

On 17 April 2019, the Group subscribed the capital increase of the company Suzhou Mobydata Smart System Co Ltd., for a total amount of €2.0 million. The Group previously held a minority interest in this company through the transfer of the equity investment owned in Suzhou Mobilead Electronic Technology Co., Ltd.. Due to this transaction, Datalogic acquired 51% of the Company's shares, which, on 30 September 2019, was consolidated on a line-by-line basis.

The following table shows preliminary fair value as at 30 September 2019 of the assets and liabilities of the acquired company, preliminary goodwill deriving from the transaction and the net cash used for the acquisition:

Preliminary Purchase Price Allocation	Amounts as per acquiree's accounts (CNY/000)	Adjustments	Recognised fair value (CNY/000)	Recognised fair value (Euro/000)
Non-current assets	4,622		4,622	612
Current assets	26,224		26,224	3,472
Non-current liabilities	0		0	0
Current liabilities	(3,636)		(3,636)	(481)
Net assets at acquisition date	27,210	-	27,210	3,602
% pertaining to Group	51%		51%	51%
Group net assets	13,877	-	13,877	1,837
Acquisition cost			26,600	3,521
Goodwill at acquisition date			12,723	1,684
Net cash used in acquisition:				
Cash and cash equivalents of acquiree			12,290	1,627
Payments made to the seller			15,600	2,065
Contributions			11,000	1,456
Acquisition cost			26,600	3,521
Net cash used in acquisition			3,310	438

Since the acquisition is a business combination, the Group has recognised it using the purchase method, pursuant to the revised IFRS 3.

The preliminary goodwill emerging from this transaction amounted to €1,684 thousand. It is worth noting that the initial recognition of the business combination, recorded in the third 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.

7) Translation criteria of items in foreign currency

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

Currency (ISO Code)	Quantity of currency/1 euro			
	September 2019		December 2018	September 2018
	Final exchange rate	Average exchange rate	Final exchange rate	Average exchange rate
US Dollar (USD)	1.0889	1.1236	1.1450	1.1942
British Pound Sterling (GBP)	0.8857	0.8835	0.8945	0.8841
Swedish Krona (SEK)	10.6958	10.5679	10.2548	10.2374
Singapore Dollar (SGD)	1.5060	1.5332	1.5591	1.6003
Japanese Yen (JPY)	117.5900	122.5696	125.8500	130.9253
Australian Dollar (AUD)	1.6126	1.6077	1.6220	1.5761
Hong Kong Dollar (HKD)	8.5368	8.8074	8.9675	9.3628
Chinese Renminbi (CNY)	7.7784	7.7135	7.8751	7.7789
Real (BRL)	4.5288	4.3646	4.4440	4.2966
Mexican Pesos (MXN)	21.4522	21.6336	22.4921	22.7381
Hungarian Forint (HUF)	334.8300	323.0732	320.9800	317.5141

SEGMENT DISCLOSURE

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

For 2019, the operating segments were included in the following divisions:

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

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

The **income statement information related to operating segments** as at 30 September 2019 and 30 September 2018 are as follows (€/000):

<i>Segment economic position</i>	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.09.2019
Revenues	428,563	21,741	13,682	(2,614)	461,372
EBITDA	70,414	2,190	688	8	73,300
<i>% Revenues</i>	<i>16.4%</i>	<i>10.1%</i>	<i>5.0%</i>		<i>15.9%</i>
EBIT	49,715	2,091	201	10	52,017

<i>Segment economic position</i>	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.09.2018
Revenues	431,082	22,423	14,601	(2,018)	466,088
EBITDA	73,528	3,618	464	(65)	77,545
<i>% Revenues</i>	<i>17.1%</i>	<i>16.1%</i>	<i>3.2%</i>	<i>0.0%</i>	<i>16.6%</i>
EBIT	57,467	3,571	102	(64)	61,076

The **balance-sheet information related to operating segments** as at 30 September 2019 and 30 September 2018 are as follows (€/000):

<i>Segment financial position</i>	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.09.2019
Total Assets	830,185	14,372	22,455	(35,036)	831,976
Total Liabilities	418,869	4,782	7,080	(3,056)	427,676
Shareholders' Equity	411,315	9,590	15,375	(31,980)	404,300

<i>Segment financial position</i>	Datalogic Business	Solution Net Systems	Informatics	Adjustments	Total Group 30.09.2018
Total Assets	839,378	17,270	20,784	(34,307)	843,125
Total Liabilities	467,400	7,483	6,217	(2,379)	478,721
Shareholders' Equity	371,978	9,787	14,567	(31,928)	364,404

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Over the period, recognised net investments amounted to €16,015 thousand, and depreciation amounted to €8,864 thousand, while the exchange rates amounted to €868 thousand. Tangible assets are broken down as at 30 September 2019 and 31 December 2018 as follows:

	30.09.2019	31.12.2018	Change
Land	8,720	8,349	371
Buildings	30,715	30,548	167
Other assets	35,248	34,932	316
Assets in progress and payments on account	11,460	4,166	7,294
Total	86,143	77,995	8,148

The “Other assets” item as at 30 September 2019 mainly includes the following categories: Industrial equipment and moulds (€10,443 thousand), Plant and machinery (€11,099 thousand), Office furniture and machines (€9,907 thousand), General plants related to buildings (€1,794 thousand), Maintenance on third-party assets (€787 thousand), Commercial equipment and demo room (€1,049 thousand) and Motor vehicles (€93 thousand).

The balance of item “Assets in progress and payments on account”, equal to €11,460 thousand, is mainly composed of the following: €8,470 thousand for investments made for the building and enlargement of Group plants, €1,278 thousand for self-manufactured equipment and production lines, and €1,268 thousand for moulds under construction. The increase, equal to €7,294 thousand, is mainly attributable to the construction of buildings in Germany (€3,191 thousand) and in the United States (€3,675 thousand).

Note 2. Intangible assets

Over the period, net investments were recognised in the amount of €7,659 thousand and amortisation was recognised in the amount of €7,442 thousand, while exchange rates amounted to €10,034 thousand. Intangible assets are broken down as at 30 September 2019 and 31 December 2018 as follows:

	30.09.2019	31.12.2018	Change
Goodwill	191,658	181,149	10,509
Development costs	8,674	10,381	(1,707)
Other	29,281	32,454	(3,173)
Assets in progress and payments on account	8,417	1,671	6,746
Total	238,030	225,655	12,375

“Goodwill”, totalling €191,658 thousand, consisted of the following items:

	30.09.2019	31.12.2018	Change
CGU Datalogic	177,835	167,868	9,967
CGU Informatics	13,823	13,281	542
Total	191,658	181,149	10,509

The change in the “Goodwill” item, compared to 31 December 2018, is due, in the amount of €8,825 thousand, to translation differences and, in the amount of €1,684 thousand, to goodwill generated with the first consolidation of the investee Suzhou Mobydata Smart System Co Ltd..

This Goodwill has been allocated to the CGUs (Cash Generating Units) corresponding to the individual companies and/or sub-groups to which they pertain.

As at 30 September 2019, the Directors deemed that assumptions underlying the impairment tests undergone for the aforesaid CGUs as at 31 December 2018 and the related Business plans, were still valid. Therefore, no impairment indicators were reported with reference to recognised goodwill. In this evaluation, Directors took account of results achieved on 30 September 2019 and estimated for the entire year 2019.

The “**Development costs**” item, amounting to €8,674 thousand, is composed of specific product development projects.

The “**Other**” item, amounting to €29,281 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group. Details are shown in the following table:

	30.09.2019	31.12.2018	Change
Patents	15,467	17,163	(1,696)
Trade Secret	3,010	3,971	(961)
Licences	3,170	3,396	(226)
Other	7,634	7,924	(290)
Total	29,281	32,454	(3,173)

The “Assets in progress and payments on account” item, equal to €8,417 thousand, is attributable, in the amount of €6,696 thousand, to the capitalisation of costs relating to Research and Development projects and are currently underway, as well as, in the amount of €1,721 thousand, to software implementations that are not yet completed.

Note 3. Assets in right of use

The adoption, as from 1 January 2019, of IFRS 16, involved the recognition of rights of use, equal to the value of the financial liabilities at the transition date, adjusted to take account of any accruals and deferrals. The following table shows recognised fixed assets, by asset class.

	30.09.2019	31.12.2018	Change
Buildings	8,178		8,178
Vehicles	1,607		1,607
Office equipment	149		149
Total	9,934		9,934

Depreciation recognised over the period amounted to €3,382 thousand. As regards the description of the accounting policies and related underlying assumptions adopted by the Group as per the application of the IFRS 16 standard and the effects resulting from the first-time adoption of the same, reference is made to the previous comments in the section regarding the accounting standards adopted by the Group.

Note 4. Equity investments in associates

Equity investments owned by the Group as at 30 September 2019 were as follows:

	31.12.2018	Increases	Decreases	30.09.2019
CAEN RFID Srl	550			550
Suzhou Mobilead Electronic Technology Co., Ltd.	1,397		(1,397)	0
R4I	150			150
Datalogic Automation AB	2			2
Specialvideo Srl	29			29
Datasensor GMBH	45			45
Total	2,173		(1,397)	776

Changes in the “Equity investments in associates” item, compared to 31 December 2018, are attributable to the transfer of the equity investment held in Suzhou Mobilead Electronic Technology Co., Ltd., as well as in the investment in Suzhou Mobydata Smart System Co Ltd., which was consolidated on a line-by-line basis as at 30 September 2019.

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:

	Receivables	Financial assets at FV charged to the income statement	Financial assets at FV charged to OCI	30.09.2019
Non-current financial assets	1,443		8,143	9,586
Financial assets - Equity investments			8,143	8,143
Financial assets - Securities				
Financial assets - Loans				
Financial assets - Other				
Other receivables	1,443			1,443
Current financial assets	254,671	41,117		295,788
Trade receivables	85,711			85,711
Other receivables	36,306			36,306
Financial assets - Other		41,117		41,117
Financial assets - Securities				
Cash and cash equivalents	132,654			132,654
Total	256,114	41,117	8,143	305,374
		Derivatives	Other financial liabilities	30.09.2019
Non-current financial liabilities			146,588	146,588
Financial payables			139,251	139,251
Financial liabilities - Derivative instruments				
Other payables			7,337	7,337
Current financial liabilities			209,794	209,794
Trade payables			96,181	96,181
Other payables			59,610	59,610
Financial liabilities - Derivative instruments				
Short-term financial liabilities			54,003	54,003
Total			356,382	356,382

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

Fair value – hierarchy

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

Level 1: market prices;

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

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

	Level 1	Level 2	Level 3	30.09.2019
Assets measured at fair value				
Financial assets - Equity investments	7,957		186	8,143
Financial assets - Non-current securities				
Financial assets - Other non-current financial assets				
Financial assets - Other	20,166	20,951		41,117
Financial assets - Loans				
Financial assets - Derivative instruments				
Total Assets measured at fair value	28,123	20,951	186	49,260

Note 6. Financial assets

The financial assets include the following:

	30.09.2019	31.12.2018	Change
Non-current financial assets	8,143	7,224	919
Current financial assets	41,117	50,896	(9,779)
Total	49,260	58,120	(8,860)

The “Current financial assets” item consists of investments in corporate cash, represented by insurance policies and mutual investment funds. The change for the period refers to the redemption of some investments. Based on the provisions of IFRS 9, these investments were classified as short-term as at 30 September 2019.

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

	31.12.2018	Increases	Decreases	Adj. to fair value	Adjustment on exchange rates	30.09.2019
Listed equity investments	7,154			281	522	7,957
Unlisted equity investments	70	116				186
Total	7,224	116		281	522	8,143

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

Note 7. Trade and other receivables

Details of trade and other receivables item as at 30 September 2019 and 31 December 2018 are as follows:

	30.09.2019	31.12.2018	Change
Trade receivables	73,759	81,815	(8,056)
Contract assets - invoices to be issued	13,165	10,492	2,673
Bad debt provisions	(1,213)	(2,890)	1,677
Net trade receivables	85,711	89,417	(3,706)
Receivables from associates	726	1,014	(288)
Trade receivables from related parties	0	8	(8)
Total Trade receivables	86,437	90,439	(4,002)
Other receivables - current accrued income and prepaid expenses	36,306	23,194	13,112
Other receivables - non-current accrued income and prepaid expenses	1,443	2,268	(825)
Total Other receivables - accrued income and prepaid expenses	37,749	25,462	12,287
Trade and other receivables - Non-current portion	1,443	(2,268)	3,711
Trade and other receivables - current portion	122,743	113,633	9,110

Trade receivables

“Trade receivables” as at 30 September 2019, gross of bad debt provisions, amounted to €86,437 thousand, representing a decrease of 4.4%. As at 30 September 2019, factored trade receivables amounted to €29,874 thousand (compared to €24,896 thousand at the end of 2018). Trade receivables from associates arise from commercial transactions carried out at arm’s length conditions. Customer trade receivables are posted net of bad debt provisions totalling €1,213 thousand (€2,890 thousand as at 31 December 2018).

Other receivables – accrued income and prepaid expenses

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

	30.09.2019	31.12.2018	Change
Other short-term receivables	2,558	2,872	(314)
Other long-term receivables	1,443	2,268	(825)
VAT receivables	28,962	17,002	11,960
Accrued income and prepaid expenses	4,786	3,320	1,466
Total	37,749	25,462	12,287

The “Accrued income and prepaid expenses” item is mainly composed of insurance, hardware and software fees. The change, equal to €11,960 thousand, related to VAT receivable, is attributable primarily to the re-definition of cash flow distribution in the EMEA markets, which do not generate a corresponding offset VAT payable due to the “non-taxable” regime of the same.

Note 8. Inventories

	30.09.2019	31.12.2018	Change
Raw and ancillary materials and consumables	48,851	40,369	8,482
Work in progress and semi-finished products	25,084	24,440	644
Finished products and goods	39,650	31,017	8,633
Total	113,585	95,826	17,759

Inventories are posted net of an obsolescence provision totalling €10,404 thousand as at 30 September 2019 (€11,222 thousand as at 31 December 2018). The increase in inventories is attributable to the seasonal effect and to greater procurement made to the management of the cross-over phase in the reorganisation of the new European logistic hub.

Note 9. Tax payables and receivables

As at 30 September 2019, "Tax receivables" amounted to €23,503 thousand, up €4,842 thousand compared to the end of 2018 (€18,661 thousand as at 31 December 2018). The receivables for IRES tax from the parent company Hydra S.p.A., equal to €11,808 thousand (€11,276 thousand as at 31 December 2018) are classified under this item. This amount is part to the tax consolidation.

"Tax payables" amounted to €36,867 thousand as at 30 September 2019, up €20,485 thousand (€16,382 thousand as at 31 December 2018). The payables for IRES tax from the parent company Hydra S.p.A., equal to €29,289 thousand (€9,557 thousand as at 31 December 2018) are classified under this item. This amount is part to the tax consolidation.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 11. Shareholders' Equity

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

	30.09.2019	31.12.2018	Change
Share capital	30,392	30,392	0
Extraordinary share-cancellation reserve	2,813	2,813	0
Treasury shares held in portfolio	(13,376)	(10,810)	(2,566)
Stock grant reserve	1,009	177	832
Treasury share reserve	22,860	20,297	2,563
Share premium reserve	86,107	88,670	(2,563)
Share capital and capital reserves	129,804	131,539	(1,735)
Other reserves	40,628	22,768	17,860
Retained earnings	194,189	159,292	34,897
Profit for the period	39,678	62,210	(22,532)
Total consolidated Shareholders' Equity	404,300	375,809	28,491

Share capital

As at 30 September 2019, the share capital amounted to €30,392 thousand, representing the share capital, entirely subscribed and paid by the Parent Company Datalogic S.p.A.. The share capital comprises a total number of ordinary shares of 58,446,491, including 1,013,787 held as treasury shares, for a counter-value of €13,376 thousand, making the number of outstanding shares at that date 57,432,704. Moreover, 124,853 shares were assigned to a Stock Grant plan. The shares have a nominal unit value of €0.52.

Other Reserves

In the first nine months of 2019, changes in the Other reserves item are as follows:

- change in the translation reserve, amounting to €26,219 thousand;
- change in the cash flow hedge reserve, amounting to €118 thousand;
- change in financial assets reserve, measured at FVOCI, amounting to €793 thousand;
- change in the stock grant reserve, amounting to €832 thousand.

With reference to changes in the Stock Grant reserve, these changes were related to the recognition of the effects over the period of a medium/long-term share-based incentive plan, approved by the Shareholders' Meeting on 30 April 2019. Should present performance targets be achieved, the rights to receive Company's shares were assigned to the beneficiaries by the Directors on 25 June 2019 (grant date).

The above-mentioned increase in Shareholders' Equity was recognised, for the portion pertaining to the period, based on the measurement at fair value of the entire plan, carried out by a primary expert.

Note 12. Financial payables

Financial payables are broken down as follows:

	30.09.2019	31.12.2018	Change
Non-current financial payables	139,251	157,407	(18,156)
Current financial payables	54,003	51,076	2,927
Total	193,254	208,483	(15,229)

The breakdown of this item is detailed below:

	30.09.2019	31.12.2018	Change
Borrowings from Bank	181,554	204,721	(23,167)
Other	350	1,680	(1,330)
Financial payables IFRS16	10,042	0	10,042
Payables to factoring companies	840	2,053	(1,213)
Bank overdrafts	468	29	439
Total	193,254	208,483	(15,229)

The breakdown of changes in the “Borrowings from Bank” item as at 30 September 2019 and 30 September 2018 is shown below:

	2019	2018
1 January	204,721	253,764
Increases	0	0
Decreases for borrowing repayments	(23,977)	(24,007)
Recalculation of amortised cost	810	(940)
30 September	181,554	228,817

Covenants

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

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

Note 13. Net deferred taxes

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

Deferred tax assets are accounted for based on assumptions of the future recoverability of the temporary differences that originated them, that is based on economic and fiscal strategic plans.

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

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

	30.09.2019	31.12.2018	Change
Deferred tax assets	53,905	54,397	(492)
Deferred tax liabilities	(16,697)	(32,518)	15,821
Net deferred taxes	37,208	21,879	15,329

Change in deferred taxes is mainly due to the release of deferred taxes recognised on incomes become taxable over the year, represented by dividends.

Note 14. Post-employment benefits

The breakdown of changes in the "Post-employment benefits" item as at 30 September 2019 and 30 September 2018 is shown below:

	2019	2018
1 January	6,541	6,633
Amount allocated in the period	1,674	1,726
Uses	(815)	(993)
Other movements	32	(22)
Social security receivables for post-employment benefits	(848)	(608)
30 September	6,584	6,736

Note 15. Provisions for risks and charges

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

	30.09.2019	31.12.2018	Change
Provisions for current risks and charges	6,118	7,197	(1,079)
Provisions for non-current risks and charges	4,914	6,320	(1,406)
Total	11,032	13,517	(2,485)

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

	31.12.2018	Increases	(Uses) and (Releases)	Exchange rate diff.	30.09.2019
Product warranty provision	10,694	6,860	(9,332)	86	8,308
“Stock rotation” provision	1,448	317	(183)	42	1,624
Other	1,375	309	(586)	2	1,100
Total	13,517	7,486	(10,101)	130	11,032

The “**Product warranty provision**” covers the estimated cost of repairing products sold up to 30 September 2019 and covered by a warranty period. It amounts to €8,308 thousand (of which €4,634 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

Note 16. Trade and other payables

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

	30.09.2019	31.12.2018	Change
Trade payables	94,533	113,314	(18,781)
Contract liabilities - customer advances	1,648	3,417	(1,769)
Trade payables	96,181	116,731	(20,550)
Payables to associates	47	260	0
Payables to related parties	0	148	(148)
Total Trade payables	96,228	117,139	(20,698)
Other payables - current accrued liabilities and deferred income	59,610	54,458	5,152
Other payables - non-current accrued liabilities and deferred income	7,337	5,268	2,069
Total Other payables - accrued liabilities and deferred income	66,947	59,726	7,221
Less: non-current portion	7,337	5,268	2,069
Current portion	155,838	171,597	(15,546)

Trade payables amounted to €96,181 thousand, down by €20,550 thousand compared to the previous year.

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	30.09.2019	31.12.2018	Change
Other non-current accrued liabilities and deferred income	7,337	5,268	2,069
Other short-term payables:	29,764	28,165	1,599
Payables to employees	20,903	18,737	2,166
Payables to pension and social security agencies	6,508	6,523	(15)
Other payables	2,353	2,905	(552)
VAT liabilities	3,682	1,800	1,882
Other current accrued liabilities and deferred income	26,164	24,493	1,671
Total	66,947	59,726	7,221

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at 30 September 2019.

The item “Accrued liabilities and deferred income” is mainly composed of deferred income related to multi-annual maintenance contracts. The increase for the period is due to new contracts renewed with some customers.

INFORMATION ON THE INCOME STATEMENT

Note 17. Revenues

Revenues divided by type are shown in the following table:

	Nine months ended		Change
	30.09.2019	30.09.2018	
Revenues from sale of products	429,434	440,492	(11,058)
Revenues from services	31,938	25,596	6,342
Total Revenues	461,372	466,088	(4,716)

In the first nine months of 2019, consolidated net revenues amounted to €461,372 thousand, down by 1.0% compared to €466,088 thousand in the same period of 2018. The following table shows the breakdown of revenues per geographic areas:

	Nine months ended				Change	%	change % ch. net FX
	30.09.2019	%	30.09.2018**	%			
Italy	37,945	8.2%	40,128	8.6%	(2,183)	-5.4%	-6.0%
EMEA (excluding Italy)	195,465	42.4%	200,226	43.0%	(4,761)	-2.4%	-3.0%
Total EMEA (*)	233,410	50.6%	240,354	51.6%	(6,944)	-2.9%	-3.5%
North America	164,703	35.7%	153,202	32.9%	11,501	7.5%	1.2%
Latin America	10,837	2.3%	10,530	2.3%	307	2.9%	-0.3%
APAC (*)	52,422	11.4%	62,002	13.3%	(9,580)	-15.5%	-17.7%
Total Revenues	461,372	100.0%	466,088	100.0%	(4,716)	-1.0%	-3.8%

(*) EMEA: Europe, Middle East, India and Africa; APAC: Asia & Pacific (including China).

(**) Comparison data for 2018 were restated consistently to reflect the new allocations of revenues.

In the first nine months of 2019, the Datalogic division reported revenues amounting to €428,563 thousand, with a positive performance in North America. The business segments that contribute the most as regards revenues over the period are Retail and Manufacturing. The segments that reported the best performances in terms of growth are Transportation & Logistics and Healthcare.

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

	Datalogic	Solution Net Systems	Informatics	Adjustments	Total
Revenues broken down by recognition method					
Revenues from the sale of goods and services - point in time	386,473	2,021	11,419	(2,614)	397,299
Revenues from the sale of goods and services - over the time	42,090	19,720	2,263		64,073
Total	428,563	21,741	13,682	(2,614)	461,372

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

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

	Datalogic	Solution Net Systems	Informatics	Adjustments	Total
Revenues broken down by type					
Sale of goods	400,713	20,557	10,552	(2,388)	429,434
Sale of services	27,850	1,184	3,130	(226)	31,938
Total	428,563	21,741	13,682	(2,614)	461,372

Note 18. Cost of goods sold and operating costs

	Nine months ended		Change
	30.09.2019	30.09.2018	
Cost of goods sold	238,253	239,949	(1,696)
<i>of which non-recurring</i>	403	576	(173)
Operating costs	175,948	167,862	8,086
Research and development expenses	47,587	47,022	565
<i>of which non-recurring</i>	0	0	0
<i>of which amortisation pertaining to acquisitions</i>	78	74	4
Distribution expenses	89,580	81,920	7,660
<i>of which non-recurring</i>	620	0	620
General and administrative expenses	36,915	37,176	(261)
<i>of which non-recurring</i>	517	1,307	(790)
<i>of which amortisation pertaining to acquisitions</i>	3,553	3,342	211
Other operating expenses	1,866	1,744	122
<i>of which non-recurring</i>	0	0	0
Total	414,201	407,811	6,390
<i>of which non-recurring costs</i>	1,540	1,883	(343)
<i>of which amortisation pertaining to acquisitions</i>	3,631	3,416	215

Cost of goods sold

This item amounted to €238,253 thousand, down by 0.7% compared to the same period of 2018. The percentage on revenues remained substantially unchanged and amounted to 51.6% (51.5% over the first nine months of 2018).

Operating costs

Operating costs increased by 4.8%, from €167,862 thousand to €175,948 thousand. The percentage on turnover increased from 36.0% to 38.1%, reporting a 2.1% worsening. In particular:

- “**Research and development expenses**” amounted to €47,587 thousand and increased, compared to the same period of the previous year, with a constantly growing percentage on turnover of 10.3% (10.1% in the same period of the previous year).

- “**Distribution expenses**” amounted to €89,580 thousand, up by €7,660 thousand (+9.4%), compared to the same period of the previous year. This increase is mainly due to an increase in labour cost, following investments in sales organisations.
- “**General and administrative expenses**” amounted to €36,915 thousand, down by 0.7%.

Breakdown of costs by type

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

	Nine months ended		Change
	30.09.2019	30.09.2018	
Purchases	189,486	195,938	(6,452)
Change in inventories	(16,041)	(24,436)	8,395
Labour cost	142,095	131,773	10,322
Amortisation, depreciation and write-downs	19,743	14,635	5,108
Goods receipt and shipment expenses	15,000	16,931	(1,931)
Travel and meetings expenses	9,025	9,523	(498)
Subcontracted work	6,698	4,513	2,185
Technical, legal and tax advisory consultancies	6,526	7,951	(1,425)
Consumables and R&D material	6,245	6,838	(593)
Marketing expenses	5,107	5,562	(455)
EDP expenses	4,254	3,462	792
Royalties	3,725	2,697	1,028
Building expenses	2,535	5,071	(2,536)
Repairs and warranty provision accrual	2,312	5,730	(3,418)
Utilities	1,708	1,580	128
Quality certification expenses	1,680	2,028	(348)
Sundry service costs	1,643	1,449	194
Directors' remuneration	1,514	1,466	48
Telephone expenses	1,311	1,698	(387)
Expenses for plant and machinery and other assets	1,138	1,104	34
Vehicle expenses	1,055	940	115
Commissions	901	1,262	(361)
Entertainment expenses	734	887	(153)
Insurances	535	561	(26)
Others	5,272	8,648	(3,376)
Total Cost of goods sold and operating costs	414,201	407,811	6,390

Costs for purchases and change in inventories increased by €1,943 thousand (1.1%), compared to the same period of 2018, up by 0.8% in terms of percentage on total revenues.

Labour cost amounted to €142,095 thousand (€131,773 thousand over the first nine months of 2018) and reported an increase of €10,322 thousand compared to the previous year (+7.8%). Compared to 30 September 2018, the change amounted to €3,314 thousand for exchange rates and to €4,726 thousand for the average increase in the number of employees hired over the period, mainly in APAC, America and Italy in sales organisations. The detailed breakdown of labour cost is as follows:

	Nine months ended		Change
	30.09.2019	30.09.2018	
Wages and salaries	108,455	100,389	8,066
Social security charges	21,802	19,132	2,670
Employee severance indemnities	1,764	1,623	141
Retirement and similar benefits	1,259	1,078	181
Other personnel costs	8,815	9,551	(736)
Total	142,095	131,773	10,322

The increase in the “**Amortisation, depreciation and write-downs**” item, amounting to €5,108 thousand, is mainly due to the adoption of the new IFRS 16 standard - Leases (€3,382 thousand) and higher investments in both production plants and in product development.

The “**Goods receipt and shipment expenses**” item, amounting to €15,000 thousand, recorded a 11.4% decrease, with a better percentage on turnover compared with the previous period (-0.4%).

Costs related to “**Subcontracted work**” amounted to €6,698 thousand and refer primarily to orders in the Solution Net Systems division. They increased compared to the same period of the previous year according to the progress of some projects.

Expenses related to “**Technical, legal and tax advisory consultancies**” decreased by €1,425 thousand in the first nine months of 2019 thanks to an effective cost-saving policy.

Expenses for “**Buildings**” decreased by €2,536 thousand in the first nine months of 2019, mainly due to the adoption of the new IFRS 16 - Leases standard, which involved the adjustment of costs for leases and the recognition of amortisation and depreciation costs related to rental and operating lease contracts.

Note 19. Other operating income

The “Miscellaneous income and revenues” item primarily includes Grants to research and development expenses.

	Nine months ended		Change
	30.09.2019	30.09.2018	
Grants to research and development expenses	2,562	1,394	1,168
Miscellaneous income and revenues	2,115	1,196	919
Rents	73	54	19
Income on disposal of fixed assets	77	96	(19)
Contingent assets	6	15	(9)
Other	13	45	(32)
Total	4,846	2,800	2,046

Note 20. Financial Income/(Expenses)

	Nine months ended		Change
	30.09.2019	30.09.2018	
Financial Income/(Expenses)	(572)	(748)	176
Foreign exchange gains/losses	840	(3,209)	4,049
Bank expenses	(946)	(1,163)	217
Other	44	109	(65)
Total Financial Income/(Expenses)	(634)	(5,011)	4,377

Thanks to the favourable trend of exchange rates, the Financial Income/(Expenses) item was negative for €634 thousand, an improvement of €4,377 thousand compared to the negative result of €5,011 thousand reported in the same period of 2018. In the first nine months of 2019, financial incomes related to cash investments were positive and equal to €1,172 thousand (negative by €48 thousand in the first nine months of 2018).

Note 21. Taxes

	Nine months ended		Change
	30.09.2019	30.09.2018	
Profit (loss) before taxes	51,383	56,065	(4,682)
Income taxes	22,444	10,753	11,691
Deferred taxes	(10,739)	1,734	(12,473)
Total	11,705	12,487	(782)
Tax Rate	22.8%	22.3%	0.5%

The expected average tax rate is equivalent to 22.8%, substantially in line with the previous year. Changes in current and deferred tax assets and liabilities are mainly due to the release of deferred taxes recognised on incomes became taxable over the year and represented by dividends. Taxes were calculated by using the best estimate of the annual tax rate expected at year end.

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 purposes of calculating diluted EPS, the weighted average number of outstanding shares is determined assuming translation of all potential shares with a dilutive effect (stock grant attributions), and the Group's net profit is adjusted for the post-tax effects of translation.

	Nine months ended	
	30.09.2019	30.09.2018
Earnings/(loss) for the period	39,678	43,578
Average number of shares (thousands)	57,281	57,964
Basic earnings/(loss) per share	0.69	0.75
Earnings/(loss) for the period	39,678	43,578
Average number of shares (thousands) - Diluted effect	57,463	57,965
Diluted earnings/(loss) per share	0.69	0.75

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 1725/2003, and the Procedure for Transactions with Related Parties approved by the Board of Directors on 4 November 2010 (most recently amended on 24 July 2015), available on the Company’s website www.datalogic.com.

The parent company of the Datalogic Group is Hydra S.p.A.

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

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

Pursuant to Art. 5, par. 8, of the Consob Regulations, it should be noted that, over the period 01/01/2019 - 30/09/2019, the Company's Board of Directors did not approve any relevant transaction, as set out by Art. 3, par. 1, lett. b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).

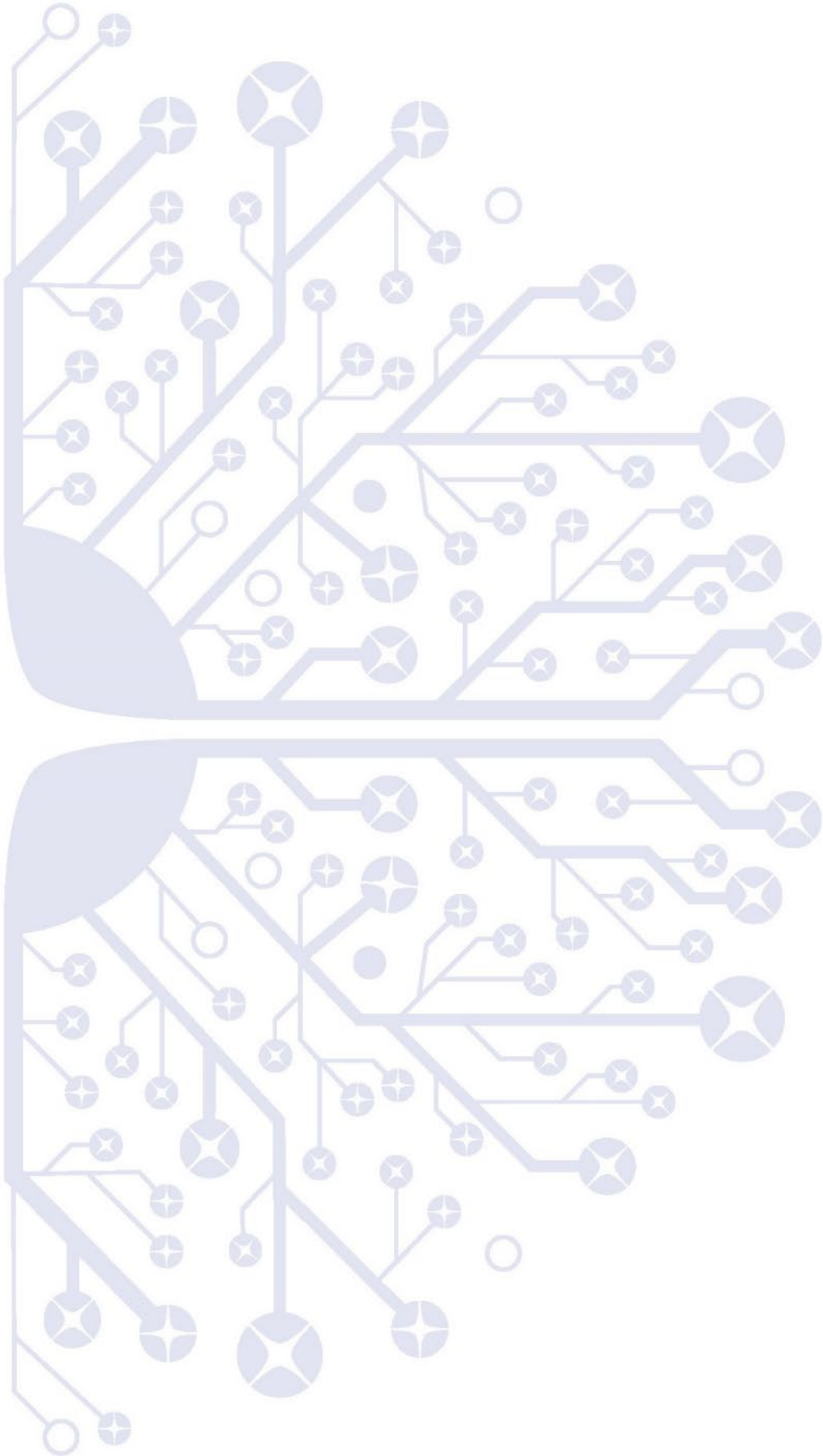
	Parent company	Company controlled by Chairman of BoD	Not consolidated companies on a line-by-line basis	30.09.2019
Equity investments	-	-	776	776
Held-for-sale assets	-	-	-	-
Trade and other receivables	-	76	731	807
Receivables pursuant to tax consolidation	11,808	-	-	11,808
Financial receivables	-	-	-	-
Liabilities pursuant to tax consolidation	29,289	-	-	29,289
Trade payables	-	-	47	47
Financial payables	-	-	-	-
Operating expenses	-	863	132	995
Trade and other revenues	-	-	3,705	3,705
Financial income	-	-	-	-
Profits/(losses) from associates	-	-	-	-

NUMBER OF EMPLOYEES

	Nine months ended		Change
	30.09.2019	30.09.2018	
Datalogic	2,972	2,978	(6)
Solution Net Systems	37	43	(6)
Informatics	76	84	(8)
Total	3,085	3,105	(20)

EVENTS OCCURRING AFTER THE END OF THE PERIOD

There were no events that occurred after the period was closed that require reporting.



ANNEXES

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

Interim Report on Operations as at 30 September 2019

The undersigned Ms. Laura Bernardelli, as Manager in charge of drawing up the Datalogic S.p.A. 's accounting statements, hereby certify that, pursuant to provisions set out by paragraph 2 of article 154 bis, of Legislative Decree no. 58 of 24 February 1998, the Consolidated Interim Report as at 30 September 2019 is consistent with the accounting records.

Lippo di Calderara di Reno, 13 November 2019

Manager in charge of drawing up
the Company's accounting
statements

Laura Bernardelli

ANNEXES

CONSOLIDATION AREA

The consolidated financial statements include interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. Interim reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company. The companies included in the scope of consolidation as at 30 September 2019, consolidated on a line-by-line basis, are disclosed hereunder:

Company	Registered office	Share capital		Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A.	Bologna – Italy	Euro	30,392,175	352,462	115,933	
Datalogic Real Estate France Sas	Paris – France	Euro	2,227,500	3,702	64	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	4,686	52	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	18,723	3,627	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	15,165	(29)	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	210	20	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	2,695	522	100%
Datalogic Hungary Kft	Fonyod - Hungary	HUF	3,000,000	5,303	1,633	100%
Solution Net Systems, Inc.	Quakertown, PA - USA	USD		9,590	964	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	154,388	16,109	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	Euro	66,388	4,853	4,781	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	225,796	4,976	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	914	(281)	100%
Datalogic Tecnologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(229)	(39)	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	Euro	25,000	3,786	31	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	910	135	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	22,891	6,131	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	2,716	650	100%
SORED I Touch Systems GmbH	Olching (Munich) - Germany	Euro	25,000	4,853	1,330	100%
Suzhou Mobydata Smart System Co. Ltd	Suzhou, JiangSu - China	CNY	161,224	3,476	165	51%