



DATALOGIC

EMPOWER YOUR VISION

Interim Report
31 March 2019

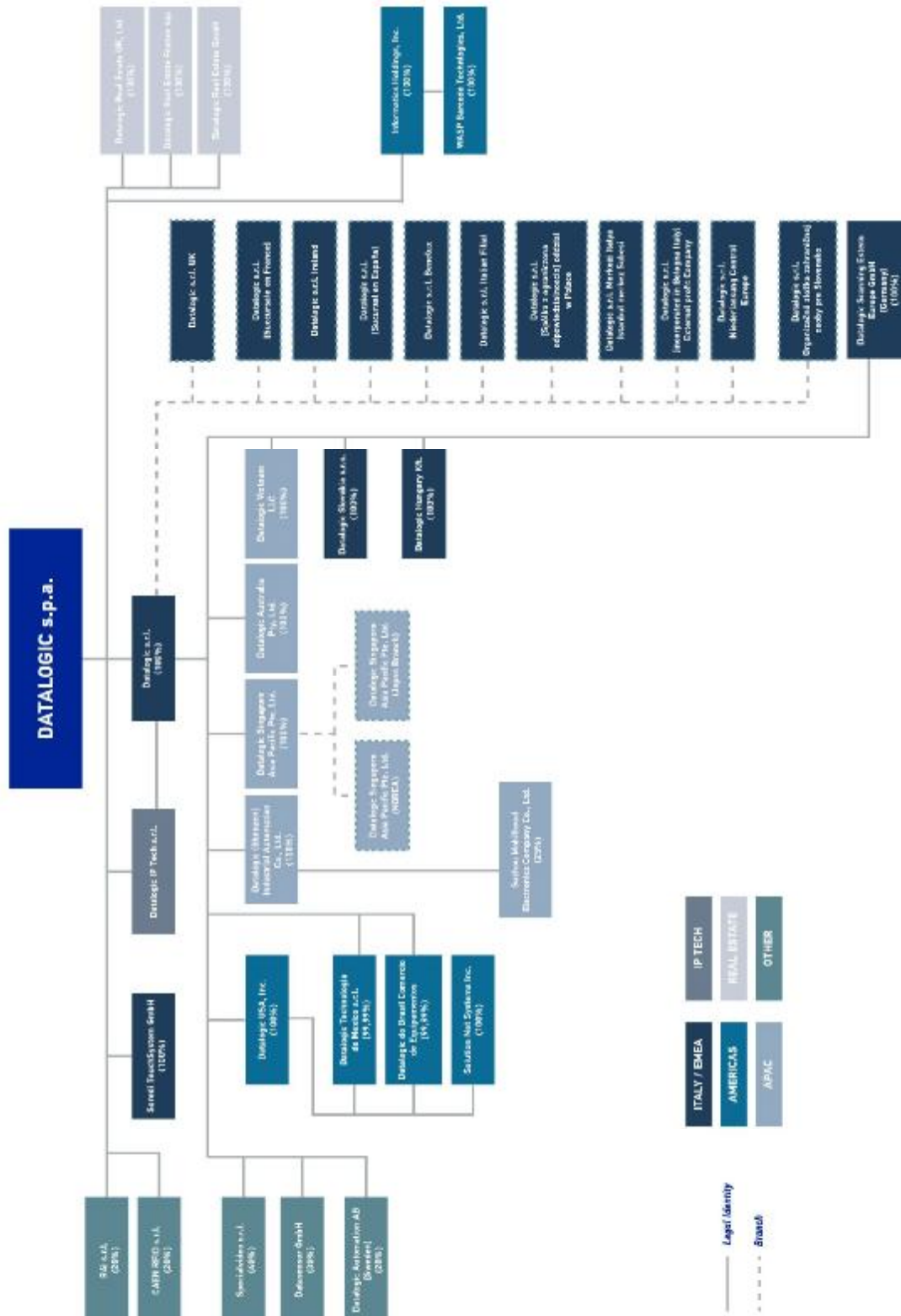
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DISCLAIMER

This document contains forward-looking statements related to future events and the operating, economic and financial results of the Group. These provisions have an element of risk and uncertainty inasmuch they depend on the occurrence of events and future developments. The actual results might deviate, also remarkably, from results envisaged in relation to multiple factors, the majority of which is beyond the Group's control.

GROUP STRUCTURE



COMPOSITION OF CORPORATE BODIES

Board of Directors (1)

Romano Volta
Valentina Volta
Angelo Busani
Roberto Lancellotti
Angelo Manaresi
Chiara Giovannucci Orlandi
Pietro Todescato
Filippo Maria Volta
Vera Negri Zamagni

Chairman (2)
Director and Chief Executive Officer (2)
Independent Director
Independent Director
Independent Director
Independent Director
Director
Non-executive Director
Independent Director

Statutory Auditors (3)

Salvatore Fiorenza
Elena Lancellotti
Roberto Santagostino
Eugenio Burani
Patrizia Cornale
Ines Gandini

Chairman
Statutory Auditor
Statutory Auditor
Alternate Statutory Auditor
Alternate Statutory Auditor
Alternate Statutory Auditor

Audit and Risk Management Committee, Remuneration and Appointments Committee

Angelo Manaresi
Chiara Giovannucci Orlandi
Filippo Maria Volta

Chairman
Independent Director
Director

Independent Auditor

Deloitte & Touche S.p.A.

- (1) The Board of Directors was appointed by the Shareholders' Meeting of 23 May 2018 and will remain in office until the next Shareholders' Meeting held for the approval of the financial statements for the year as at 31 December 2020. The Shareholders' Meeting of 30 April 2019 confirmed Mrs Vera Negri Zamagni as Director, co-opted by the Board of Directors on 9 August 2018. The Shareholders' Meeting also resolved that the number of Directors in the Board of Directors is to be 9 and appointed Mr. Angelo Busani as Director until the Shareholders' Meeting called to approve the financial statements as at 31 December 2020.
- (2) Legal representativeness with respect to third parties.
- (3) The **Statutory Auditors**, appointed by the Shareholders' Meeting held on 30 April 2019, will remain in office until approval of the financial statements for the year 2021. The Alternate Statutory Auditors Mario Fuzzi and Paolo Prandi resigned from their office with the approval of the financial statements as at 31 December 2018.
- (4) The Shareholders' Meeting, held on 30 April 2019, appointed Deloitte & Touche S.p.A. as Auditing Firm for the 2019-2027 nine-year period. EY S.p.A. completed its auditing mandate with the approval of the financial statements as at 31 December 2018.

REPORT ON OPERATIONS

INTRODUCTION

This Interim Report as at 31 March 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

The Datalogic Group is the global leader in the markets of automatic data capture and process automation. The Group is specialised in the design and production of bar code readers, mobile computers, detection, measurement and security sensors, vision and laser marking systems and RFID. Its pioneering solutions contribute to increase efficiency and quality of processes 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 economic and financial results as at 31 March 2019 in comparison with the same period a year earlier:

	Quarter ended		31.03.2018	% on Revenues	Change	%	% ch. net FX
	31.03.2019	% on Revenues					
Total Revenues	144,647	100.0%	142,942	100.0%	1,705	1.2%	-2.1%
EBITDA	21,647	15.0%	21,952	15.4%	(305)	-1.4%	4.1%
Operating result (EBIT)	14,822	10.2%	16,520	11.6%	(1,698)	-10.3%	
Group net profit/loss	12,567	8.7%	11,183	7.8%	1,384	12.4%	
Net financial position (NFP)	(3,925)		32,348		(36,273)		

In the first quarter of 2019, revenues grew by 1.2% and stood at €144.6 million; EBITDA decreased by 1.4% to €21.6 million, and the EBITDA margin stood at 15.0%, a slight decrease compared to the same period of the previous year.

Net profit increased by 12.4% to €12.6 million (€11.2 million the first quarter of 2018). As percentage, net profit increased from 7.8% to 8.7% on revenues, an improvement of 0.9 percentage points.

The Net Financial Position as at 31 March 2019 is negative by €3.9 million, a decrease of €36.3 million compared to 31 March 2018 (positive by €32.3 million) and a decrease of €27.8 million compared to 31 December 2018 (positive by €23.8 million). The change is the main consequence of the accounting impact due to the application of the new accounting principle IFRS 16-Leases, which involved the recognition of assets for the right in use, amounting to €14.3 million and financial liabilities for leases, in the amount of €14.1 million.

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 Guidelines on alternative performance indicators, issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015, refer only to the performance of the accounting period related to this Interim Report 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 Interests 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, also including "Other financial assets" represented by temporary liquidity investments.

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:

	Quarter ended				Change	%
	31.03.2019		31.03.2018			
Total Revenues	144,647	100.0%	142,942	100.0%	1,705	1.2%
Cost of goods sold	(74,496)	-51.5%	(73,136)	-51.2%	(1,360)	1.9%
Gross Operating Margin	70,151	48.5%	69,806	48.8%	345	0.5%
Research and Development expenses	(14,304)	-9.9%	(14,519)	-10.2%	215	-1.5%
Distribution expenses	(29,102)	-20.1%	(25,771)	-18.0%	(3,331)	12.9%
General and Administrative expenses	(11,107)	-7.7%	(11,094)	-7.8%	(13)	0.1%
Other operating income/(expenses)	580	0.4%	(36)	0.0%	616	n.a.
Total Operating expenses and others	(53,933)	-37.3%	(51,420)	-36.0%	(2,513)	4.9%
Non-recurring costs/revenues	(199)	-0.1%	(760)	-0.5%	561	-73.8%
Amort. Intangible assets from acquisitions	(1,197)	-0.8%	(1,106)	-0.8%	(91)	8.2%
Operating result (EBIT)	14,822	10.2%	16,520	11.6%	(1,698)	-10.3%
Financial Income/(Expenses)	(215)	-0.1%	(1,065)	-0.7%	850	-79.8%
Profit/(Loss) from associates	0	0.0%	0	0.0%	0	n.a.
Foreign exchange gains/(losses)	1,504	1.0%	(779)	-0.5%	2,283	n.a.
Profit/(Loss) before taxes (EBT)	16,111	11.1%	14,676	10.3%	1,435	9.8%
Taxes	(3,544)	-2.5%	(3,493)	-2.4%	(51)	1.5%
Net Profit/(Loss)	12,567	8.7%	11,183	7.8%	1,384	12.4%
Non-recurring costs/revenues	(199)	-0.1%	(760)	-0.5%	561	-73.8%
Depreciation	(4,158)	-2.9%	(2,535)	-1.8%	(1,623)	64.0%
Amortisation	(2,468)	-1.7%	(2,137)	-1.5%	(331)	15.5%
EBITDA	21,647	15.0%	21,952	15.4%	(305)	-1.4%

Consolidated net revenues amounted to €144.6 million, up by 1.2% compared to €142.9 million of the first quarter of 2018 (-2.1% at constant exchange rate).

The following table shows the breakdown by geographical area of Group revenues achieved in the first quarter of 2019 compared with the same period of 2018:

	Quarter ended				Change	% Ch.	% ch. net FX
	31.03.2019	%	31.03.2018**	%			
<i>Italy</i>	11,765	8.1%	14,407	10.1%	(2,642)	-18.3%	
<i>EMEA (except Italy)</i>	71,850	49.7%	67,961	47.5%	3,889	5.7%	
Total EMEA (*)	83,615	57.8%	82,368	57.6%	1,247	1.5%	0.7%
North America	43,516	30.1%	39,490	27.6%	4,026	10.2%	1.7%
Latin America	2,756	1.9%	3,047	2.1%	(291)	-9.5%	-11.9%
APAC (*)	14,760	10.2%	18,037	12.6%	(3,277)	-18.2%	-21.5%
Total Revenues	144,647	100.0%	142,942	100.0%	1,705	1.2%	-2.1%

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

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

During the first quarter of 2019, a 10.2% growth was recorded in North America, above all thanks to the favourable trend of exchange rates, while a slow-down was recorded in the APAC area, down by 18.2%. The performance of the EMEAI area, up 1.5% in total, was affected by the negative trend reported in Italy, while a good growth was recorded in the other countries, especially in the DACH countries (Germany, Austria and Switzerland).

Gross Operating Margin, equal to €70.2 million, increased by 0.5% compared to €69.8 million reported in the same period of the previous year. As a percentage on revenues it was substantially in line with the same quarter of the previous year, from 48.8% of 2018 to 48.5% of 2019, thanks to the efficiency in costs of materials and the improvement in the mix, which offset unfavourable exchange rates.

Operating expenses and others, equal to €53.9 million, increased by 4.9% from €51.4 million in the same period of 2018, and increased by 1.3 percentage points in proportion to revenues, from 36.0% to 37.3%. In particular, Distribution expenses, increased by 12.9% to 29.1 million, with an impact of 20.1% on revenues, compared to 18.0% recorded in the same period of 2018, are attributable to investments aimed at strengthening sales organisations, as occurred in 2018. Research and Development expenses, equal to around €14.3 million (€14.5 million in the first quarter of 2018) are substantially in line with the previous period, 9.9% as percentage on turnover.

EBITDA showed 1.4% decrease, from €22.0 million in the first quarter of 2018, to €21.6 million, while, as a percentage on revenues (EBITDA margin), it stood at 15.0% compared to 15.4% in 2018. The slight reduction is determined by the increase in the impact of operating costs and the unfavourable trend of exchange rates, partially offset by the benefit resulting from the adoption of the new IFRS 16 Leases, which involved the recording of higher depreciation and lower costs for leases and rentals, in the amount of €1.3 million.

EBIT decreased by 10.3% to €14.8 million compared to €16.5 million related to same period of previous year, with an impact on revenues from 10.2% to 11.6% recorded in the first quarter of 2018.

Net Financial Income/(Expenses)

	Quarter ended		Change
	31.03.2019	31.03.2018	
Financial Income/(Expenses)	(11)	(799)	788
Foreign Exchange gains/(losses)	1,504	(779)	2,283
Bank expenses	(302)	(363)	61
Other	98	97	1
Total Net financial Income/(Expenses)	1,289	(1,844)	3,133

Net Financial Income/(Expenses) was positive by €1.3 million, compared to a negative result of €1.8 million related to the same period of 2018, which mainly refers to the trend of exchange rate differences positive by €1.5 million, and to higher income from liquidity investments.

The Net Income/(Loss), amounting to €12.6 million, increased by 12.4% compared to the profit recorded in the same period of the previous year (€11.2 million).

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 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 large-scale distribution, manufacturing, transport & logistics and health, along the entire value chain;
- § **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.

The following tables show the comparison between the divisional Revenues and EBITDA achieved in the first quarter of 2019 and those achieved in the same period of 2018:

REVENUES	Quarter ended						
	31.03.2019	%	31.03.2018	%	Change	% Ch.	% ch. net FX
Datalogic	135,647	93.8%	132,567	92.7%	3,080	2.3%	-0.7%
Solution Net Systems	5,465	3.8%	6,093	4.3%	(628)	-10.3%	-17.2%
Informatics	4,292	3.0%	4,773	3.3%	(481)	-10.1%	-17.0%
Adjustments	(757)		(491)		(266)		
Total	144,647	100.0%	142,942	100.0%	1,705	1.2%	-2.1%

EBITDA	Quarter ended						
	31.03.2019	%	31.03.2018	%	Change	% Ch.	
Datalogic	20,694	15.3%	20,803	15.7%	(109)	-0.5%	
Solution Net Systems	985	18.0%	957	15.7%	28	2.9%	
Informatics	(73)	-1.7%	139	2.9%	(212)	n.a.	
Adjustments	41		53		(12)		
Total	21,647	15.0%	21,952	15.4%	(305)	-1.4%	

DATALOGIC DIVISION

In the first quarter, the Datalogic Division reported a turnover of €135.6 million, up by 2.3% compared to the same period of 2018 (-0.7% at constant exchange rate), with positive performance in North America (+18.6%) and EMEA (+1.5%).

EBITDA related to the division amounted to €20.7 million, down 0.5%, corresponding to 15.3% of turnover (15.7% as at 31 March 2018).

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

	Quarter ended		31.03.2018*	%	Change	% Ch.	% ch. net FX
	31.03.2019	%					
Retail	63,565	46.9%	64,969	49.0%	(1,404)	-2.2%	-5.6%
Manufacturing	38,885	28.7%	40,496	30.5%	(1,611)	-4.0%	-5.9%
Transportation & Logistics	14,744	10.9%	12,627	9.5%	2,117	16.8%	12.5%
Healthcare	5,427	4.0%	4,527	3.4%	900	19.9%	15.6%
Channel (unallocated)	13,026	9.6%	9,948	7.5%	3,078	30.9%	28.8%
Total	135,647	100.0%	132,567	100.0%	3,080	2.3%	-0.7%

(*) The 2018 comparison data were restated consistently with the reallocation of revenues to the various operating segments.

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

§ RETAIL

The Retail sector reported 2.2% decrease compared to the same period of previous year (-5.6% at constant exchange rate), with a slowdown in all geographical areas, except for North America, which increased by 5.3%.

§ MANUFACTURING

The Manufacturing sector decreased by 4.0% compared to the same period of previous year (-5.9% at constant exchange rate). The slowdown in EMEAI (-3.1%) and in APAC (-17.4%) was only partially offset by the positive performance in North America, up by 19.4% (10.3% at constant exchange rate).

§ TRANSPORTATION & LOGISTICS

The Transportation & Logistics sector recorded a strong growth, equal to 16.8% compared to the same period of 2018 (+12.5% at constant exchange rate), driven by an exceptionally positive performance in North America, up by 44% (+33.1% at constant exchange rate).

§ HEALTHCARE

The Healthcare sector reported 19.9% increase (+15.6% at constant exchange rate), compared to the first quarter of 2018, driven by sales in EMEAI.

The sales through distribution channel, especially to small and medium-sized customers, not directly attributable to any of the four main sectors, reported 30.9% increase (+28.8% at constant exchange rate).

SOLUTION NET SYSTEMS DIVISION

The Solution Net Systems Division reported revenues of €5.5 million, down 10.3% compared to the first quarter of 2018 (-17.2% at constant exchange rate), performance that is mainly attributable to the seasonal trend of projects. The EBITDA related to the division amounted to €1 million, with an impact on turnover of 18.0% compared to 15.7% recorded in the first quarter of 2018.

INFORMATICS DIVISION

In the first quarter, the Informatics Division recorded a turnover of €4.3 million, down 10.1% (-17.0% at constant exchange rate) compared to the first quarter of 2018. EBITDA for the division was negative for €0.1 million (positive by 0.1 million in the same period of 2018).

ANALYSIS OF FINANCIAL DATA

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

	31.03.2019	31.12.2018	Change
Intangible assets	44,150	44,506	(356)
Goodwill	183,460	181,149	2,311
Tangible assets	94,449	77,995	16,454
Equity investments in associates	9,659	9,397	262
Other fixed assets	57,647	56,665	982
Total Fixed Assets	389,365	369,712	19,653
Trade receivables	78,836	90,439	(11,603)
Trade payables	(99,181)	(117,139)	17,958
Inventories	107,735	95,826	11,909
Net trade working capital	87,390	69,126	18,264
Other current assets	51,940	41,855	10,085
Assets Held-for-sale	0	0	0
Other ST payables and provisions for short-term risks	(82,138)	(78,037)	(4,101)
Net Working Capital	57,192	32,944	24,248
Other LT liabilities	(39,593)	(37,829)	(1,764)
Post-employment benefits	(6,640)	(6,541)	(99)
LT provisions for risk and future charges	(5,914)	(6,320)	406
Net Invested Capital	394,410	351,966	42,444
Shareholders' Equity	(390,485)	(375,809)	(14,676)
Net financial position (NFP)	(3,925)	23,843	(27,768)

As at 31 March 2019, the Net Trade Working Capital amounted to €87.4 million (13.8% of revenues), up by €18.3 million compared to 31 December 2018 and by €14.6 million compared to 31 March 2018. The change is due to the increase in inventories and the decrease in trade payables, partially offset by improved trade receivables.

The Net Invested Capital, equal to around €394.4 million, increased by €42.4 million compared to the previous year, due to the increased net working capital (€24.2 million) and increased net investments in non-current assets, amounting to around €19.7 million, mainly related to product development and tangible assets including around €14.3 million resulting from the adoption of IFRS 16.

The Net Financial Position, as at 31 March 2019, was negative by €3.9 million, down by €36.3 million compared to 31 March 2018 (positive by €32.3 million) and down by 27.8 million, compared to 31 December 2018 (positive by €23.8 million). The change is the main consequence of the accounting impact due to the application of the new accounting principle IFRS 16-Leases, which involved the recognition of assets for the right in use, amounting to €14.3 million and financial liabilities for leases, in the amount of €14.1 million.

Cash flows, which brought about the change in the Group's consolidated net financial position in the first quarter of 2019, are summarised as follows:

	31.03.2019	31.03.2018
Net Financial Position/(Net Financial Debt) as at 1 January	23,843	30,137
EBITDA	21,647	21,952
Change in net trade working capital	(18,264)	(11,328)
Net investments	(6,082)	(2,694)
Change in taxes	(4,504)	(3,169)
Net Financial Income/(Expenses)	1,289	(1,844)
Treasury shares	(2,566)	
Other changes	(5,178)	(706)
Change in Net Financial Position before IFRS 16	(13,658)	2,211
Adoption of IFRS 16 Leases	(14,110)	0
Change in Net Financial Position	(27,768)	2,211
Net Financial Position/(Net Financial Debt) as at 31 March	(3,925)	32,348

Net of the treasury share purchases and the adoption of IFRS 16, cash absorption over the period, resulting from business activities, is equal to €11.1 million (positive in the first quarter of 2018, in the amount of €2.2 million). This trend is due to the increase in net investments, equal to €6.1 million (€2.7 million in the first quarter of 2018), the change in net working capital, negative by €18.3 million (€11.3 million in the first quarter of 2018) and the change in other assets and liabilities, negative by €5.2 million (€0.7 million in the first quarter of 2018), attributable to the increase in VAT receivables.

As at 31 March 2019, the net financial debt/(net financial position) is broken down as follows:

	31.03.2019	31.12.2018
A. Cash and bank deposits	165,770	181,418
B. Other cash equivalents	12	12
<i>b1. restricted cash</i>	12	12
C. Securities held for trading	0	0
D. Cash and cash equivalents (A) + (B) + (C)	165,782	181,430
E. Current financial receivables	0	0
F. Other current financial assets	51,630	50,896
<i>f1. hedging instruments</i>	0	0
G. Bank overdrafts	756	29
H. Current portion of non-current debt	47,705	47,314
I. Other current financial liabilities	6,021	3,733
<i>i1. hedging instruments</i>	0	0
<i>i2. lease payables</i>	4,818	0
<i>i3. current financial liabilities</i>	1,203	3,733
J. Current financial debt/(net financial position) (G) + (H) + (I)	54,482	51,076
K. Current net financial debt/(current net financial position) (J) - (D) - (E) - (F)	(162,930)	(181,250)
L. Non-current bank borrowing	157,563	157,407
M. Other financial assets	0	0
N. Other non-current liabilities	9,292	0
<i>n1. hedging instruments</i>		
<i>n2. lease payables</i>	9,292	0
<i>n3. non-current financial liabilities</i>	0	0
O. Non-current financial debt (L) - (M) + (N)	166,855	157,407
P. Net financial debt/(net financial position) (K) + (O)	3,925	(23,843)

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 31 March 2019 and 31 December 2018, as envisaged in Consob Communication no. DEM/6064293 of 28 July 2006, are disclosed here below.

	31 March 2019		31 December 2018	
	Total equity	Net Profit (Loss)	Total equity	Net Profit (Loss)
Parent Company shareholders' equity and profit	280,662	2,514	278,267	29,340
Difference between consolidated companies' shareholders' equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	169,249	9,087	156,298	136,617
Elimination of dividends	0		0	(104,684)
Amortisation of "business combination" intangible assets	(5,827)	0	(5,827)	0
Effect of acquisition under common control	(31,733)	0	(31,733)	0
Elimination of capital gain on sale of business branch	(17,067)	0	(17,067)	0
Elimination of intercompany transactions	(11,912)	1,642	(12,277)	(1)
Adjustments of write-downs and capital gains on equity investments	5,517		4,581	(936)
Goodwill impairment	(1,395)		(1,395)	
Other	(1,713)	(404)	834	2,182
Deferred taxes	4,704	(272)	4,128	(308)
Group shareholders' equity and profit	390,485	12,567	375,809	62,210

BUSINESS OUTLOOK

Some of the elements of political uncertainty and the estimated global macroeconomic scenario emerged during the first quarter of 2019, determining a slowdown in the economic situation in some geographical areas, especially in China and in Italy. Meanwhile, North America represented, for the Group, the most growing market.

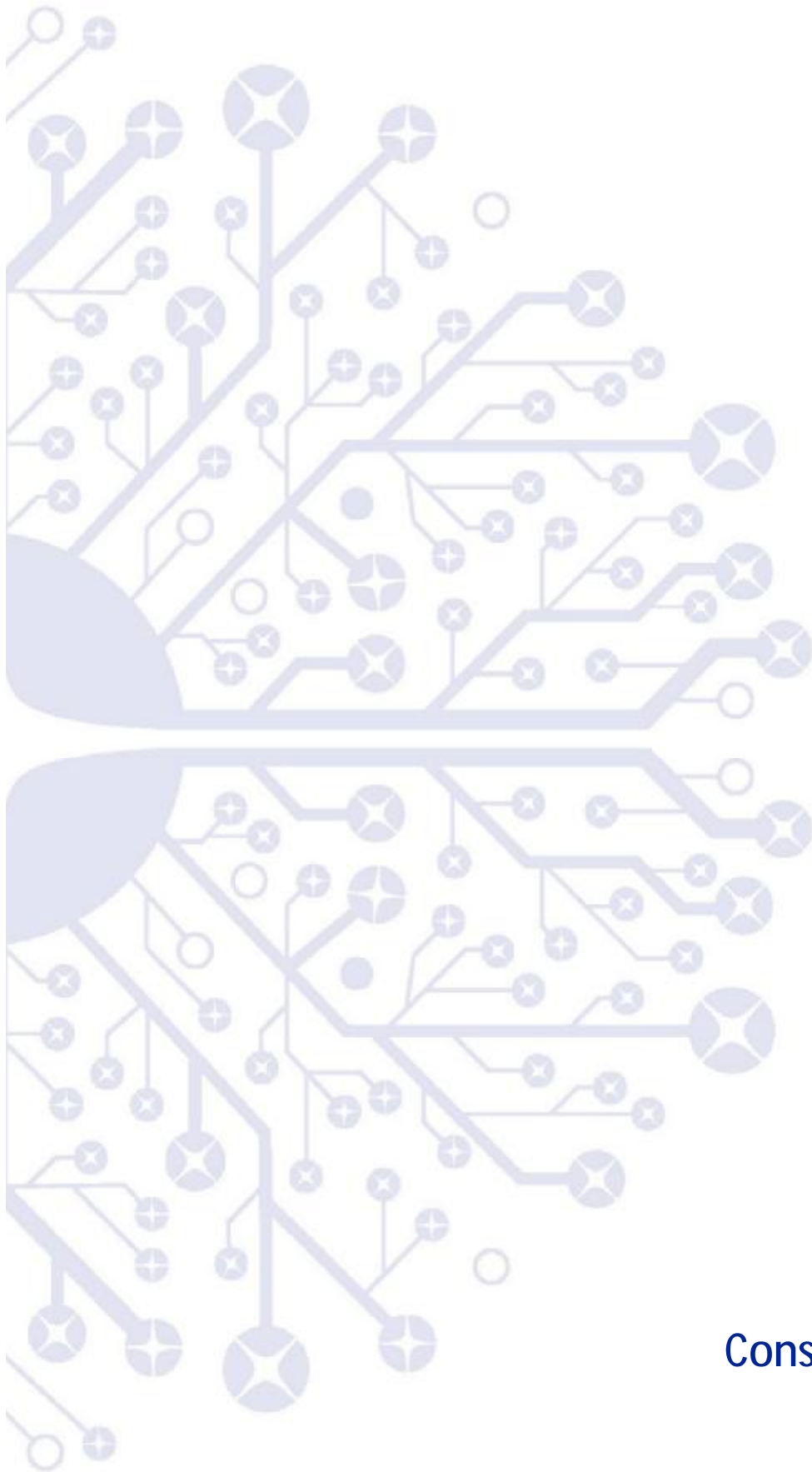
Expectations on the main trends of a long-term development in all the main reference industrial segments, despite slowdown signals, are confirmed: industrial automation and robotics development in the Manufacturing sector; investments in technologies to reduce costs and improve customer experience in the Retail sector; increase in volumes of shipments following the development of e-commerce and consequent increase of investments in technologies aimed at minimizing mistakes and reduce delivery times in the Transportation & Logistics sector; evolution of regulation towards standards of higher safety in the Healthcare sector.

The macroeconomic scenario, which mostly affected Group revenues, especially in China and in Italy, continues to show some uncertainty elements that might affect the current quarter as well. Despite this market conditions, thanks to new products and investments made in trade organizations, the Group expects an improvement in the second half of the year, and the continuation of a growth in revenues at year end, with a recovery of profitability at levels substantially in line with 2018.

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 (Euro/000)	Note	31.03.2019	31.12.2018
A) Non-current assets (1+2+3+4+5+6+7+8)		389,365	369,712
1) Tangible assets	1	80,156	77,995
land	1	8,676	8,349
buildings	1	30,847	30,548
other assets	1	34,182	34,932
assets in progress and payments on account	1	6,451	4,166
2) Intangible assets	2	227,610	225,655
goodwill	2	183,460	181,149
development costs	2	9,806	10,381
other	2	31,317	32,454
assets in progress and payments on account	2	3,027	1,671
3) Assets in right of use	3	14,293	0
4) Equity investments in associates	4	2,235	2,173
5) Financial assets	6	7,424	7,224
equity investments	6	7,424	7,224
securities	6	0	0
other	6	0	0
6) Loans	6	0	0
7) Trade and other receivables	7	2,279	2,268
8) Deferred tax assets	13	55,368	54,397
B) Current assets (9+10+11+12+13+14+15)		455,923	460,446
9) Inventories	8	107,735	95,826
raw and ancillary materials and consumables	8	48,253	40,369
work in progress and semi-finished products	8	23,238	24,440
finished products and goods	8	36,244	31,017
10) Trade and other receivables	7	109,798	113,633
trade receivables	7	78,836	90,439
trade receivables from third parties	7	78,009	89,417
<i>trade receivables from associates</i>	7	827	1,014
<i>trade receivables from related parties</i>	7	0	8
other receivables - accrued income and prepaid expenses	7	30,962	23,194
<i>of which from associated parties</i>		120	106
<i>of which from related parties</i>		76	76
11) Tax receivables	9	20,978	18,661
<i>of which to the parent company</i>		11,276	11,276
12) Financial assets	6	51,630	50,896
other		51,630	50,896
13) Loans		0	0
14) Financial assets - Derivative instruments	5	0	0
15) Cash and cash equivalents	10	165,782	181,430
C) Held-for-sale assets		0	0
Total assets (A+B+C)		845,288	830,158

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (Euro/000)	Note	31.03.2019	31.12.2018
A) Total shareholders' equity (1+2+3+4+5)	11	390,485	375,809
1) Share capital	11	128,795	131,362
2) Reserves	11	27,377	22,769
3) Retained Earnings	11	221,746	159,469
4) Group Net profit (loss)	11	12,567	62,210
5) Minority interests	11	0	0
B) Non-current liabilities (6+7+8+9+10+11+12)		219,002	208,097
6) Financial payables	12	166,855	157,407
7) Financial liabilities - Derivative instruments	5	0	0
8) Tax payables	9	44	43
9) Deferred tax liabilities	13	33,747	32,518
10) Post-employment benefits	14	6,640	6,541
11) Provisions for risks and charges	15	5,914	6,320
12) Other liabilities	16	5,802	5,268
C) Current liabilities (13+14+15+16+17)		235,801	246,252
13) Trade and other payables	16	157,136	171,597
trade payables	16	99,181	117,139
trade payables to third parties	16	99,017	116,731
<i>trade payables to parent company</i>	16	0	0
<i>trade payables to associates</i>	16	164	260
<i>trade payables to related parties</i>	16	0	148
other payables - accrued liabilities and deferred income	16	57,955	54,458
14) Tax payables	9	17,480	16,382
<i>of which to the parent company</i>		9,557	9,557
15) Provisions for risks and charges	15	6,703	7,197
16) Financial liabilities - Derivative instruments	5	0	0
17) Financial payables	12	54,482	51,076
Total liabilities (A+B+C)		845,288	830,158

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Note	31.03.2019	31.03.2018
1) Total revenues	17	144,647	142,942
Revenues from sale of products		135,995	134,847
Revenues from services		8,652	8,095
<i>of which from related parties and associates</i>		1,067	1,172
2) Cost of goods sold	18	74,496	73,136
of which non-recurring	18	0	
<i>of which from related parties and associates</i>		229	215
Gross profit (1-2)		70,151	69,806
3) Other operating revenues	19	1,127	457
<i>of which from related parties</i>		0	7
4) R&D expenses	18	14,330	14,543
of which non-recurring	18	0	0
of which amortisation, depreciation and write-downs pertaining to acquisitions		26	24
<i>of which from related parties and associates</i>	18	155	99
5) Distribution expenses	18	29,106	25,771
of which non-recurring	18	4	0
<i>of which from related parties and associates</i>		0	30
6) General and administrative expenses	18	12,473	12,936
of which non-recurring	18	195	760
of which amortisation, depreciation and write-downs pertaining to acquisitions	18	1,171	1,082
<i>of which from related parties and associates</i>		173	53
7) Other operating expenses	18	547	493
of which non-recurring		0	0
<i>of which from related parties and associates</i>	18	0	0
Total operating costs		56,456	53,743
Operating result		14,822	16,520
8) Financial income	20	10,834	8,692
9) Financial expenses	20	9,545	10,536
Net financial income (expenses) (8-9)		1,289	(1,844)
10) Profits from associates	3	0	0
Profit (loss) before taxes		16,111	14,676
Income taxes	21	3,544	3,493
Net Profit/(loss)		12,567	11,183
Earnings/(loss) per share (€)	22	0.22	0.19
Diluted earnings/(loss) per share (€)	22	0.22	0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

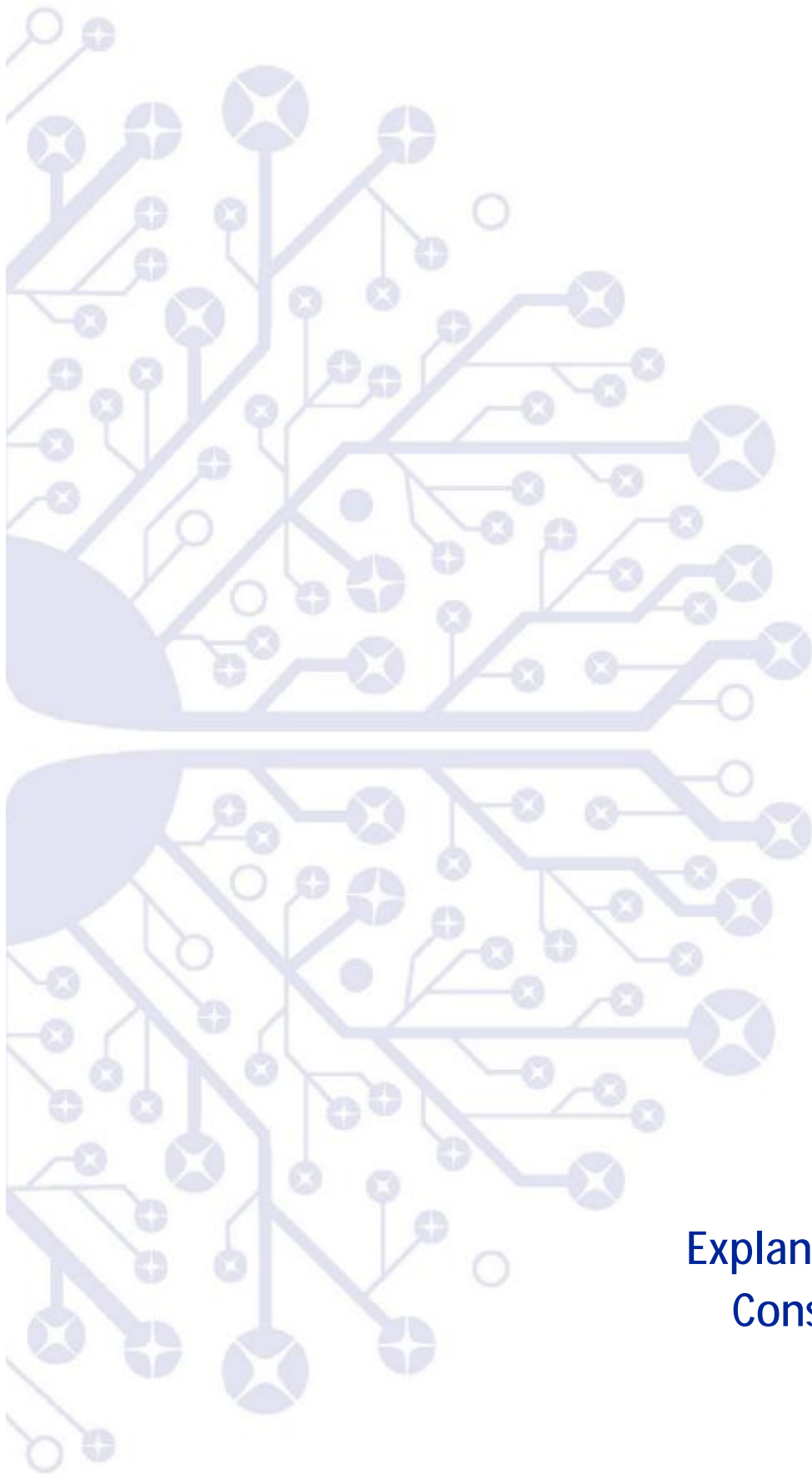
(Euro/000)	Note	31.03.2019	31.03.2018
Net profit/(loss)		12,567	11,183
Other components of the statement of comprehensive income:			
<i>Other components of the statement of comprehensive income which will be reclassified under profit/(loss):</i>			
		0	0
Profit/(loss) on derivatives financial instruments (cash flow hedges)	11	69	84
<i>of which tax effect</i>			
Profit/(loss) due to translation of the accounts of foreign companies	11	2,486	(6,032)
<i>of which tax effect</i>	11	(547)	
Profit/(loss) on exchange rate translation for financial assets available for sale	11	198	(107)
<i>of which tax effect</i>		(2)	
Reserve for foreign exchange rate translation	11	1,855	(2,529)
<i>of which tax effect</i>		(586)	
Total other components of the statement of comprehensive income which will be subsequently reclassified to net profit/(loss)		4,608	(8,584)
Total net comprehensive profit/(loss)		17,175	2,599
Attributable to:			
Parent company shareholders		17,175	2,599
Minority interests		0	0

CONSOLIDATED STATEMENT OF CASH FLOW

(Euro/000)	Note	31.03.2019	31.03.2018
Profit/(loss) before taxes		16,111	14,676
Depreciation of tangible assets and write-downs	3	4,166	2,535
Amortisation of intangible assets and write-downs	2	2,471	2,137
Losses from disposal of assets		39	14
Incomes from disposal of assets		(24)	(80)
Change in provisions for risks and charges	15	(761)	1,801
Foreign currency exchange differences effect on change in provisions for risks and charges	15	(139)	270
Change in employee benefits reserve	14	99	(67)
Change in bad debt provision	7	(1,755)	142
Net financial income (expenses)	20	(1,289)	1,844
Adjustments to value of financial assets		0	0
Cash flow generated (absorbed) from operations before changes in working capital		18,918	23,272
Change in trade receivables (including provision)	7	13,358	9,175
Change in inventories	8	(11,909)	(4,288)
Change in current assets	7	(7,768)	(2,400)
Change in other LT assets	7	(11)	49
Change in trade payables	16	(17,958)	(16,357)
Change in other current liabilities	16	3,497	2,341
Other LT liabilities	16	534	(78)
Commercial Foreign currency exchange differences		249	296
Working capital Foreign currency exchange differences		(315)	(295)
Cash flow generated (absorbed) from operations after changes in working capital		(1,405)	11,715
Change in taxes		(4,504)	(3,169)
Taxes Foreign currency exchange differences		654	(694)
Interest paid		(215)	(1,065)
Cash flow generated (absorbed) from operations (A)		(5,470)	6,787
Increase in intangible assets excluding foreign exchange rate effect	2	(1,626)	(2,264)
Decrease in intangible assets excluding foreign exchange rate effect	2	(9)	313
Increase in tangible assets excluding foreign exchange rate effect	1	(4,508)	(681)
Decrease in tangible assets excluding foreign exchange rate effect	1	61	4
Change in unconsolidated equity investments	5	(64)	503
Cash flow generated (absorbed) from investments (B)		(6,146)	(2,125)
Change in LT/ST financial receivables	5	(734)	702
Change in ST and LT financial payables	12	(1,187)	1,221
Financial Foreign currency exchange differences		387	(1,075)
(Purchase)/sale of treasury shares	11	(2,497)	0
Changes in Reserves	11	0	(2,126)
Cash flow generated (absorbed) by financial activity (C)		(4,032)	(1,278)
Net increase (decrease) in available cash (A+B+C)	10	(15,648)	3,384
Net cash and cash equivalents at beginning of period	10	181,430	256,109
Net cash and cash equivalents at end of period	10	165,782	259,493

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Description	Reserves of Statement of Comprehensive Income							Retained earnings				Total Group shareholders' equity			
	Share capital and capital reserves	Reserve for foreign currencies exchange rate	Actuarial gains/(losses) reserve	Total Reserves of Statement of Comprehensive Income	Stock grant reserve	Retained Earnings	Capital contribution reserve	Legal reserve	IAS reserve	Total	Net Profit (Loss)				
01.01.2018	148,291	(948)	5,939	4,500	(371)	5,695	14,815	0	114,189	958	6,078	8,618	129,843	60,080	353,029
Effect of the adoption of the new standards									(1,715)				(1,715)		(1,715)
01.01.2018 Restated									112,474				60,080		351,314
Allocation of earnings	0	0	0	0	0	0	0	0	60,080				(28,914)		0
Dividends	0	0	0	0	0	0	0	0	(28,914)				0		(28,914)
Translation reserve	0	0	0	0	0	0	0	0	0				0		0
Change in IAS reserve	0	0	0	0	0	0	0	0	0				0		0
Sale/purchase of treasury shares	(16,930)	0	0	0	0	0	0	0	177				0		(16,930)
Stock Grant	0	0	0	0	0	0	0	177	0				177		177
Profit/(loss) as at 31.12.2018	0	0	0	0	0	0	0	0	0				0	62,210	62,210
Total other components of the statement of comprehensive income	305	5,192	4,770	7,954	(2,313)	7,954	0	0	(2)				(2)		7,952
31.12.2018	131,361	(643)	11,131	9,270	(371)	3,382	22,769	177	143,640	958	6,078	8,616	159,469	62,210	375,809
Description	Reserves of Statement of Comprehensive Income							Retained earnings				Total Group shareholders' equity			
Share capital and capital reserves	Reserve for foreign currencies exchange rate	Actuarial gains/(losses) reserve	Total Reserves of Statement of Comprehensive Income	Stock grant reserve	Retained Earnings	Capital contribution reserve	Legal reserve	IAS reserve	Total	Net Profit (Loss)					
01.01.2019	131,361	(643)	11,131	9,270	(371)	3,382	22,769	177	143,640	958	6,078	8,616	159,469	62,210	375,809
Allocation of earnings	0	0	0	0	0	0	0	0	62,210				62,210		0
Dividends	0	0	0	0	0	0	0	0	0				0		0
Translation reserve	0	0	0	0	0	0	0	0	0				0		0
Change in IAS reserve	0	0	0	0	0	0	0	0	0				0		0
Sale/purchase of treasury shares	(2,566)	0	0	0	0	0	0	0	0				0		(2,566)
Stock Grant	0	0	0	0	0	0	0	69	69				69		69
Profit/(loss) as at 31.03.2019	0	0	0	0	0	0	0	0	0				0	12,567	12,567
Total other components of the statement of comprehensive income	69	2,486	1,855	4,608	198	4,608	(2)	(2)	(2)				(2)		4,606
31.03.2019	128,795	(574)	13,617	11,125	(371)	3,580	27,377	246	205,850	958	6,078	8,614	221,746	12,567	390,485



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

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 Interim Report on Operations as at 31 March 2019 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as the "Group"), and its minority interests in associates.

The publication of the Interim Report on Operations as at 31 March 2019 of the Datalogic Group was authorised by resolution of the Board of Directors dated 14 May 2019.

BASIS OF PRESENTATION

1) General

Disclosures on financial position, financial performance and cash flows, if not otherwise specified, were drawn up pursuant to measurement and recognition criteria set forth by International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission according to the procedure as per Article 6 of the EC Regulation no. 1606/2002 of the European Parliament and the European Council of 19 July 2002.

Therefore, this Interim Report on Operations 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 Interim Report on Operations is drawn up in thousands of Euro, which is the Group's "functional" and "presentation" currency.

2) New accounting criteria, interpretations and modifications adopted by the Group

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 all lease contracts, both financial and operating, 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 right-of-use asset). Moreover, interest payable on liabilities for leases and amortisation/depreciation on the right of use are recognised separately.

The Group elected to apply this standard on 1 January 2019 (modified retrospective method) and recognised:

- 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;
- a non-current asset is the 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 contract.

The effects, resulting from the adoption, are shown in this Interim Report on Operations.

3) Use of estimates and assumptions

Preparation of IFRS-compliant Interim Report on Operations 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 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 shown net of taxes, recognised based on the best estimate of the average weighted tax rate, expected for the entire year.

4) Consolidation Area

During the first three months of 2019, no changes occurred in the consolidation area.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

Note 1. Tangible assets

Over the year, net investments for €4,447 thousand were recognised and depreciation for €2,863 thousand. Details of movements as at 31 March 2019 and 31 December 2018 are as follows:

	31.03.2019	31.12.2018	Change
Land	8,676	8,349	327
Buildings	30,847	30,548	299
Other assets	34,182	34,932	(750)
Assets in progress and payments on account	6,451	4,166	2,285
Total	80,156	77,995	2,161

The "Other assets" item as at 31 March 2019 primarily includes the following categories: industrial equipment and moulds (€10,261 thousand), Plant and machinery (€10,051 thousand), Office furniture and machines (€10,171 thousand), General plants related to buildings (€1,591 thousand), Maintenance on third-party assets (€908 thousand), Commercial equipment and demo room (€1,038 thousand) and Motor vehicles (€84 thousand).

The balance of the item "Assets in progress and payments on account", equal to €6,451 thousand, is broken down into: €2,631 thousand for investments related to building or expanding Group facilities; €1,964 thousand for moulds under construction; €1,760 thousand for self-manufactured equipment and production lines.

Note 2. Intangible assets

Over the period, net investments for €1,626 thousand were recognised and amortisation for €2,471 thousand. Details of movements as at 31 March 2019 and 31 December 2018 are as follows:

	31.03.2019	31.12.2018	Change
Goodwill	183,460	181,149	2,311
Development costs	9,806	10,381	(575)
Other	31,317	32,454	(1,137)
Assets in progress and payments on account	3,027	1,671	1,356
Total	227,610	225,655	1,955

"Goodwill", totalling €183,460 thousand, consisted of the following items:

	31.03.2019	31.12.2018	Change
CGU Datalogic	170,945	167,868	3,077
CGU Informatics	12,515	13,281	(766)
Total	183,460	181,149	2,311

The change in "Goodwill", compared to 31 December 2018, is attributable to translation differences. 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 31 March 2019, the assumptions used for the business plan, on which the impairment test was based as at 31 December 2018, were still valid and no impairment indicators were reported.

"Development costs", which amount to €9,806 thousand, consist of specific product development projects.

The "Other" item, amounting to €31,317 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

	31.03.2019	31.12.2018	Change
<i>Patents</i>	16,658	17,163	(505)
<i>Trademarks</i>	0	0	0
<i>Trade Secret</i>	3,670	3,971	(301)
<i>Licence agreement</i>	3,396	3,396	0
<i>Other</i>	7,593	7,924	(331)
Total	31,317	32,454	(1,137)

The "Assets under development and payments on account" item, equal to €3,027 thousand, is attributable, in the amount of €2,136 thousand, to the capitalisation of costs relating to R&D projects and are currently underway, as well as, in the amount of €891 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 a right of use equal to the value of the financial liability at the transition date, net of any accruals and deferrals related to the lease. The following table shows the assets recognised by asset class:

	31.03.2019	31.12.2018	Change
Buildings	12,601		12,601
Vehicles	1,596		1,596
Equipment	96		96
Total	14,293	0	14,293

Depreciation recognised over the period amounted to €1,303 thousand.

Note 4. Equity investments in associates

Equity investments owned by the Group as at 31 March 2019 were as follows:

	31.12.2018	Inc./ (Decr.)	Exchange differences	31.03.2019
Associates				
CAEN RFID Srl	550			550
Suzhou Mobilead Electronic Technology Co., Ltd.	1,397		62	1,459
R4I	150			150
Datalogic Automation AB	2			2
Specialvideo Srl	29			29
Datasensor GMBH	45			45
Total	2,173	0	62	2,235

Compared to 31 December 2018, the change in the “Equity investments in associates” item is attributable to translation differences related to the equity investments in the company Suzhou Mobilead Electronic Technology Co., Ltd.

Note 5. Financial instruments by category

The financial statement items included within the scope of “financial instruments” as defined by IAS/IFRS standards are as follows:

31.03.2019	Receivables	Financial assets at FV charged to the income statement	Financial assets at FV charged to OCI	Total
Non-current financial assets	2,279	0	7,424	9,703
Financial assets - Equity investments			7,424	7,424
Financial assets - Securities				
Financial assets - Loans				
Financial assets - Other				
Other receivables	2,279			2,279
Current financial assets	274,557	51,630	0	326,187
Third-party trade receivables	78,009			78,009
Other receivables from third parties	30,766			30,766
Financial assets - Other		51,630		51,630
Financial assets - Securities				
Cash and cash equivalents	165,782			165,782
Total	276,836	51,630	7,424	335,890

31.03.2019	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	0	172,657	172,657
Financial payables		166,855	166,855
Financial liabilities - Derivative instruments			0
Other payables		5,802	5,802
Current financial liabilities	0	211,454	211,454
Third-party trade payables		99,017	99,017
Other payables		57,955	57,955
Financial liabilities - Derivative instruments	0		0

Short-term financial payables		54,482	54,482
Total	0	384,111	384,111

Most of financial assets and liabilities are short-term financial assets and liabilities for which, given their nature, the book value is considered as a reasonable approximation of fair value. In the other residual positions, 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. 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	Total
Assets measured at fair value				
Financial assets - Equity investments	7,354		70	7,424
Financial assets - LT securities	0			0
Financial assets - Other LT				0
Financial assets - Other	29,770	21,860		51,630
Financial assets - Loans				0
Financial assets - ST derivative instruments				0
Total Assets measured at fair value	37,124	21,860	70	59,054
Liabilities measured at fair value				
Financial liabilities - LT derivative instruments				0
Financial liabilities - ST derivative instruments		0		0
Total Liabilities measured at fair value	0	0	0	0

Note 6. Current and non-current financial assets

Current and non-current financial assets include the following items:

	31.03.2019	31.12.2018	Change
Other equity investments	7,424	7,224	200
Other financial assets	51,630	50,896	734
Total	59,054	58,120	934

The "Other financial assets" item consists of investments of corporate liquidity, readily convertible into cash, and broken down as follows:

- two insurance policies, subscribed in May and July 2014;
- two mutual investment funds, subscribed in August 2015 and April 2018;
- an asset management contract signed in April 2018.

Based on the provisions of IFRS 9, these investments were classified as short-term as at 31 March 2019.

As at 31 March 2019, equity investments held by the Group in other companies were as follows:

	31.12.2018	Increases	Decreases	FV Adj.	FX Adj.	31.03.2019
Listed equity investments	7,154			118	82	7,354
Unlisted equity investments	70					70
Total	7,224	0	0	118	82	7,424

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 movements as at 31 March 2019 and 31 December 2018 are as follows:

	31.03.2019	31.12.2018	Change
Third-party trade receivables	69,650	81,815	(12,165)
Contract-related assets	9,494	10,492	(998)
Bad debt provisions	(1,135)	(2,890)	1,755
Net third-party trade receivables	78,009	89,417	(11,408)
Trade receivables from associates	827	1,014	(187)
Trade receivables from related parties		8	(8)
Total Trade receivables	78,836	90,439	(11,603)
Other receivables - current accrued income and prepaid expenses	30,962	23,194	7,768
Other receivables - non-current accrued income and prepaid expenses	2,279	2,268	11
Total Other receivables - accrued income and prepaid expenses	33,241	25,462	7,779
Less: Trade and other receivables - non-current portion	(2,279)	(2,268)	(11)
Trade and other receivables - current portion	109,798	113,633	(3,835)

Trade receivables

Trade receivables amounted to €78,836 thousand as at 31 March 2019, representing a decrease of 12.8%. As at 31 March 2019, Factored trade receivables amounted to €27,435 thousand (compared to €24,896 thousand at the end of 2018). Trade receivables from affiliates arise from commercial transactions carried out at arm's length conditions. Trade receivables are posted net of bad debt provisions totalling €1,135 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:

	31.03.2019	31.12.2018	Change
Other short-term receivables	3,233	2,872	361
Other long-term receivables	2,279	2,268	11
VAT receivables	24,310	17,002	7,308
Accrued liabilities and deferred income	3,419	3,320	99
Total	33,241	25,462	7,779

The “Accrued income and prepaid expenses” item is mainly composed of prepaid expenses related to insurance and hardware and software fees. The change, equal to €7,308 thousand, related to VAT credit, is attributable to the redefinition of distribution flows in EMEA and APAC markets, which do not generate any offsetting VAT payables due to the “non-taxable” regime of the same.

Note 8. Inventories

	31.03.2019	31.12.2018	Change
Raw and ancillary materials and consumables	48,253	40,369	7,884
Work in progress and semi-finished products	23,238	24,440	(1,202)
Finished products and goods	36,244	31,017	5,227
Total	107,735	95,826	11,909

Inventories are shown net of an obsolescence provision that, at 31 March 2019, amounted to €10,912 thousand (€11,222 thousand at 31 December 2018).

Note 9. Tax payables and receivables

Tax receivables amounted to €20,978 thousand as at 31 March 2019, up €2,317 thousand compared to the end of 2018 (€18,661 thousand as at 31 December 2018). This item includes the IRES tax credit of €11,276 thousand (unchanged from 31 December 2018) with the parent company Hydra S.p.A., generated as part of the tax consolidation.

Tax payables amounted to €17,480 thousand as at 31 March 2019, up €1,098 thousand (€16,382 thousand as at 31 December 2018). This item includes the IRES tax payable of €9,557 thousand (unchanged from 31 December 2018) with the parent company Hydra S.p.A., generated as part of the tax consolidation.

Note 10. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	31.03.2019	31.12.2018	Change
Cash and cash equivalents	165,782	181,430	(15,648)
Restricted cash deposit	(12)	(12)	0
Bank overdrafts	(756)	(29)	(727)
Cash and cash equivalents	165,014	181,389	(16,375)

It should be noted that transactions in treasury shares generated a cash outflow totalling €2,566 thousand. Investments for the period, net of disposals, amounted to €6,082 thousand.

SHAREHOLDERS' EQUITY AND LIABILITIES

Note 11. Shareholders' Equity

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

	31.03.2019	31.12.2018	Change
Share capital	30,392	30,392	
Extraordinary share-cancellation reserve	2,813	2,813	
Treasury shares held in portfolio	(13,376)	(10,810)	(2,566)
Stock grant reserve	246	176	69
Treasury share reserve	22,860	20,297	2,563
Share premium reserve	86,106	88,670	(2,564)
Share capital and capital reserves	129,041	131,538	(2,497)
Other reserves	27,377	22,769	4,608
Retained earnings	221,500	159,292	62,208
Total Group shareholders' equity	390,485	375,809	14,676

Share capital

As at 31 March 2019, the share capital, equal to €30,392 thousand, represented the subscribed and fully paid-in share capital of the Parent Company Datalogic S.p.A. The total number of ordinary shares was 58,446,491, including 1,013,787 held as treasury shares, for a value of €13,376 thousand, making the number of outstanding shares at that date 57,432,704. Moreover, 15,500 shares were destined to the Stock Grant plan. The shares have a nominal unit value of €0.52.

Other Reserves

In the first quarter of 2019, the changes in other reserves is represented by the following:

- § change in the translation reserve, amounting to €2,486 thousand;
- § change in the reserve for exchange rate adjustment, IAS 21, amounting to €1,855 thousand;
- § change in the cash flow hedge reserve, amounting to €69 thousand;
- § change in the held-for-sale financial assets reserve, amounting to €198 thousand;
- § change in stock grant reserve, amounting to €69 thousand.

Note 12. Financial payables

The breakdown of the item, divided by short/long-term classification, is shown in the following table:

	31.03.2019	31.12.2018	Change
Long-term financial payables	166,855	157,407	9,448
Short-term financial payables	54,482	51,076	3,406
Total	221,337	208,483	12,854

The breakdown of this item is detailed below:

	31.03.2019	31.12.2018	Change
Borrowing from Bank	205,268	204,721	547
Other	0	1,680	(1,680)
Financial payables IFRS 16	14,110	0	14,110
Payables to factoring companies	1,203	2,053	(850)
Bank overdrafts	756	29	727
Total	221,337	208,483	12,854

The breakdown of changes in the "Borrowing from Bank" item as at 31 March 2018 and 31 March 2019 is shown below:

	2019	2018
1 January	204,721	253,764
Increases	0	0
Repayments	0	0
Decreases for loan repayments		0
Recalculation of amortised cost	547	670
31 March	205,268	254,434

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, or 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 adjustments on exchange rates. Deferred tax liabilities are mainly due to temporary differences for adjustments to exchange rates and statutory and fiscal differences of amortisation/depreciation plans related to tangible and intangible assets.

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

	31.03.2019	31.12.2018	Change
Deferred tax assets	55,368	54,397	971
Deferred tax liabilities	(33,747)	(32,518)	(1,229)
Net deferred taxes	21,621	21,879	(258)

Note 14. Post-employment benefits

The breakdown of changes in the "Post-employment benefits" item as at 31 March 2019 and 31 March 2018 is shown below:

	2019	2018
1 January	6,541	6,633
Amount allocated in the period	571	473
Uses	(163)	(498)
Other movements	6	(26)
Social security receivables for post-employment benefits	(315)	(16)
31 March	6,640	6,566

Note 15. Provisions for risks and charges

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

	31.03.2019	31.12.2018	Change
Short-term provisions for risks and charges	6,703	7,197	(494)
Long-term provisions for risks and charges	5,914	6,320	(406)
Total	12,617	13,517	(900)

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

	31.12.2018	Increases	(Uses) and (Releases)	Exchange rate diff.	31.03.2019
Product warranty provision	10,694	0	(1,140)	120	9,674
"Stock rotation" provision	1,448	272	(254)	17	1,483
Other	1,375	81	2	2	1,460
Total	13,517	353	(1,392)	139	12,617

The "Product warranty provision" covers the estimated cost of repairing products sold up to 31 March 2019 and covered by a warranty period. It amounts to €9,674 thousand (of which €5,645 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

Note 16. Trade and other payables

This table shows the details of trade and other payables:

	31.03.2019	31.12.2018	Change
Trade payables due within 12 months	98,163	113,314	(15,151)
Contract liabilities	854	3,417	(2,563)
Third-party trade payables	99,017	116,731	(17,714)
Payables to associates	164	260	(96)
Payables to related parties	0	148	(148)
Total Trade payables	99,181	117,139	(17,958)
Other payables - current accrued liabilities and deferred income	57,955	54,458	3,497
Other payables - non-current accrued liabilities and deferred income	5,802	5,268	534
Total Other payables - accrued liabilities and deferred income	63,757	59,726	4,031
Less: Non-current portion of Trade and other payables - accruals and deferrals	(5,802)	(5,268)	534
Trade and other payables - current portion	157,136	171,597	(14,461)

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	31.03.2019	31.12.2018	Change
Other long-term payables	5,802	5,268	534
Other short-term payables:	29,632	28,165	1,467
Payables to employees	22,101	18,737	3,364
Payables to pension and social security agencies	5,632	6,523	(891)
Other payables	1,899	2,905	(1,006)
VAT liabilities	2,731	1,800	931
Accrued liabilities and deferred income	25,592	24,493	1,099
Total	63,757	59,726	4,031

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at the reporting date.

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

INFORMATION ON THE INCOME STATEMENT

Note 17. Revenues

Revenues divided by type are shown in the following table:

	Quarter ended		Change
	31.03.2019	31.03.2018	
Revenues from sale of products	135,995	134,847	1,148
Revenues from services	8,652	8,095	557
Total	144,647	142,942	1,705

In the first quarter of 2019, consolidated net revenue amounted to €144,647 thousand, up by 1.2% compared to €142,942 thousand reported in the same period of 2018 (-2.1% at constant exchange rate). The following table shows the breakdown of revenues per geographic areas:

	Quarter ended		31.03.2018**	%	Change	% Change
	31.03.2019	%				
<i>Italy</i>	11,765	8.1%	14,407	10.1%	(2,642)	-18.3%
<i>EMEA (except Italy)</i>	71,850	49.7%	67,961	47.5%	3,889	5.7%
Total EMEA (*)	83,615	57.8%	82,368	57.6%	1,247	1.5%
North America	43,516	30.1%	39,490	27.6%	4,026	10.2%
Latin America	2,756	1.9%	3,047	2.1%	(291)	-9.5%
APAC (*)	14,760	10.2%	18,037	12.6%	(3,277)	-18.2%
Total	144,647	100.0%	142,942	100.0%	1,705	1.2%

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

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

As regards the first quarter of 2019, the operating segment Datalogic confirmed to be the Group's core business, with revenues amounting to €135,647 thousand and a particularly positive performance in Europe and North America. The business segments that contribute the most as regards revenues over the year are Retail and Manufacturing.

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

Revenues broken down by recognition method	Datalogic	Solution Net System	Informatics	Adjustments	Total
Revenues for the sale of goods services – at a point in time	123,491	379	3,628	(757)	126,741
Revenues for and the sales of goods and services - over the time	12,156	5,086	664		17,906
Total	135,647	5,465	4,292	(757)	144,647

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.

Revenues broken down by type	Datalogic	Solution Net System	Informatics	Adjustments	Total
Sale of goods	127,959	4,829	3,964	(757)	135,995
Sale of services	7,688	636	328		8,652
Total	135,647	5,465	4,292	(757)	144,647

Note 18. Cost of goods sold and operating costs

	Quarter ended		Change
	31.03.2019	31.03.2018	
COST OF GOODS SOLD	74,496	73,136	1,360
<i>of which non-recurring</i>	<i>0</i>	<i>0</i>	<i>0</i>
OPERATING COSTS	56,456	53,743	2,713
Research and development expenses	14,330	14,543	(213)
<i>of which non-recurring</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>of which amortisation, depreciation pertaining to acquisitions</i>	<i>26</i>	<i>24</i>	<i>2</i>
Distribution expenses	29,106	25,771	3,335
<i>of which non-recurring</i>	<i>4</i>	<i>0</i>	<i>4</i>
General and administrative expenses	12,473	12,936	(463)
<i>of which non-recurring</i>	<i>195</i>	<i>760</i>	<i>(565)</i>
<i>of which amortisation, depreciation pertaining to acquisitions</i>	<i>1,171</i>	<i>1,082</i>	<i>89</i>
Other operating expenses	547	493	54
<i>of which non-recurring</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total	130,952	126,879	4,073
<i>of which non-recurring costs</i>	<i>199</i>	<i>760</i>	<i>(561)</i>
<i>of which amortisation, depreciation pertaining to acquisitions</i>	<i>1,197</i>	<i>1,106</i>	<i>91</i>

Cost of goods sold

This item is equal to €74,496 thousand and increased by 1.86% compared to the same period of 2018, while the percentage on revenues is substantially unchanged and is equal to 51.5% (51.2% in the first quarter of 2018). At constant exchange rate, the cost of goods sold would record 4.1% decrease in absolute values, compared to the previous period, and 1.0% improvement as percentage on revenues.

Operating costs

Operating costs increased by 5.0% (+2.0% at constant exchange rates) from 53,743 to 56,456 thousand. The percentage on turnover increased from 37.6% to 39%, reporting a worsening of 1.4%. Of note we report that:

- § "R&D expenses" amounted to €14,330 thousand and are in line with the same period of the previous year, with a 0.3% decrease in the percentage on turnover.
- § "Distribution expenses", amounted to €29,106 thousand and increased, compared to the same period of the previous year, by €3,335 thousand (+13%). At constant exchange rate, the change would have amounted to €2,476 thousand (+9.6%). This increase is primarily determined by an increase in payroll & employee benefits.

§ "General and administrative expenses", amounted to €12,473 thousand, net of non-recurring costs resulted substantially in line with the previous period.

Breakdown of costs by type

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

	Quarter ended		
	31.03.2019	31.03.2018	Change
Purchases of raw materials	65,707	59,113	6,595
Change in inventories	(10,561)	(7,379)	(3,183)
Labour costs	46,429	43,688	2,741
Amortisation, depreciation and write-downs	6,625	4,672	1,953
Distribution expenses	4,605	4,200	405
Travel and lodging expenses	3,509	3,184	325
Marketing expenses	1,969	1,722	247
Consumables and R&D materials	1,965	1,700	265
Technical, legal and tax advisory services	1,746	2,410	(664)
Subcontracted work	1,455	1,551	(96)
EDP expenses	1,108	1,119	(11)
Royalties	708	749	(41)
Utilities	599	545	54
Building expenses	570	1,611	(1,041)
Directors' remuneration	550	509	41
Sundry service costs	540	468	72
Quality certification expenses	539	327	212
Telephone expenses	462	560	(98)
Repairs and warranty provision accrual	351	1,789	(1,438)
Expenses for plant and machinery and other assets	349	441	(92)
Vehicle expenses	327	310	17
Audit fees	326	488	(162)
Commissions	302	446	(144)
Entertainment expenses	200	158	42
Insurance	188	224	(36)
Other	384	2,274	(1,890)
Total Cost of goods sold and operating costs	130,952	126,879	4,073

Costs for raw materials and changes in inventories increased by €3,412 thousand, compared to the same period of 2018, up 1.9% in terms of percentage on total revenues, due primarily to the exchange rate effects.

Labour costs, equal to €46,429 thousand (€43,688 thousand in the first quarter of 2018), recorded an increase of €2,741 thousand, compared to the previous year (+6.3%), with a worsening of the percentage on sales of 1.5%, from 30.6% to 32.1%. The breakdown of labour costs is shown in the following table:

	Quarter ended		
	31.03.2019	31.03.2018	Change
Wages and salaries	35,231	32,969	2,262
Social security charges	7,699	6,174	1,525
Employee severance indemnities	708	560	148
Retirement and similar benefits	394	321	73

Other personnel costs	2,397	3,664	(1,267)
Total	46,429	43,688	2,741

The "Wages and salaries" item, equal to €35,231 thousand (€32,969 thousand as at 31 March 2018), included sales commissions and incentives of €4,052 thousand (€4,588 thousand as at 31 March 2018). The increase, equal to €2,262 thousand, compared to the same period of the previous year, is due to the increase in the Group's personnel, equal to 3,143 as at 31 March 2019, an increase of 6.1% compared to 2,962 persons employed as at 31 March 2018.

The increase in item "Amortisation, depreciation and write-downs", amounting to €1,953 thousand, is primarily due to the effect of the adoption of the new standard IFRS 16 Leases, amounting to €1,303 thousand.

Expenses reported in item "Distribution expenses", equal to €4,605 thousand, reported 9.6% increase, with a percentage on sales substantially in line with the previous period (+0.2%).

Costs related to "Subcontracted work" amounted to €1,455 thousand and refer primarily to orders in the Solution Net Systems division, substantially in line with the same period of the previous year.

The expenses for "Technical, legal and tax advisory services" decreased by €664 thousand in the first quarter of 2019.

The expenses for "Buildings" decreased by €1,041 thousand in the first quarter of 2019, mainly due to the adoption of the new IFRS 16 Leases, which involved the reversal of costs for rentals and the recognition of depreciation-related costs for the application of the financial method to lease and operating lease contracts.

Note 19. Other operating revenues

The "Miscellaneous income and revenues" mainly includes incomes for internal development of assets, in the amount of €724 thousand as at 31 March 2019 (€232 thousand as at 31 March 2018).

Note 20. Net financial income (expenses)

	Quarter ended		Change
	31.03.2019	31.03.2018	
Financial income/ (expenses)	(11)	(799)	788
Foreign Exchange-rate differences	1,504	(779)	2,283
Bank expenses	(302)	(363)	61
Other	98	97	1
Total Net financial income (expenses)	1,289	(1,844)	3,133

Financial management was positive by €1,289 thousand, compared to a negative result of € 1,844 thousand related to the same period of 2018, which mainly refers to the trend of foreign exchange differences, positive by €1,504 thousand, due to the effect of fluctuations of the main currencies with which the Group is interfaced. In the first quarter of 2019, financial income related to liquidity investments were positive and equal to €742 thousand (€55 thousand in the first quarter of 2018).

Note 21. Taxes

	Quarter ended		Change
	31.03.2019	31.03.2018	
Profit/(Loss) before taxes	16,111	14,676	1,435
Income taxes	3,001	3,253	(252)
Deferred taxes	543	240	303
Total	3,544	3,493	51
Tax Rate	22.0%	23.8%	-1.8%

The average tax rate comes to 22% (23.8% as at 31 March 2018). Taxes were calculated by using the best estimate of the annual expected tax rate.

Note 22. Earnings per share**Earnings 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.

	Quarter ended	
	31.03.2019	31.03.2018
Group earnings/(loss) for the period	12,567	11,183
Average number of shares (in thousands)	57,469	58,229
Basic earnings/(loss) per share	0.22	0.19
Group earnings/(loss) for the period	12,567	11,183
Average number of shares (in thousands) - Diluted effect	57,477	58,229
Diluted earnings/(loss) per share	0.22	0.19

EPS as at 31 March 2019 was calculated by dividing Group net profit of €12,567 thousand (Group net profit of €11,183 thousand as at 31 March 2018) by the average number of ordinary shares outstanding as at 31 March 2018, equal to 57,468,741 shares (58,229,477 as at 31 March 2018).

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 - 31/03/2019, 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	31.03.2019
Equity investments	0	0	2,235	2,235
Held-for-sale assets	0	0	0	0
Trade and other receivables	0	76	947	1,023
Receivables pursuant to tax consolidation	11,276	0	0	11,276
Financial receivables	0	0	0	0
Liabilities pursuant to tax consolidation	9,557	0	0	9,557
Trade payables	0	0	164	164
Financial payables	0	0	0	0
Operating costs	0	288	269	557
Revenues and other revenues	0	0	1,067	1,067
Financial income	0	0	0	0
Profits/(losses) from associates	0	0	0	0

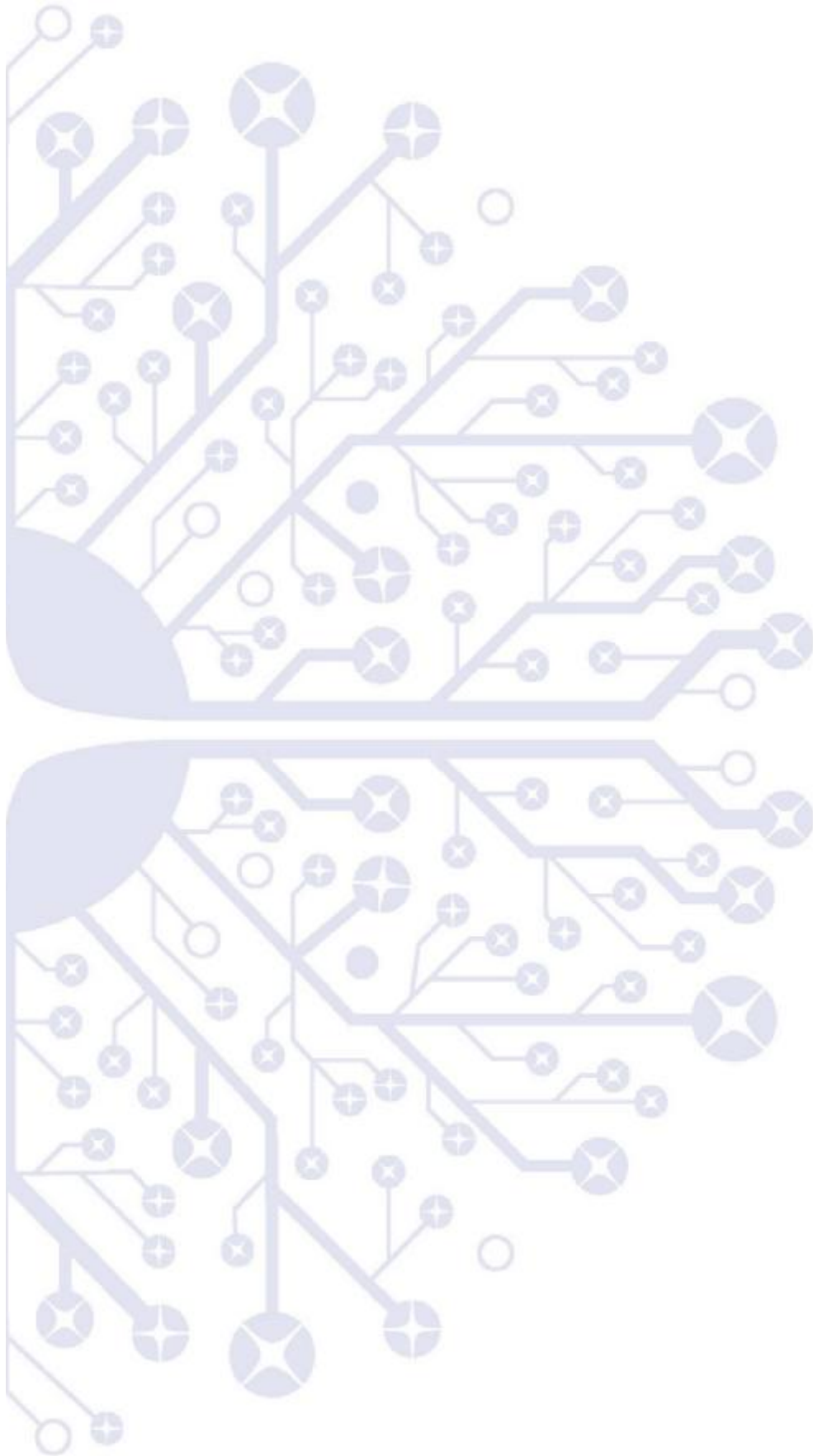
NUMBER OF EMPLOYEES

	Quarter ended		Change
	31.03.2019	31.03.2018	
Datalogic	3,017	2,846	171
Solution Net Systems	42	39	3
Informatics	84	77	7
Total	3,143	2,962	181

EVENTS OCCURRING AFTER THE END OF THE PERIOD

On 30 April 2019, the Shareholders' General Meeting resolved to distribute an ordinary unit dividend to Shareholders, gross of legal withholdings, of €0.50 per share with coupon detachment on 27 May 2019 (record date 28 May 2019) and payment from 29 May 2019, for a maximum amount of €29,223,245. The Shareholders' Meeting resolved on the following:

- § the authorization to the Board of Directors was revoked for the purchase of treasury shares, as resolved by the Shareholders' Meeting on 23 May 2018. Meanwhile, pursuant and by the effects of Art. 2357 et seq. of the Italian Civil Code and Art. 132 of Leg. Decree no. 58 of 24 February 1998, the Board of Directors was authorized to carry out the purchase of treasury shares of the Company (as at 30 April 2019, treasury shares amounted to 1,013,787, equal to around 1.7% of the share capital), in one or more tranches, for a period not exceeding 18 months from the date of resolution;
- § to approve, pursuant and by the effects of Art. 114-bis of Leg. Decree no. 58 of 24 February 1998, the adoption of the 2019-2021 assignment plan of performance shares, called "2019-2021 Performance Shares Plan".



Annexes

STATEMENT AS PER ART. 154 BIS, PAR. 2, LEG. DECREE NO. 58/1998

Interim Report as at 31 March 2019

The undersigned, Mr. Marco Carnovale as Manager in charge of drawing up the Company's accounting statements of Datalogic S.p.A. hereby certifies that, pursuant to Art. 154 bis, paragraph two, of Legislative Decree n. 58 of 24 February 1998, the Interim Report as at 31 March 2019 is consistent with the corporate documents, books and accounting records.

Datalogic S.p.A.

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

Marco Carnovale

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 31 March 2019, consolidated on a line-by-line basis, are the following:

Company	Registered office	Share capital		Total shareholders' equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A.	Bologna – Italy	Euro	30,392,175	280,662	2,514	
Datalogic Real Estate France Sas	Paris – France	Euro	2,227,500	3,657	19	100%
Datalogic Real Estate GmbH	Erkenbrechtsweiler-Germany	Euro	1,025,000	1,381	(1)	100%
Datalogic Real Estate UK Ltd.	Redbourn - England	GBP	3,500,000	4,927	146	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	14,427	(669)	100%
Informatics Holdings, Inc.	Plano, Texas - USA	USD	1,568	14,426	(298)	100%
Wasp Barcode Technologies Ltd	Redbourn - England	GBP	0	209	14	100%
Datalogic Automation Asia Ltd. (*)	Hong Kong - China	HKD	7,000,000	(8)	0	100%
Datalogic (Shenzhen) Industrial Automation Co. Ltd.	Shenzhen - China	CNY	2,136,696	2,122	(122)	100%
Datalogic Hungary Kft	Fonyod - Hungary	HUF	3,000,000	5,849	1,999	100%
Solution Net Systems, Inc.	Quakertown, PA - USA	USD		9,135	796	100%
Datalogic S.r.l.	Bologna – Italy	Euro	10,000,000	229,925	(4,944)	100%
Datalogic ADC HK Ltd. (*)	Hong Kong - China	HKD	100,000	78	0	100%
Datalogic Slovakia S.r.o.	Trnava - Slovakia	Euro	66,388	18,525	6,605	100%
Datalogic USA Inc.	Eugene, OR - USA	USD	100	83,697	(205)	100%
Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda.	Sao Paulo - Brazil	BRL	20,257,000	1,164	(256)	100%
Datalogic Tecnologia de Mexico S.r.l.	Colonia Cuauhtemoc - Mexico	MXN	0	(166)	21	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	Euro	25,000	3,565	(189)	100%
Datalogic Australia Pty Ltd	Mount Waverley (Melbourne) - Australia	AUD	3,188,120	385	(402)	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	23,108	6,977	100%
Datalogic Singapore Asia Pacific Pte Ltd.	Singapore	SGD	3	1,760	(221)	100%
SOREDITouch Systems GmbH	Olching (Munich) - Germany	Euro	25,000	2,189	44	100%

(*) The companies were put into liquidation during 2017