

An abstract graphic of a network or data structure is overlaid on the background. It consists of numerous small white dots connected by thin white lines, forming a complex web of triangles and polygons. The dots and lines are more prominent in the center and fade out towards the edges. The background is a gradient of dark blue at the top and bottom, with a lighter teal in the middle where the network graphic is most visible.

# Annual Report 2020





# Annual Report **2020**



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## DISCLAIMER

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

# Dear Shareholders,

we have just seen the end of a difficult year. We went through, and are still feeling the effect of, twelve months of unexpected and extreme complexity, which has tested the strength and the resilience of the entire global socio-economic system. Performance in 2020 was necessarily hindered by the uniqueness of a situation that has upturned established rules and paradigms. Despite all this, our Group, solid and aware of its value, was able to overcome this difficult year and now is driving toward a future of constant innovation. A sense of solidity emerged as a result of strong foundations built over the course of years in combination with implemented initiatives geared towards containing the pandemic's consequences. Priority was given to the safety and health of people as well as safeguarding operations and economic and financial stability.

At the first signs of uncertainty, in March 2020, the Company implemented an action plan to contain the impact of the health crisis and its effects on sales. We were able to cut operating costs by approximately 15% in comparison to 2019 by carefully reducing production inefficiencies resulting from the suspension of activity and low volumes, while adopting structural efficiency-boosting measures and making use of social shock absorbers. Special attention was given to the adoption of flexibility tools in the areas that were able to respond quickly to a restart on demand. Operating costs were contained, both in the most intense stages of the pandemic and through temporary and structural cost cutting initiatives. Discretionary investments were deferred, while investments in R&D and strategic activities were maintained to ensure the pursuit of the Group's strategy, increasingly focused on innovation.

To deal with the changed macroeconomic scenario, while acknowledging the uncertainties in the methods and timeframes for a global economic recovery, the Group accelerated some medium and long-term restructuring processes with a special focus on optimizing the sales structure, the industrial footprint and the offices. Optimization was also applied to the product development process with projects already partly launched in the second half of 2019. This did not prevent, as expected, the main performance indicators of the Group from deteriorating, above all due to the significant slowdown experienced starting from the second quarter of 2020 by its key markets, such as the European and the United States market.

In 2020, revenues were equal to €479.8 million, approximately down by 18% with respect to the previous year, for the contraction in demand due to the international repercussions of the pandemic, that hit our activities in the Americas and the EMEAI region the hardest. The opposite trend was observed in APAC, the region that first came out of the emergency. In the EMEAI region, which continues to be the main market for Datalogic, the significant decline in the first two quarters of 2020 was offset by signs of recovery, from the fourth quarter onwards. However, the performance of AMERICAS region, the second market of the Group, suffered not only from the effects of Covid-19, but also from the conclusion of important long-term Transportation & Logistics projects. After a first quarter of the year particularly affected by the pandemic, the recovery in the APAC region was supported by the recovery in China, through which growth in the region as a whole reached 7.7% at the end of the year.





Despite the decrease in revenues, we were able to maintain double-digit margins with an EBITDA Margin equal to 12.2%, thanks to the return in the last two quarters of the year to pre-pandemic values, above 15%, and to end the year with a profit. The generation of cash flows continued to be significant and allowed us to end the year with a positive Net Financial Position, clear evidence of the financial solidity of our Group. It is also worth mentioning that signs of recovery have gradually become clear in most of the reference regions and markets of the Group in the second half of the year with an acceleration especially in the last quarter, an acceleration that is continuing also in the first months of 2021. As previously mentioned, this trend seems to indicate a decisive turnaround for the current year, with evident positive repercussions on booking levels, as shown by the OECD forecasts, which foresee a global GDP growth equal to 5.6% for the current year, led by the performance of China (+7.8%), US (+6.5%) and the Eurozone (+3.9%). This trend finds its main driver in the diffusion of new technologies and is reflected in an acceleration of the transformation of the reference markets of our Group, mainly the Retail, Logistics and Industrial Automation sectors.


Therefore in 2020, innovation was the key element around which our development strategies revolved. In fact, in the year just ended, 20% of Datalogic product sales were due to new products with less than 2 years of life (Vitality Index) and 13.1% of revenues (€63 million) were allocated to Research and Development activities. This allocation caused the fuelling of a virtuous circle that sees Datalogic Labs committed to the renewal of core technologies and the design of the elements that will be the technology

at the heart of the latest generation of products. Besides continuing to develop linear and bidimensional barcode reading technology, our research mainly focuses on Machine Learning and on the completion of our Mobile Computer offering, in particular developments of Android™ systems and innovative industrial automation sensors. Through a significant financial commitment, we were also able to expand our industrial scanner offering and therefore consolidate our leadership in the Manufacturing sector.

In this context I am happy to mention the recent acquisition of M.D. Micro Detectors S.p.A., a company operating in the industrial sensors market and more generally in the Industrial Automation sector. This acquisition will allow us to improve our positioning in a sector that globally is worth over \$7 billion, and has proved extremely resilient and offers interesting growth prospects. We also continued to have profitable partnerships with Google™ and Qualcomm as well as with Original Design Manufacturers in Asia, to develop the Mobile Computer line. This commitment allowed Datalogic to obtain the “Android Entertainment Recommended” certification for the rugged Mobile Computers. Our company is the first in Europe and among the very first in the world to obtain this certification in the reference sector. On the finance front, I would like to note the strategic importance of the investment, completed last May, in an instrument issued by AWM Smart Shelf Inc., a company based in California and specialized in Artificial Intelligence and Computer Vision applications to the Retail sector.

We are consolidating our leadership in this sector and we continue to develop new solutions in the



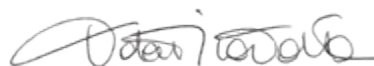


Fixed Retail Scanners field, to be able to respond to the growing demand for these devices, in particular in the terms of implementation of new self check-out applications. In 2020 Datalogic also excelled by further expanding its range of readers and mobile devices equipped with surfaces resistant to the most aggressive detergents and in some cases also with antimicrobial characteristics to inhibit bacterial proliferation and protect their users. The need for these casings was also felt outside the Healthcare sector, in this period dominated by the spread of the pandemic. The focus on the protection of the community and the environment allowed the Group to win the CONAI competition for packaging EcoDesign, through the innovation made to the Magellan™ 3200 packaging. There was also a substantial increase in the value of the Net Promoter Score, from 33 points in 2019 to 44 in 2020. Customers were found to appreciate above all the support provided by customer assistance and the quality and reliability of our products.

Although there were some clouds on the Company's horizon in 2020, many objective elements allow us to reasonably conclude that 2021 will be a year of recovery. The great sense of responsibility and passion shown by our workforce last year in an objectively difficult situation remain essential elements to support the ongoing recovery.

I would like to personally thank them for what they have done and for the prospects that we will face together. Thanks that I would like to extend to all Group Stakeholders, who supported us and continued to believe in us. We have not forgotten, moreover, that Datalogic's foundations, as repeatedly noted, are firmly anchored to our ability to "create a system", to face market challenges dynamically and to leverage our constant commitment to produce innovations within a framework of environmental and economic sustainability. With these hopes, we will continue to work and to grow with renewed confidence.

**Valentina Volta**  
Chief Executive Officer





**Highlights  
2020**

# The Group

## Vision

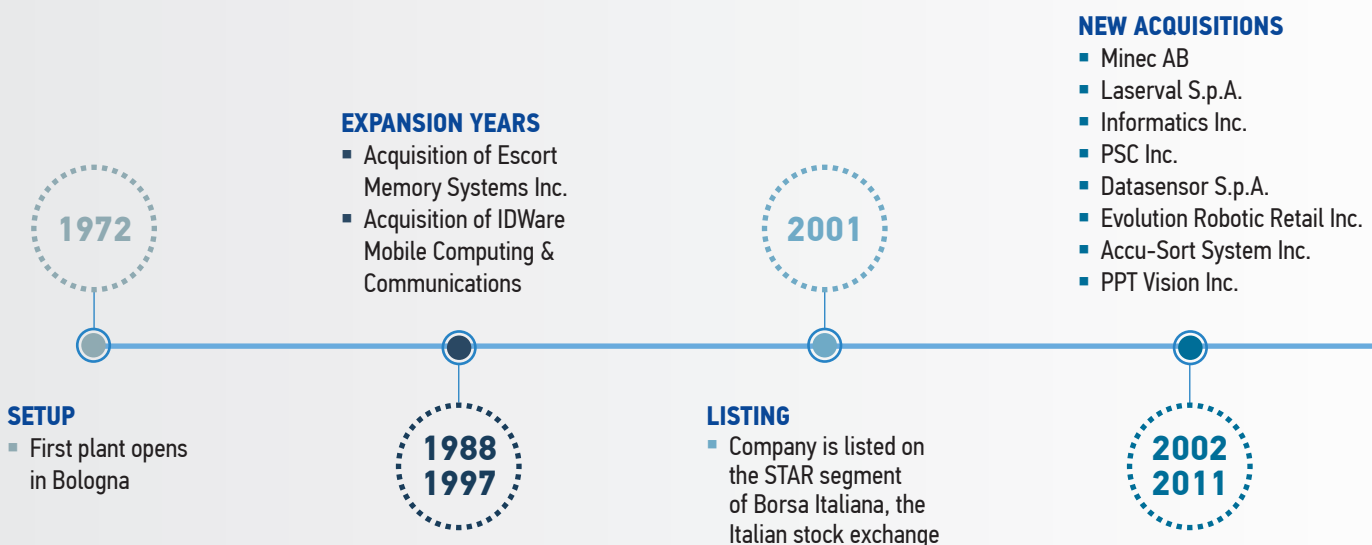
A world identified, viewed, inspected, marked and verified by Datalogic.

Datalogic is a world leader in the fields of automatic data acquisition and industrial automation. The Group, with approximately 50 years of history, continues to be one of the world's leading manufacturers of barcode scanners, mobile computers, RFID devices, sensors for detection, measurement and safety, machine vision and laser marking systems. Datalogic is the only company in the sector to guarantee a wide and specialized range of applications for Retail, Manufacturing, Transportation & Logistics and Healthcare. Datalogic offers solutions that simplify and improve daily life.

## Mission

To provide customers in Retail, Manufacturing, Transportation & Logistics and Healthcare the best quality and efficiency in data collection and factory automation, through superior product technology, and extremely talented people.

Half of the barcode reading systems used in supermarkets and retail outlets around the world are produced by Datalogic. Datalogic products are used by the major airports, the best-known couriers and postal systems, and the most important industries and hospitals. The Group has approximately 2,800 employees globally, spread across 27 countries, with manufacturing plants and repair centers in the United States, Italy, Slovakia, Hungary, Vietnam, China and Australia, and Research and Development centers in Italy, the United States, China and Vietnam, and a portfolio of approximately 1,200 patents and patent applications.



# Values



## OWNERSHIP

Feel and act as an owner of Datalogic.



## FOCUS ON RESULTS

Deliver what you promise.



## EFFICIENCY

Treat Company expenses as you would your own.



## REALISM

Face reality and fix what is wrong.



## NO SHORT CUTS

Don't compromise on strategy, culture or achieving results.

2012  
2015

### A NEW STRATEGY

- Set-up of new One Datalogic
- Restructuring by Verticals
- Acquisition of Soredi Touch Systems GMBH

2020

### M&A STRATEGY

- Acquisition of M.D. Micro Detectors S.p.A.

### ONGOING INNOVATION

- Acquisition of Assets of Multiware Photonics SA
- Partnership with CAEN RFID S.r.l.

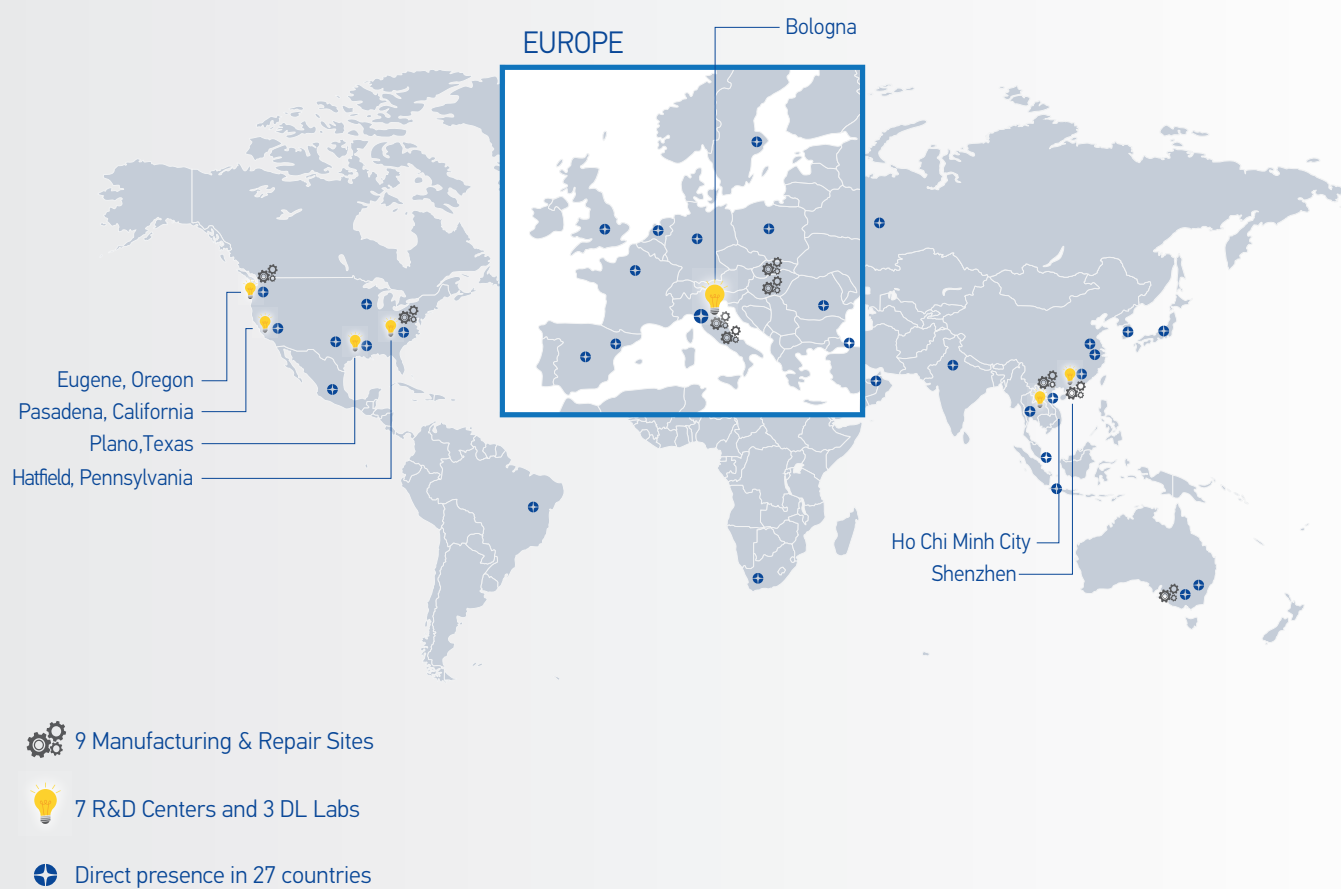
2017

### FOCUS ON CORE BUSINESS

- Investment in a financial instrument issued by AWM Smart Shelf Inc.
- Sale of 85% of Solution Net Systems Inc.

2021

# International footprint





# Our strategy

## The Objective

- Grow above the market average, while increasing profit margins.



## The Scope

- Remain a product Company, while focusing on integrated solutions to meet the needs of end customers in the Retail, Manufacturing, Transportation & Logistics and Healthcare sectors.
- Consolidate our market position in EMEA and become a strong player in North American market.
- Increase our position in APAC, with a growing presence in China.



## The Advantage

- A wide range of products, capable of meeting both automatic data capture and factory automation needs by providing solutions along the entire value chain of our customers.



# A unique range of products

A wide range that meets the needs of our customers in the 4 verticals along their entire value chain.

The most complete barcode reader range: from fixed scanners for the retail sector to industrial scanners, from manual scanners to mobile computers...



... integrated by a wide range of industrial automation products.



# Main markets

## A year of great contrasts

While it cannot be denied that 2020 will be remembered as the year when a “perfect storm” invaded the global ICT markets (-7.3% drop in global demand, Gartner 2020), it is also true that there was an acceleration of digital and high-tech transition plans in all economic sectors, from services to industrial production.

Datalogic remains a major player in this scenario. In 2020 **the Group continued to promote continuous innovation processes** aimed above all at satisfying the demands of the **Retail, Manufacturing, Trans-**

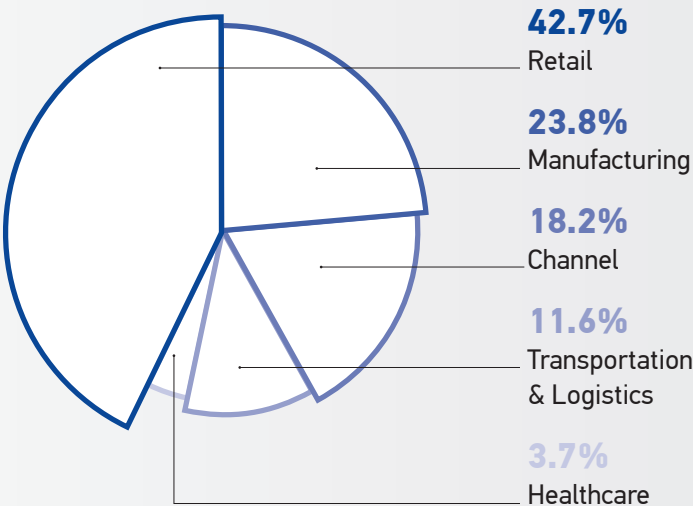
**portation & Logistics and Healthcare sectors**, in a constantly evolving business context, discovering innovative ways to create value for its customers.

This factor proved to be key also in this situation, which created obvious difficulties at an international level and certainly slowed down many of the projects of the Group; however, the Group did not cut its strategic investments, especially with regard to the introduction of new products, in particular in the Mobile Computing area.





# Revenues by sector



# Retail

## Food and self check-out are the main drivers

### Profile

- Since 1974, when Datalogic installed in Ohio the first ever fixed retail scanner in Ohio, the Group continues to be **the global leader** in this sector, which is considered the key sector for the Company's business (42.7% of division sales in 2020).
- Datalogic products are widely used by large and medium distribution chains in Italy and abroad. Datalogic is the world leader for fixed retail scanning systems, with the Magellan range products, while manual scanners (completing

the check-out solutions) and mobile computers are used at retail outlets, among supermarket shelves and in the warehouses. The fast growth of contactless check-out solutions, such as self check-out and self-scanning systems, can also be attributed to the pandemic. Stationary Industrial Scanners (fixed-position barcode reading systems for industrial applications) are instead often used in distribution centers for automatic tracking and sorting.

### 2020 report

In 2020, the Retail sector recorded a 14.2% decrease (12.6% at constant exchange rates) with respect to 2019, with a generalised slowdown in all regions, albeit more pronounced in the Americas (-20.8%); the APAC and EMEA regions registered smaller decreases equal to 9.8% and 9.4% respectively compared to 2019.

The effects of the pandemic did not spare this sector and generated a decrease in sales, with the contribution of the counter scanner roll-out activities of some

retail chains, which began in 2018 and were gradually completed in 2019, and in volumes as a result of the Covid-19 pandemic, which impacted the business through channel and the acquisition of new customers, especially in the United States and, to a lesser extent, in Europe.

Growth expectations for the non-food sector were drastically reduced by the business closures related to the lockdown in several countries.

Distribution Center | Warehouse | Store Management | Check-out POS





# Manufacturing

## Industry 4.0 is the driver

### Profile

■ The Datalogic Group offers its **leadership in the design and production of last generation industrial code scanners** (sector in which Datalogic has always been one of the top companies in the world) and laser marking solutions to the companies of the Manufacturing sector, from Automotive to Food and Beverage, from Pharmaceuticals to Electronics. Industrial automation products also

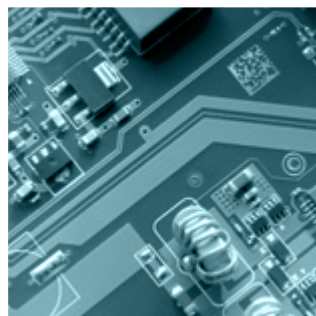
include a range of sensors, made even more complete by the **recent acquisition of M.D. Micro Detectors S.p.A.** A range of highly innovative security devices and Machine Vision solutions that is constantly expanded, able to guarantee to the market a complete system of intelligent and interconnected devices, to protect, identify, detect, control, and mark.

### 2020 report

In 2020, the contraction in the Manufacturing sector was smaller than in the other sectors, 5.9% compared to 31 December 2019. The performance in 2020 was driven by double-digit growth in APAC in the consumer electronics segment: this offset the ongoing negative trend in the Americas and EMEA, where the slowdown in the Automotive and Packaging sectors persists, although both markets started to recover from the third quarter of 2020. In 2021, we expect a boost to be provided by the recent acquisition of M.D. Micro Detectors S.p.A.,

a company operating in the Industrial Sensor market and, more in general, in the Industrial Automation field, which represents one of the main drivers for 2021 growth. It is a significant expansion for the Group that contributes to consolidate its presence in the automation and Industrial Sensor sector, worth more than €7 billion, by expanding its product portfolio with inductive and ultrasonic sensors, used in different production processes in many markets such as Electronics, Pharmaceuticals, Logistics and Automotive.

Automotive | Electronics | Packaging | Intralogistics



# Transportation & Logistics

## E-commerce as market engine

### Profile

- Digital solutions are inexorably taking over all Logistics areas and the recent pandemic crisis, with the resulting exponential growth of the e-commerce, has strongly affected the digitalization process of the sector. The new Logistics and Transportation trends are pushing companies to take additional and decisive steps toward automation and Logistics 4.0 with the modernization of all touch points of the supply chain, the improvement of the digital customer experience and, last but not least, transportation and delivery to the end consumer (what is known as “last mile”).
- Already started last year, an increase in automation and digitalization, which will involve almost all Logistics sectors, will become even more noticeable by 2021 in Italy and abroad. Datalogic, therefore, continues to optimize its range of devices, from mobile computers to industrial scanner imagers, to manual barcode scanners for data collection, traceability and sorting, intended for the largest international shipping companies, for which full control of the entire shipping chain is key.

### 2020 report

The Transportation & Logistics sector contracted by 27.6% compared to 2019: the performance was especially negative in North America, reflecting an unfavourable comparison with 2019, when some long-term projects were completed. There were signs of recovery in both the EMEA and the APAC regions in the second half of the year. Looking ahead, the Group nonetheless sees scope for growth in view of a consistent expansion of e-commerce, resulting from the

strong increase in online sales driven by the spread of the pandemic, a trend which is not expected to disappear with the end of this medical or health emergency. The Group is focusing on improving traceability systems to raise standards and reduce product delivery times: in this area, innovation is based on the introduction of new diagnostic solutions based on images and big data management. A further interesting frontier is a more extensive and targeted use of robotics.

Courier & Parcel | Logistics | Postal | Airports



# Healthcare

## Health protection as top priority

### Profile

- If 2020 is going to be seen as a watershed moment, this will be due to the importance taken by the companies providing health protection systems to the public and private sector and therefore by the Healthcare industry, with a special focus on advanced research. Datalogic consolidated its presence in this sector by developing the range of technological devices to adapt them to the main health processes, to guarantee the preservation of medications and the health of patients. Vision systems ensure that containers are sealed and labels checked; laser markers allow the identification of surgical instruments; mobile computers optimize tracking inventory; manual bar code scanners allow for the correct matching of medical prescriptions with patients.
- The pandemic further confirmed the importance of the systems aimed at preventing potential external contaminations. In 2020 Datalogic launched new products with special “disinfectant ready” plastics, which can withstand daily cleaning with the most aggressive detergent and disinfectant solutions used in the sector and, for some devices, even with antimicrobial characteristics, i.e. treated with special additives able to prevent the proliferation of bacterial flora, thus reducing the risk of bacteria and other germs remaining on the surface of the devices and getting transmitted.

### 2020 report

2020 was a turning point for the Healthcare sector, something that has become even clearer in these first months of 2021, with the launch of the vaccination campaigns. In addition to the medical and research aspects, monitoring and digitization of systems for the distribution, storage and finally use of medical aids, as in the case of the new Covid-19 vaccines, have become even more important. We expect the 2.6% contraction, in particular in the EMEA and North America regions, of

the Group's activities observed in 2020 to be offset and a genuine trend reversion to take place in 2021, as it happened for this segment in the APAC region, where a strong growth (+47.0%) was already recorded in 2020. Looking ahead, hospital investment in patient safety is also expected to grow significantly over the next 5 years, with the adoption of new patient tracking technologies and the use of digital health tools and telemedicine platforms for post-hospitalisation checks.

Pharmacy | Hospital - Labs | Pharmaceutical



# Our commitment for a sustainable future

An action plan for humanity, the Planet and prosperity: it is **Datalogic's approach to the 2030 Agenda for Sustainable Development**. Signed in 2015 by 193 countries members of the United Nations, including Italy, the document intends to formalize the commitment to guarantee a better present and future to our planet and to the people living in it. Of the 17 objectives identified, 6 are those we strive for every day.



## Health, safety and welfare: focus on people

In 2020 the Company had to deal with the risk of Covid-19 transmission in all offices of the Group and adopted **special management and control measures** to mitigate the risk according to the situation in each country. Datalogic believes corporate welfare to be a powerful tool to increase the trust and the engagement of workers. This is why the Company launched a program for its Italian employees and their families, to protect their health and to help them manage family responsibilities.



## Diversity is wealth

Datalogic maintains active contacts with local institutions, universities, and professional institutes. In 2020 a **global and digital Welcome on Board process** was formalized. This process starts with the acquisition of basic information on the Company, and then information on the main products and their market applications. For those who are already with

the Company, Datalogic offers training plans according to the different stages of the career path and the needs identified in the different professional roles.



## Human capital, always a key resource to grow

In 2020 the Human Resources Department focused primarily on managing the Covid-19 pandemic and on improving internal procedures, to face the post-crisis challenges, such as the launch of the **Datalogic Academy and digital on-boarding**. As at 31 December 2020, the Datalogic Group had 2,826 employees. Women held 26.4% of senior positions, also within the Board of Directors. The Code of Conduct adopted by the Company represents an instrument to promote the integration of any form of diversity and to protect human rights.



## Innovation and research: for 50 years the strengths of the Group

Constantly investing in research and innovation is essential to remain competitive and to meet customers' needs. In 2020 20% of the sales was generated by new products with less than 2 years of life and 13% approximately was intended for research and development activities. The **Leonardo da Vinci - Best Patent of the Year** award confirmed also in 2020 the exceptional quality of the patents. The Company was also among the winners of the **CONAI 2020 EcoDesign** award for the new packaging of the Magellan™ 3200.





## Environmental protection and fight against climate change

Datalogic is in the forefront when it comes to environmental protection and fight against climate change and takes part with its stakeholders in innovative projects and practical initiatives. The Group operates in compliance with current regulations, applying the best technologies available and planning the development of its activities to enhance natural resources, preserve ecosystems for future generations and promote initiatives for widespread environmental protection.



## Together to do more

Datalogic considers the partnership with its suppliers a key tool to ensure competitiveness, growth and sustainable development to the entire value chain, upstream and downstream. Datalogic listens to its customers and has designed and implemented processes to collect data on their needs, perceptions and proposals, to be able to provide practical answers.



# Main events and products launched in 2020

From the very beginning of the pandemic, Datalogic has immediately applied the extraordinary measures imposed by the authorities in the different countries, to minimize the risk of infection and protect the health of its employees. At the same time, it has guaranteed operational continuity, limiting the impact of the emergency on its customers to a minimum.

Cash generation, while inevitably suffering from the effects of lower volumes, especially during the

lockdown periods, was substantially in line with the previous years. Moreover, thanks to its solid equity and financial structure, the Company was able to avoid having to cut investments in strategic activities and product development. The Group closed 2020 with a positive Net Financial Position, with 56.1% of credit lines available and unused, of which more than half long-term credit to support growth and investments.

## JANUARY

Datalogic is once again a protagonist at **NRF**, the most significant Retail sector event that takes place every year in New York City, with new technology solutions to optimize the processes of the entire supply chain, from retail outlets to warehouses and distribution centers.

In particular, an exclusive preview of the PDA **Memor™ 20** is offered: this is the top of range mobile computer, designed especially for those who have to perform activities in fully mobile settings. For example, for retail distribution companies where operators must continuously move along warehouse aisles and use forklifts, as well as for retail stores in assisted sales, mobile POS applications, inventory control and price verification.

The new **Enhanced Laser Sentinel** is launched, the perfect solution for area monitoring (AGV). It is the only model on the market equipped with the dynamic

partial muting function, which allows it to ensure the correct transit of materials of different sizes, while ensuring maximum safety of operators.

## JANUARY



LASER SENTINEL ENHANCED



## FEBRUARY

During **Euroshop 2020**, the most important European fair for the Retail sector, which takes place in Düsseldorf, Datalogic presented the latest innovations for traceability along the entire distribution chain, rapid check-out and automation systems, key to an increasingly personalized shopping experience.

Datalogic takes part in **Logis-Tech Tokyo 2020** (LTT 2020), the most important Japanese fair for the Material Handling and Logistics sectors: here it presented new products specifically designed for this market, such as industrial scanners, both handheld and stationary, mobile computers and sensors.

Before the lockdown made necessary by the pandemic, **regional meetings are organized with the most important partners**, to discuss strategic plans, emerging market trends and the road map of new products. Two face-to-face events were organized for the partners of the EMEA and AMERICAS regions, rich in contents and discussions.

## MARCH

Due to increasing concern about the pandemic, Datalogic decides to cancel the fairs and the face-to-face

events planned for 2020, to protect the health of its employees, customers and suppliers.

Datalogic presents **DSM04XX**, the new high-performance compact scanning module for fixed reading applications. DSM04XX is able to ensure accurate and reliable reading of any type of barcode, despite its small size. It can therefore be easily integrated into very compact systems such as kiosks, automatic ticket machines, access control devices, turnstiles, and vending machines. With IP54-rated protection against water and dust, this scanning module also offers excellent performances in the Manufacturing sector, for example in the production progress control, as well as in robotic and AGV applications.

The second largest DIY chain in the United States has adopted the Datalogic manual scanners PowerScan™ 9500 Mobile in their check-out and self check-out applications.

Datalogic inaugurates its partnership with one of the largest US hospital groups in terms of sales and number of beds with a large supply of Gryphon™ D4590 HC and Gryphon M4500 HC manual scanners.

## MARCH



DSM04XX

### APRIL

Presented first to the US market during NRF and to the European market at Euroshop 2020, the PDA **Memor™ 20** is officially launched: this is Datalogic top of range mobile computer, created for those who work in Retail, provide services in the field, work in the Logistics and Healthcare sectors. It combines the compactness and ease of use of a smartphone with the superior features of enterprise products. With the wide Full HD touchscreen display, the ultra-thin imager reader and the unique “Green Spot” technology that provides visual confirmation of correct reading, Memor 20 speeds up the scanning of any type of barcode. It offers a double layer of protection, IP65 and IP67 rated, and has been certified by Google™ for the “Android Enterprise Recommended” program dedicated to rugged devices.

From the very beginning of the pandemic, Datalogic committed to play an active role in support to the Italian Healthcare system, with a significant **donation of barcode readers and mobile computers** to the Policlinico Sant’Orsola-Malpighi in Bologna and various hospitals in Lombardy and in the rest of Northern Italy. These devices are used for the bedside treatment of patients and to ensure drug traceability in real time. They have played a key role in streamlining the procedures to accept and identify patients and to manage their electronic medical records.

### APRIL



MEMOR 20

### MAY

Datalogic announces the investment in **AWM Smart Shelf**, a Californian company highly specialized in Artificial Intelligence and Computer Vision. These cutting-edge technologies not only significantly enrich the customer experience but also allow the retailer to increase operational efficiency and to consolidate data needed to profile customers for marketing purposes.

The launch of the **Smart-VS** is an additional step forward for the Datalogic industrial automation products. Smart-VS is a highly innovative solution, unique in its kind, able to identify objects like the most complex Machine Vision systems, but with the ease of configuration and use typical of the simplest photoelectric sensors. The system improves the productivity of industrial applications and reduces the total cost of ownership (TCO) compared to more complex vision systems.

### JUNE

Datalogic signs a deal for a large supply of Matrix™ 300N fixed imager readers with one of the most important consumer electronics manufacturing companies for the main international brands, which represent around 40% of world production.

### MAY



SMART-VS

## JULY

The partnership with **Re-vision**, a Dutch company leader in the self-scanning software solutions, allows Datalogic to combine the versatility of its mobile computer **Joya™ Touch A6** with Re-vision's software capabilities for automated check-out applications.

Datalogic launches **AV900**, the new industrial code reader with imager technology, ideal for Transportation, Logistics, Distribution and Airport applications. AV900 expands the scanners imager range: besides guaranteeing increased resolution and power, it offers the option to use a lower number of cameras in data acquisition systems. AV900, in fact, associates the increased processing power with a wider field of view that maximizes productivity and reduces system costs. AV900 is the perfect product for Logistics applications, from the processing of goods inbound to their sorting on conveyor belts of all sizes and speeds.

## AUGUST

Datalogic enters in a partnership with the largest Swiss distribution chain, to create a self check-out solution based on **Memor 20**. The project provides for the full implementation of Datalogic devices in the entire ecosystem of Retail outlets.

## SEPTEMBER

Datalogic takes part for the first time in **SPS ITALIA DIGITAL DAYS**, the online version of SPS IPC Drives, the most important Italian event for Industrial Automation and Industry 4.0. Through "SPS Italy Contact Place", the digital platform of the fair, Datalogic makes a wide range of Traceability, Safety and Smart Manufacturing solutions available. Datalogic stands out for the quality of the contents and the high level of innovation of the applications presented at the scientific conferences in which it took part.

Datalogic signs a far-reaching agreement with one of the largest biomedical production companies in Europe for the supply of fixed scanners **DS1100** to be integrated in OEM equipment used for biomedical analysis.

**Memor™ K** is the new Datalogic mobile computer that stands out from its competitors through its unique characteristics: it combines high performance with small dimensions and excellent ergonomics, also thanks to a physical keyboard that simplifies data entry. It is the ideal mobile computer for the acquisition of data in the Retail sector, in shops and warehouses, in the Manufacturing sector and in distribution centers. Speed, safety and stability are guaranteed by its superior computing power.

## JULY



AV900

## SEPTEMBER



MEMOR K

## OCTOBER

After the ROSSINI transnational project about collaborative robotics, Datalogic and CRIT take part in a second European project to promote the synergy between the efficiency of traditional robotics and the safety of human-robot collaborative systems. The **SCaVa** (Stereo Camera Validation) project proposes a validation method to be applied to 2 stereocameras, able of detecting the arm and body of an operator, in order to test them as part of an innovative protection system.

In its reference sector, the new handheld scanner **UHF 2128P RFID SLED** represents the top of the range, offering unparalleled performance in terms of reading, writing, and locating RFID tags. This device allows operators to perform a faster and more accurate inventory, with the nominal reading range having been extended to 9 meters. With UHF 2128P RFID SLED, Datalogic considerably increases the value and functionality of the professional PDA Memor 10 with wireless recharging.

Datalogic is chosen by the largest distribution centre in the APAC region to create a state-of-the-art system for the automatic detection of incoming items and subsequent processing of the data collected through the AV700 and DM3610 devices.

## NOVEMBER

**HandScanner™**, the smallest and lightest non-intrusive hands-free scanner designed to simplify the daily operations of warehouse workers. Combined with Datalogic mobile computers, HandScanner helps simplifying processes, eliminating errors and wastes of time: it allows operators to work faster and more efficiently, improving the quality of their work with 4 seconds saved per scan and reducing reading errors by up to 33%. With respect to ring scanners, HandScanner is thinner and has the unique advantage that it can be positioned on the back of the hand. It is not intrusive, is sturdier and is not exposed to constant shocks.

Datalogic introduces on the market the new series of linear imager scanners, **Gryphon™ 4200**. This premium line of 1D handheld scanner guarantees effective Retail sale solutions when connected to the POS check-out, during production and order processing in the Manufacturing sector, in Healthcare facilities, and much more. Gryphon 4200 devices present high value-added technological characteristics such as data acquisition at different distances through greater depth of field, barcode reading both high-density and low-resolution, also from the screens of mobile devices, rapid decoding of all barcodes, even the most difficult to read, poor or damaged.

### OCTOBER



RFID 2128P

### NOVEMBER



HANDSCANNER



GRYPHON 4200

Lastly, the new **IO-Link** models complete the S8 sensor range. The IO-Link connection allows the exchange of data among intelligent sensors and a master interfaced to any fieldbus and communication network. From the customer's point of view, this means reduced standard cabling, increased data availability, easier installation, faster diagnosis and replacement. S8 IO-Link is the advanced response to digitization needs in the Automotive and Electronic assembly sectors, in food and drug processing and packaging facilities, at bottling lines, and automated warehouses.

Datalogic confirms its position as leader in automatic identification systems at airports by providing AV900 barcode scanners to an important airport hub, which will be a key stop for the 2022 Soccer World Cup.

## DECEMBER

Datalogic has been an active supporter of the social cooperative **Casa Santa Chiara** for many years, and this year it has confirmed its support with a donation for assistance programs, to offer hospitality to people with disabilities and help their families.

The restrictions imposed as a result of Covid-19 did not prevent Datalogic from organizing one of the most important internal annual events. The **Leonardo da**

**Vinci Best Patent Award 2020**, the special award ceremony for the three most innovative inventors and inventions developed by the Company, took place online.

The traditional **award ceremony for employees with 25 and 35 years of seniority in the Company**, which also had to be carried out online this year, provided an opportunity to celebrate another milestone: **the twenty-five years of activity at our plant in Castiglione Messer Raimondo (Teramo)**.



S8 SENSORS





# Datalogic on the stock exchange

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

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

## 2020 STOCK EXCHANGE DATA

|                  |  |
|------------------|--|
| SEGMENT          | STAR - MTA   |
| BLOOMBERG CODE   | DAL.IM   |
| REUTERS CODE     | DAL.MI   |
| MKT CAP.         | €818.25 million as at 31 <sup>st</sup> December 2020 |
| NUMBER OF SHARES | 58,446,491 (including n. 1,754,131 treasury shares)  |
| 2020 MAX         | €17.41 (at 20 <sup>th</sup> January 2020)            |
| 2020 MIN         | €9.00 (at 19 <sup>th</sup> March 2020)               |

## FREE-FLOAT

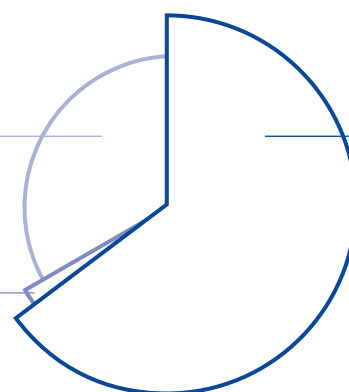
32.2%

## HYDRA S.P.A.

64.8%

## TREASURY SHARES

3.0%



## ANNUAL TREND: DATALOGIC SHARE PERFORMANCE/VOLUMES



# 2020, after the crisis a new horizon

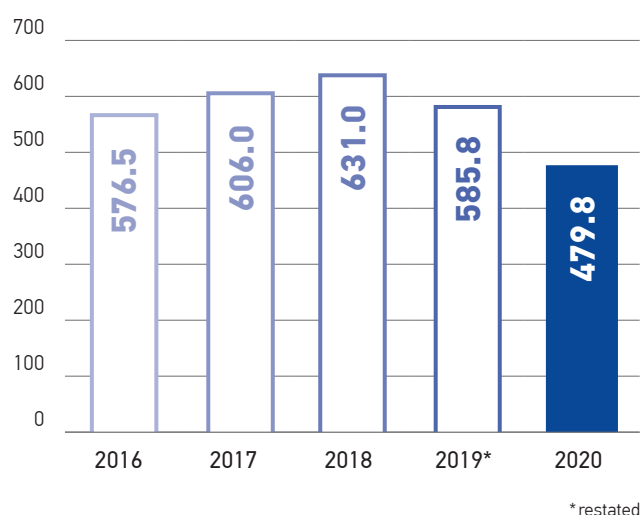
An extraordinary year, in every sense, which has tested the resilience of the Group and given us an incentive to regain momentum ensuring a decisive change of step in 2021

As at 31 December 2020, the Group reported revenues of €479.8 million: a gradual improvement of the performance in the second half of the year allowed us to limit the decline in sales resulting from the exceptionally negative global economic situation produced by the Covid-19 pandemic. At the end of the year, sales were down -18.1% (-17.0% at constant exchange rates) compared to the previous year, with a marked consolidation of the growth trend compared to the first part of the year.

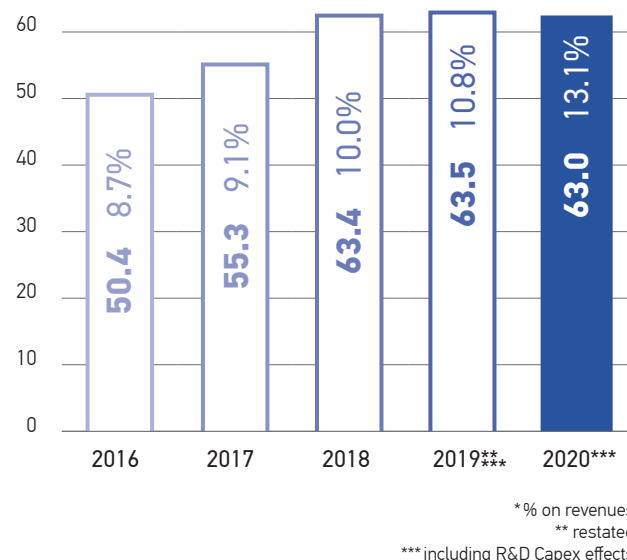
The gradual recovery of volumes and appropriate cost cutting measures made it possible to maintain the margins of the Group: as at 31 December 2020 Adjusted EBITDA was equal to €58.3 million and the Adjusted EBITDA margin to 12.2% (15.7% as at 31 December 2019).

Net profit was equal to €13.9 million, corresponding to 2.9% of revenues (€50.3 million and 8.6% of revenues as at 31 December 2019): there was a gradual recovery compared to the first part of the year thanks to the recovery of the markets and the reduction of discretionary expenses, although, compared to the previous year, the performance was affected by the reorganization expenses incurred by the Group in the changed economic context. The Net Financial Position as at 31 December 2020 was again positive after the first three quarters of the year, at €8.2 million (€13.4 million as at 31 December 2019) with cash generation from operating activities recovering in the last quarter. The comparative income statement data as at 31 December 2019 were restated, as required by IFRS 5, following the sale of Solution Net Systems Inc.

## REVENUES (MLN EUROS)



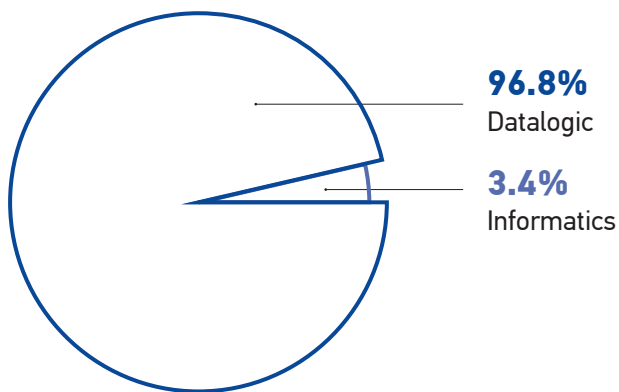
## R&D (MLN EUROS)\*



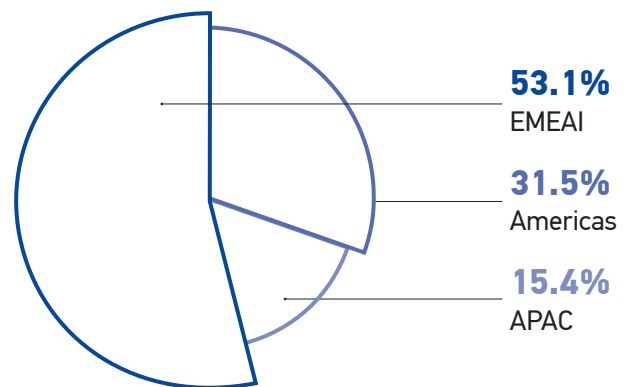
## 2020 REVENUES

Total **479.8 MLN Euros**

Revenues by division\*



Revenues by geographical area

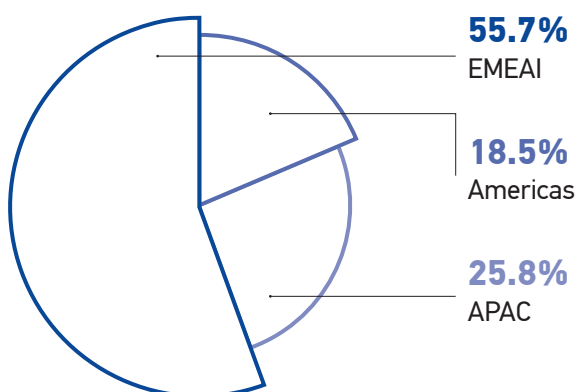


\*-0.2% inter-divisional adjustments.

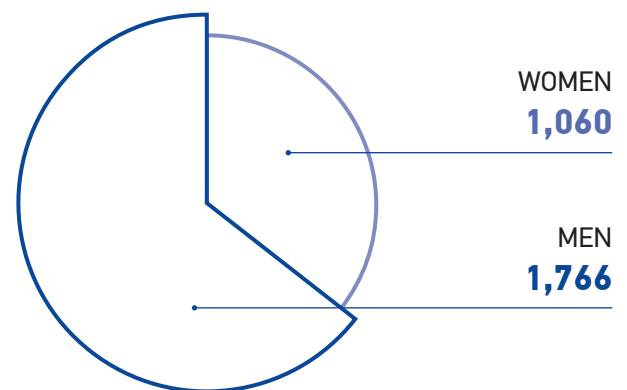
## 2020 EMPLOYEES

Total **2,826**

Employees by geographical area

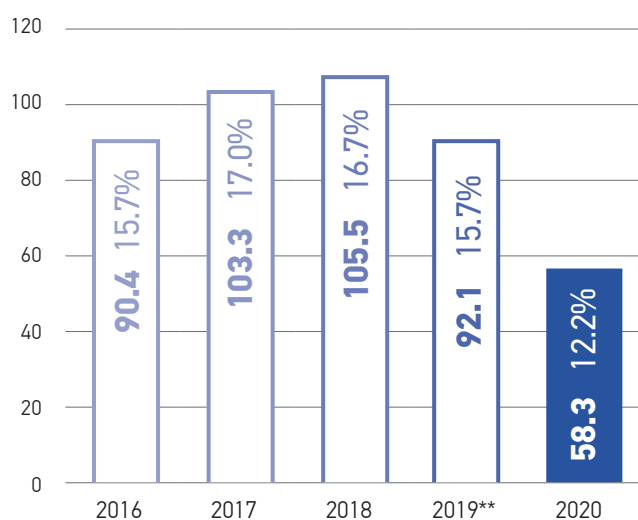


2020 Employees by gender



## EBITDA

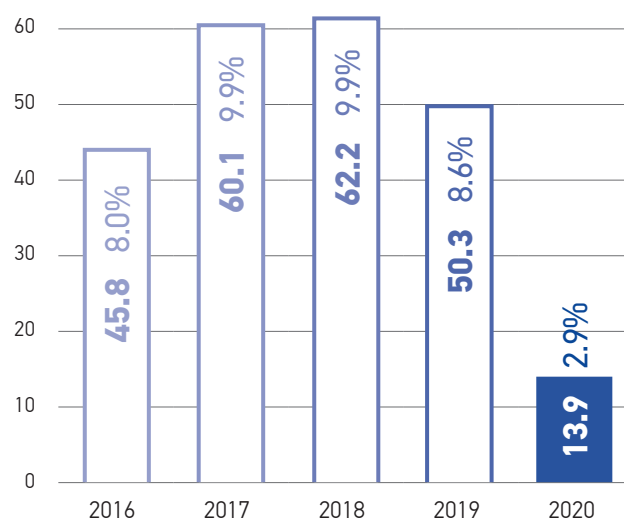
(MLN EUROS)\*



\* % on revenues  
\*\* restated

## NET INCOME

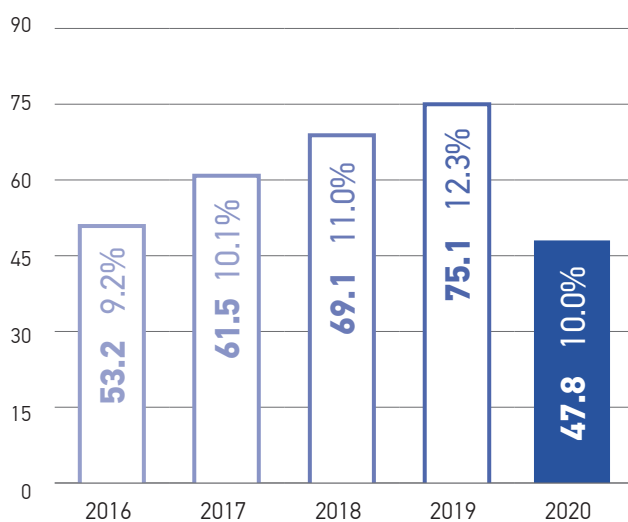
(MLN EUROS)\*



\* % on revenues

## NET TRADE WORKING CAPITAL

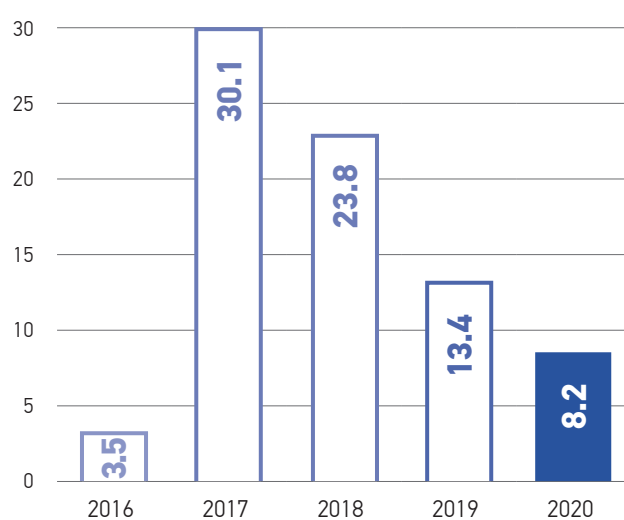
(MLN EUROS)\*



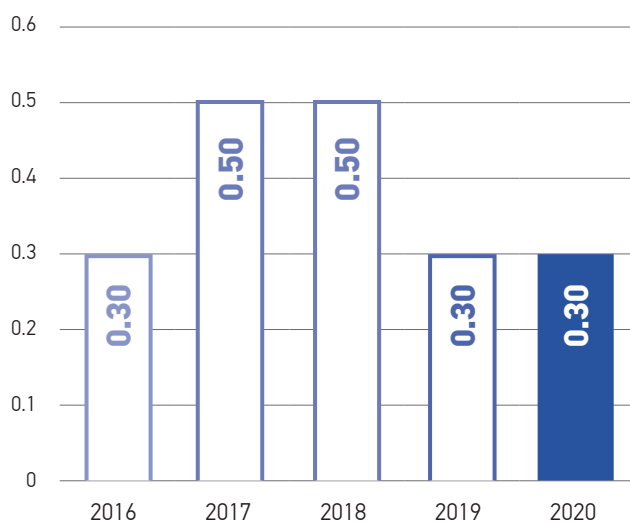
\* % on revenues

## NET FINANCIAL POSITION

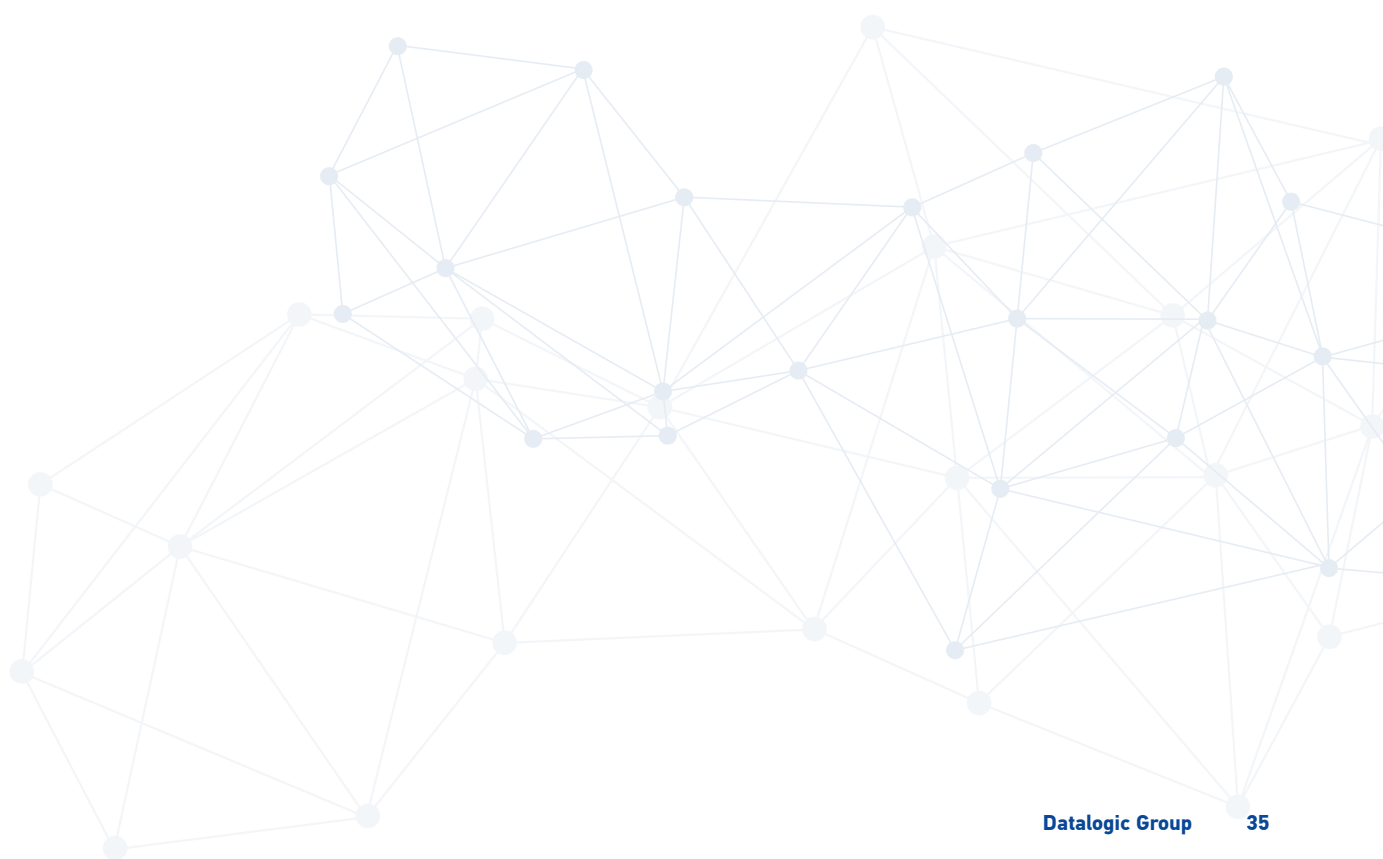
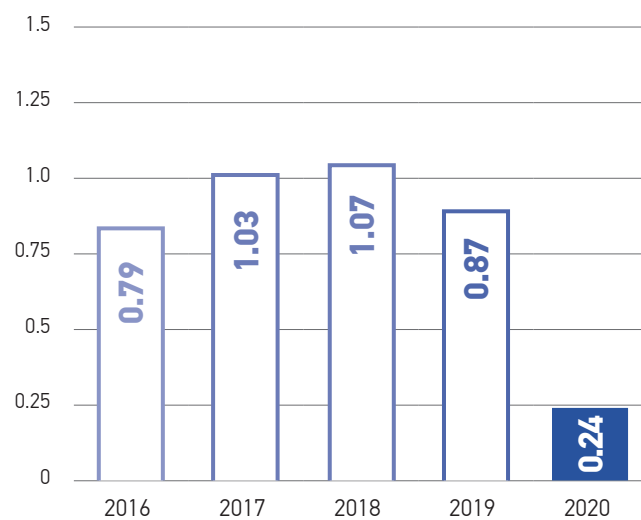
(MLN EUROS)



## DIVIDEND PER SHARE (DPS - EUROS)



## EARNINGS PER SHARE (EPS - EUROS)



## INCOME STATEMENT

| (MLN EUROS)                                  | 2016         | 2017         | 2018         | 2019<br>Restated | 2020         |
|--|--------------|--------------|--------------|------------------|--------------|
| <b>REVENUES</b>                              | <b>576.5</b> | <b>606.0</b> | <b>631.0</b> | <b>585.8</b>     | <b>479.8</b> |
| <b>EBITDA</b>                                | <b>90.4</b>  | <b>103.3</b> | <b>105.5</b> | <b>92.1</b>      | <b>58.3</b>  |
| % on revenues                                | 15.7         | 17.0         | 16.7         | 15.7             | <b>12.2</b>  |
| <b>EBIT</b>                                  | <b>66.9</b>  | <b>75.4</b>  | <b>77.8</b>  | <b>62.7</b>      | <b>18.4</b>  |
| % on revenues                                | 11.6         | 12.5         | 12.3         | 10.7             | 3.8          |
| <b>NET INCOME</b>                            | <b>45.8</b>  | <b>60.1</b>  | <b>62.2</b>  | <b>50.3</b>      | <b>13.9</b>  |
| % on revenues                                | 8.0          | 9.9          | 9.9          | 8.6              | 2.9          |
| <b>EMPLOYEE NUMBER</b>                       | <b>2,696</b> | <b>2,912</b> | <b>3,157</b> | <b>3,074</b>     | <b>2,826</b> |
| <b>DIVIDEND<br/>PER SHARE (EUROS)</b>        | <b>0.3</b>   | <b>0.5</b>   | <b>0.5</b>   | <b>0.3</b>       | <b>0.3</b>   |
| <b>DIVIDEND DISTRIBUTION<br/>(MLN EUROS)</b> | <b>14.5</b>  | <b>17.4</b>  | <b>28.9</b>  | <b>28.7</b>      | <b>17.0</b>  |

## BALANCE SHEET

| (MLN EUROS)                      | 2016          | 2017          | 2018          | 2019          | 2020          |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>FIXED ASSETS</b>              | <b>371.7</b>  | <b>347.9</b>  | <b>369.7</b>  | <b>391.1</b>  | <b>384.9</b>  |
| <b>CURRENT ASSETS</b>            | <b>192.0</b>  | <b>203.9</b>  | <b>228.1</b>  | <b>230.5</b>  | <b>173.1</b>  |
| <b>CURRENT LIABILITIES</b>       | <b>-182.2</b> | <b>-181.9</b> | <b>-195.2</b> | <b>-184.2</b> | <b>-150.7</b> |
| <b>NET WORKING CAPITAL</b>       | <b>9.8</b>    | <b>22.0</b>   | <b>32.9</b>   | <b>46.2</b>   | <b>22.4</b>   |
| <b>NET INVESTED CAPITAL</b>      | <b>332.9</b>  | <b>322.9</b>  | <b>352.0</b>  | <b>390.8</b>  | <b>362.1</b>  |
| <b>EQUITY</b>                    | <b>336.4</b>  | <b>353.0</b>  | <b>375.8</b>  | <b>404.2</b>  | <b>370.4</b>  |
| <b>NET FINANCIAL POSITION</b>    | <b>3.5</b>    | <b>30.1</b>   | <b>23.8</b>   | <b>13.4</b>   | <b>8.2</b>    |
| <b>CAPEX</b>                     | <b>16.5</b>   | <b>13.9</b>   | <b>28.9</b>   | <b>38.0</b>   | <b>42.6</b>   |
| % on revenues                    | 2.9           | 2.3           | 4.6           | 6.5           | 8.9           |
| <b>NET TRADE WORKING CAPITAL</b> | <b>53.2</b>   | <b>61.5</b>   | <b>69.1</b>   | <b>75.1</b>   | <b>47.8</b>   |
| % on revenues                    | 9.2           | 10.1          | 11.0          | 12.8          | 10.0          |
| <b>ROE %</b>                     | <b>14.4</b>   | <b>17.4</b>   | <b>17.1</b>   | <b>12.9</b>   | <b>3.6</b>    |
| <b>DEBT/EQUITY %</b>             | <b>-1.0</b>   | <b>-8.5</b>   | <b>-6.3</b>   | <b>-3.3</b>   | <b>-2.2</b>   |

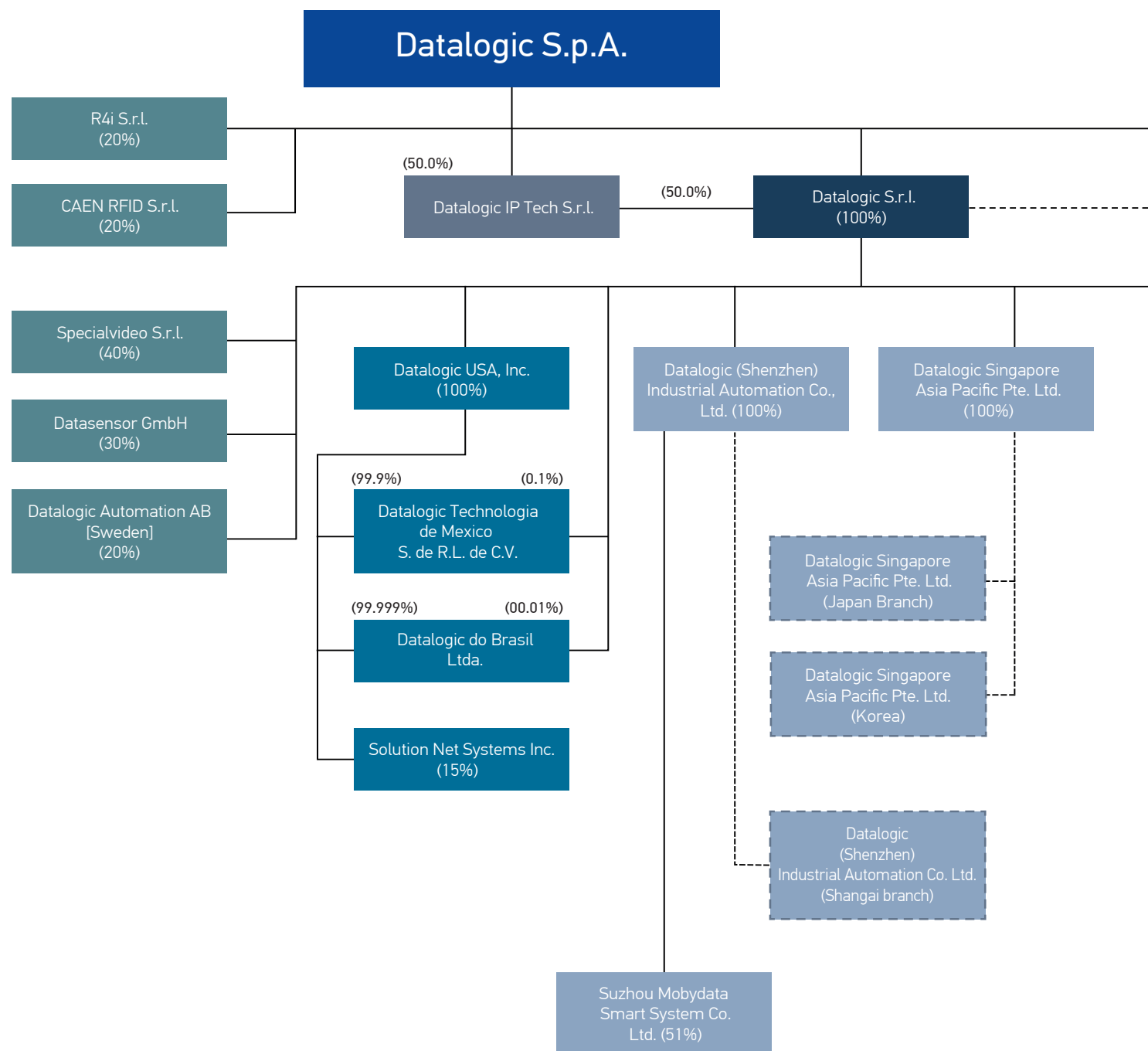






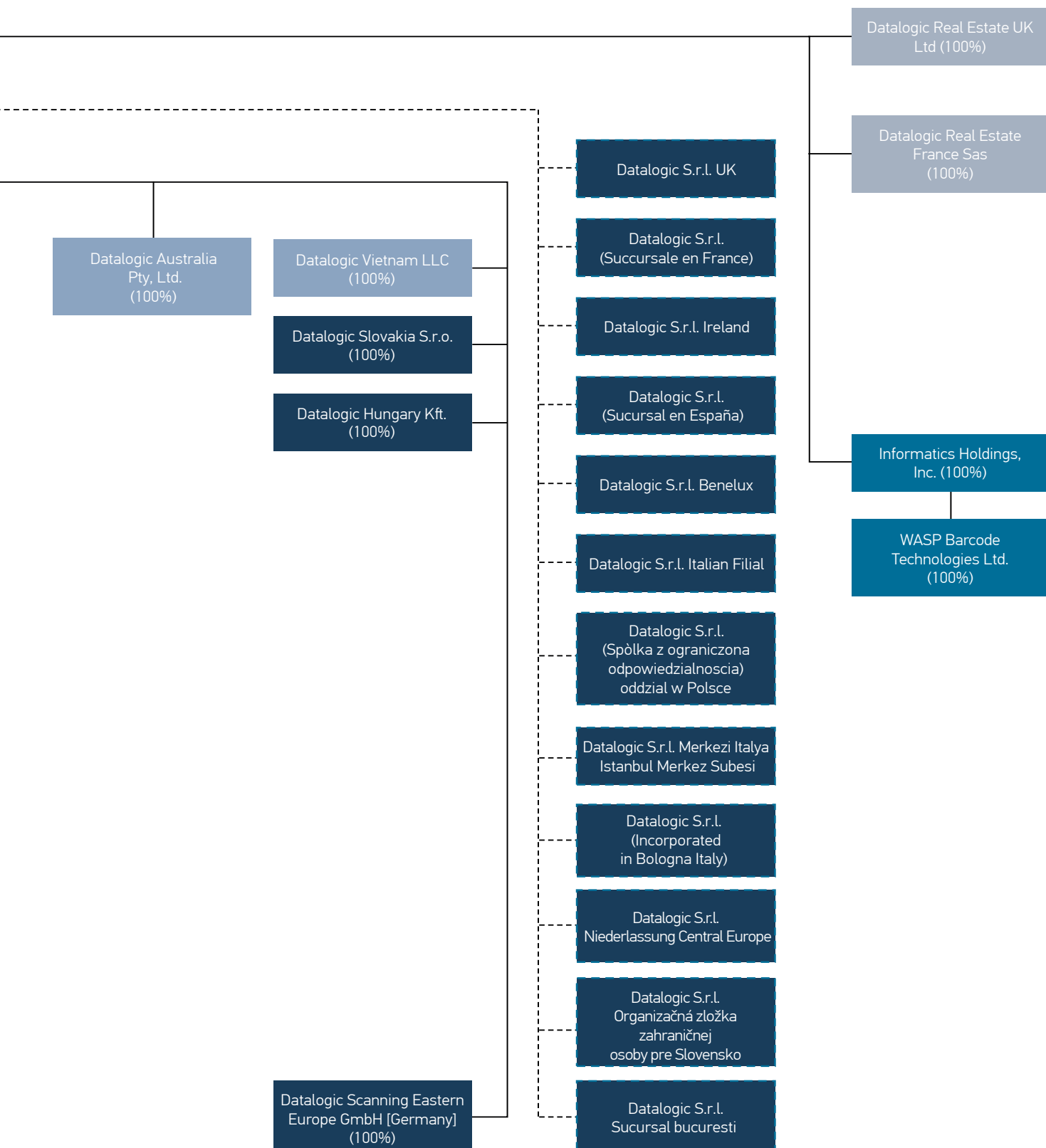
# **Consolidated Annual Financial Report as at 31 December 2020**

# Group structure



—— Legal entity      - - - - - Branch

| ITALY/EMEA | AMERICAS | APAC | IP TECH | REAL ESTATE | OTHER |
|------------|----------|------|---------|-------------|-------|
|------------|----------|------|---------|-------------|-------|



# Composition of Corporate Bodies

## Board of Directors<sup>(1)</sup>

|                            |  |
|----------------------------|--|
| Romano Volta               | Executive Chairman <sup>(2)</sup>                  |
| Valentina Volta            | Chief Executive Officer <sup>(2)</sup>             |
| 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<sup>(3)</sup>

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

## Audit and Risk, Remuneration and Appointments Committee

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

## Independent Auditor<sup>(4)</sup>

Deloitte & Touche S.p.A.

<sup>(1)</sup> 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.

<sup>(2)</sup> Legal representative as regards third parties.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 Annual Financial Report as at 31 December 2020 was drawn up pursuant to art. 154 of T.U.F. and was prepared in compliance with the International Accounting Standards (IAS/IFRS) endorsed by the European Union.

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

## Group profile

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

## Highlights for the year

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

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

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

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



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

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

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

## Alternative performance indicators (NON-GAAP measures)

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

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

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

## Group reclassified economic results

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

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

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

The restrictive measures adopted by Governments to deal with the pandemic and the resulting slowdown in the global economy affected the Group's performance throughout 2020, albeit at different levels of intensity and at different stages. The Asian region was affected mainly in the first quarter, while Europe and the Americas subsequently suffered from the gradual spread of the pandemic in the second and third quarters of the year, especially

in the USA. The pandemic situation and the restrictive measures adopted by governments have slowed down the process of expanding the base to new customers and segments as well as partially slowing down the launch and ramp-up of new products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Group annual economic results by division

Operating segments are identified based on the management reporting used by senior management to allocate resources and evaluate results. Compared to the previous year, the Solution Net Systems (SNS) division is not represented among the operating segments following the sale of control of the company Solution Net Systems Inc. during the year and the consequent classification of the relative economic results as results from discontinued operations. The operating segments are indicated below:

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

The following tables show the comparison of divisional Revenues and Adjusted EBITDA achieved in 2020, compared to 2019:

### Revenues by division

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



## EBITDA by division

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

## Datalogic division

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

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

### ■ Retail

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

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

#### ■ **Manufacturing**

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

#### ■ **Transportation & Logistics**

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

#### ■ **Healthcare**

The Healthcare sector managed to significantly contain the negative impact of the pandemic which obviously refocused investments on the most urgent sectors, registering a slight decrease of 2.6%, in particular in the EMEAI and North America areas, at -5.7% and -6.0% respectively. The APAC area reported double-digit growth (+47.0%). The sector was highly appreciative of Datalogic's supply of products containing disinfectant-ready and anti-microbial plastics, perfectly satisfying the increased sanitation needs due to the pandemic.

#### ■ **Channel**

Sales through the distribution channel to small and medium customers saw a more pronounced drop of 33.6% compared to 2019 in all geographical areas, mainly due to the slowdown in activities in the second quarter as a result of Covid-19, which had a more negative impact on small and medium businesses. Starting with the third quarter of the year, an improvement was recorded in the trend in both EMEAI and in the Americas, albeit still negative with respect to the previous period.

#### **Informatics division**

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

## Group reclassified economic results for the fourth quarter

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

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

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

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

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

The performance of the fourth quarter of 2020 marks a reversal of the trend in particular in EMEA, the Group's first market, which recovered the contraction in volumes recorded in the first months of the year with an increase of 1.6% compared to the fourth quarter of 2019, driven by Italy, which recorded growth of 12.4%. The good performance of APAC was consolidated, especially in China, where the increase in revenues reached 19.3% (23.8% at constant exchange rates). Moderately encouraging signs also in the Americas in the last quarter of the year, where despite the drop of 28.9% (24.2% at constant exchange rates) compared to 2019, there was a recovery of 8.0% compared to the third quarter of 2020.

The positive effects of the cost reduction plan and the partial recovery of the markets enabled a full recovery in profit margins in the fourth quarter of the year, with an **Adjusted EBITDA** of €21.1 million, substantially in line

with the corresponding period of the previous year (€20.9 million) equal to 15.9% of revenues, increasing by 0.8% compared to the fourth quarter of 2019 in which it stood at 14.5%.

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

#### Fourth quarter economic results by division of the Group

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

##### Revenues by division

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

##### EBITDA by division

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

##### Datalogic division

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

**Adjusted EBITDA** related to the division amounted to €20.4 million, increased by 1.0% compared to the same quarter of 2019, while the percentage of revenues has improved, reaching 15.8% compared to 14.4% recorded in the fourth quarter of 2019. The cost reduction plan implemented from the second quarter of the year in response to the negative economic situation continued to generate positive results also in the fourth quarter of the year; despite a slight drop of 0.7 percentage points compared to the previous quarter of 2020, the Adjusted EBITDA margin of the division recovered 5.2 percentage points overall compared to the second quarter of 2020.

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

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

#### ■ Retail

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

#### ■ Manufacturing

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

#### ■ Transportation & Logistics

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

#### ■ Healthcare

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

#### ■ Channel

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

### Informatics division

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

## Group reclassified statement of financial position for the year

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

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

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

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



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

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

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

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

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

|   | 31.12.2020      | 31.12.2019       |
|---|-----------------|------------------|
| A. Cash and bank deposits   | 137,440         | 151,829          |
| B. Other cash equivalents   | 11              | 12               |
| <i>b1. restricted cash</i>  | 11              | 12               |
| C. Securities held for trading  | -               | -                |
| <b>D. Cash and cash equivalents (A) + (B) + (C)</b>                           | <b>137,451</b>  | <b>151,841</b>   |
| <b>E. Current financial receivables</b>                                       | <b>12,189</b>   | <b>31,200</b>    |
| <i>e1. other current financial receivables</i>                                | 10,152          | 31,200           |
| <i>e2. financial receivables</i>  | 2,037           | 0                |
| F. Bank overdrafts  | 31              | 221              |
| G. Current portion of non-current debt  | 52,860          | 47,421           |
| H. Other current financial liabilities  | 4,875           | 6,457            |
| <i>h2. lease payables</i>   | 3,375           | 4,589            |
| <i>h3. current financial liabilities</i>                                      | 1,500           | 1,868            |
| <b>I. Current financial debt (F) + (G) + (H)</b>                              | <b>57,766</b>   | <b>54,099</b>    |
| <b>J. Current Net Financial Debt/(Net Financial Position) (I) - (E) - (D)</b> | <b>(91,874)</b> | <b>(128,942)</b> |
| K. Non-current bank borrowing   | 77,893          | 110,106          |
| L. Bonds  | -               | -                |
| M. Other non-current liabilities  | 5,763           | 5,472            |
| <i>m2. lease payables</i>   | 5,763           | 5,472            |
| <b>N. Non-current financial debt (K) + (L) + (M)</b>                          | <b>83,656</b>   | <b>115,578</b>   |
| <b>O. Net Financial Debt/(Net Financial Position) (J) + (N)</b>               | <b>(8,218)</b>  | <b>(13,364)</b>  |

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

## Research and Development

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

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

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

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

### Handheld readers (HHRs)

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

### Mobile computing

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

### Fixed retail readers

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

### Fixed barcode scanners

- **Matrix 320:** fixed industrial reader with wide angle of view and depth of field, with autofocus capability, intelligent lighting and patented visual feedback, ideal for fast applications in the manufacturing industry.
- **Matrix 120 AGV:** fixed industrial reader for the navigation of **Automated Guide Vehicles** on surfaces with bar code-based grid.
- **AV900:** fixed industrial reader for high-speed applications, equipped with fast autofocus and 9 Mpixel sensor for applications in the Transportation & Logistics sector.

### Safety sensors and devices

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

## Human resources and industrial relations

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

### Staff recruitment

The Talent Acquisition department guarantees the research and hiring of strategic figures for the development of the company in line with the requirements of the various organisational levels.

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

### Training

Training supports, in its various aspects and methods, the development of talents and available potentialities through individual and collective learning, thus increasing and updating the level of skills. The Talent Management department, responsible for organising training paths concerning soft skills for employees at central level, started to prepare a unified catalogue of training opportunities, which were available to all employees after the request from their direct line managers has been approved by the Centre of Excellence (COE).

Given the global situation, in 2020, the COE Talent Management focused primarily on ensuring continuity in the management of mandatory training and supporting internal training activities critical for the business, fundamental elements for preserving a competitive advantage in terms of skills.

In addition, in order to meet the widest range of needs, in June 2020 the company launched the Datalogic Academy platform with a product training offer dedicated to the internal and external sales force. The digital platform includes management of a variety of Face to Face solutions (both internal and external teaching), online solutions and mixed solutions including the use of action learning, remote guided training and blended learning.

During 2020, the HR function also worked on the collection of training needs relating to the technical skills of the white-collar population, to ensure optimal planning in the following year, oriented towards remote training. The training relating to the production units was managed independently by each site manager together with HR.

### **Assessment of Performance**

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

### **Relations with Trade Unions**

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

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

## Reconciliation statement between the net result and Shareholders' Equity of the Parent Company and of the Group

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

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

## Parent Company reclassified statement of financial position and income statement for the year

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

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



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

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

## Stock performance

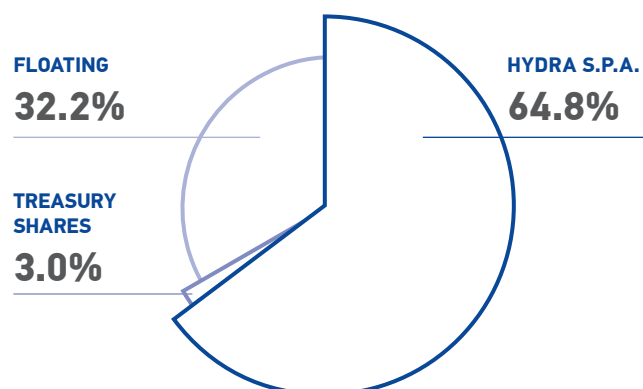
Datalogic S.p.A. has been listed on the Borsa Italiana since 2001 - STAR segment of the MTA, Italy's screen-based stock market, which comprises medium-sized companies with market capitalisations of between €40 million and €1 billion, committed to meeting standards of excellence.

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



### STOCK EXCHANGE 2020

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



## Relations with institutional investors and Shareholders

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

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

## Risk management policy

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

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

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

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

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

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

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

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

The main risks for each of the risk families listed above are shown below. The order in which they are reported does not imply any classification, either in terms of probability of their occurrence, or in terms of possible impact. The first-level risk families identified on the basis of the Risk Management Policy are as follows:

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

## **External risks**

### **Country risk**

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

## **Strategic risks**

### **Technological Innovation**

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

### **Market**

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

### **Corporate Social Responsibility**

Datalogic has embarked on an evolutionary path aimed at strengthening its Sustainability Model and fulfilling the non-financial regulatory requirements of disclosure, introduced with Legislative Decree no. 254/2016.

Datalogic manages the risks linked to climate change, as well as the increase in regulatory constraints in relation to the reduction of greenhouse gas emissions and, more generally, the increasing push from civil society and the end consumers towards the development of industrial products and processes with less impact on the environment. Attention to the issue of climate change risk has increased and an in-depth analysis of the related risk assessment methodologies is underway.

## Operational risks

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

### Supply Chain

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

### Business Interruption

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

### Information Technology

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

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

### Environment, Safety and Health

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

- insufficient protection of the health and safety of employees, which can manifest itself through the occurrence of serious accidents or occupational diseases;
- phenomena of environmental pollution linked, for example, to uncontrolled emissions, inadequate waste disposal or the spreading of hazardous substances on the ground;

- non-compliance or incomplete compliance with sector regulations and laws, also in relation to the regulatory volatility of some countries.

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

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

### **Financial risks**

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

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

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

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

### **Information on company ownership/Corporate Governance report**

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

### **Other information**

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

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

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

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

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

## Number and value of treasury shares

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

## Related-party transactions

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

As regards the Procedure for Transactions with Related Parties, reference is made to the documents published on the website [www.datalogic.com](http://www.datalogic.com), in the Investor Relations section.

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

In accordance with the Consob Regulations, in order to ensure transparency, as well as substantive and procedural rectitude in transactions carried out by Datalogic with “related parties” pursuant to the aforesaid Consob Regulations, on 4 November 2010, the Company approved a specific and structured procedure for transactions with related parties (last amendment on 24 July 2015), which can be found on the website [www.datalogic.com](http://www.datalogic.com). Pursuant to art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2020 – 31.12.2020, the Company’s Board of Directors did not approve any relevant transaction, as set out by art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).



## Tax consolidation

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

## Significant events during the year

### Covid-19 disclosure

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

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

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

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

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

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

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

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

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

Although the health emergency has still not been fully resolved at global level, it is believed that, on the one hand, the vaccine campaigns and the management of new waves of the pandemic with more localised restrictions, as well as economic support and stimulus measures from Governments on the other, are laying the foundations for the start of a modest economic recovery, despite a scenario of heightened uncertainty continuing to persist. At the date of drafting of this report, the Group witnessed a recovery in orders intake with respect to the corresponding period in the previous year in all regions, accompanied, conversely, by shortages in some critical components that are affecting the sector. The Group operates under conditions of production continuity by carefully using alternative supply channels and the continuous re-planning of activities and production resources in order to minimise potential inefficiencies.

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

### Other events in the year

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

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

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

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

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

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

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

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

## Subsequent events

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

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

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

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

## Business outlook

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

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

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

Despite high levels of uncertainty continuing to persist, determined by the continued Covid-19 emergency and the shortage of some components in the short-term, in a context of demand recovery, in 2021, Datalogic expects to see a gradual recovery in revenues and an improvement in the profit margin levels with respect to 2020.

## **Secondary locations**

The Parent Company has no secondary locations.

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



# **Consolidated Financial Statements**

**Consolidated Statement of Financial Position**

| ASSETS (€/000)  | Notes     | 31.12.2020     | 31.12.2019     |
|---|-----------|----------------|----------------|
| <b>A) Non-current assets (1+2+3+4+5+6+7+8)</b>                |           | <b>384,941</b> | <b>391,099</b> |
| <b>1) Tangible assets</b>                                     |           | <b>94,358</b>  | <b>89,602</b>  |
| Land  | 1         | 10,066         | 8,778          |
| Buildings   | 1         | 48,192         | 31,820         |
| Other assets  | 1         | 32,725         | 35,418         |
| Assets in progress and payments on account                    | 1         | 3,375          | 13,586         |
| <b>2) Intangible assets</b>                                   |           | <b>230,547</b> | <b>236,597</b> |
| Goodwill  | 2         | 171,372        | 186,126        |
| Development costs   | 2         | 22,108         | 9,927          |
| Other   | 2         | 24,417         | 28,430         |
| Assets in progress and payments on account                    | 2         | 12,650         | 12,114         |
| <b>3) Right-of-use assets</b>                                 | <b>3</b>  | <b>9,048</b>   | <b>9,753</b>   |
| <b>4) Equity investments in associates</b>                    | <b>4</b>  | <b>900</b>     | <b>776</b>     |
| <b>5) Financial assets</b>                                    |           | <b>7,823</b>   | <b>9,465</b>   |
| Equity investments  | 6         | 7,823          | 9,465          |
| <b>6) Non-current financial receivables</b>                   |           | <b>-</b>       | <b>-</b>       |
| <b>7) Trade and other receivables</b>                         | <b>7</b>  | <b>1,164</b>   | <b>1,334</b>   |
| <b>8) Deferred tax assets</b>                                 | <b>13</b> | <b>41,101</b>  | <b>43,572</b>  |
| <b>B) Current assets (9+10+11+12+13+14+15)</b>                |           | <b>322,748</b> | <b>413,510</b> |
| <b>9) Inventories</b>   |           | <b>78,271</b>  | <b>102,921</b> |
| Raw and ancillary materials and consumables                   | 8         | 37,633         | 41,754         |
| Work in progress and semi-finished products                   | 8         | 15,012         | 23,582         |
| Finished products and goods                                   | 8         | 25,626         | 37,585         |
| <b>10) Trade and other receivables</b>                        |           | <b>82,833</b>  | <b>103,127</b> |
| <b>Trade receivables</b>                                      | <b>7</b>  | <b>66,563</b>  | <b>78,203</b>  |
| <i>of which from associates</i>                               | 7         | 1,313          | 895            |
| <i>of which from related parties</i>                          | 7         | 7              | -              |
| <b>Other receivables, accrued income and prepaid expenses</b> | <b>7</b>  | <b>16,270</b>  | <b>24,924</b>  |
| <i>of which from related parties</i>                          |           | -              | 77             |
| <b>11) Tax receivables</b>                                    | <b>9</b>  | <b>12,004</b>  | <b>24,421</b>  |
| <i>of which from Parent Company</i>                           |           | 641            | 12,742         |
| <b>12) Financial assets</b>                                   |           | <b>10,152</b>  | <b>31,200</b>  |
| Other   | 6         | 10,152         | 31,200         |
| <b>13) Current financial receivables</b>                      |           | <b>2,037</b>   | <b>-</b>       |
| <b>14) Financial assets - Derivative instruments</b>          | <b>6</b>  | <b>-</b>       | <b>-</b>       |
| <b>15) Cash and cash equivalents</b>                          |           | <b>137,451</b> | <b>151,841</b> |
| <b>Total Assets (A+B)</b>                                     |           | <b>707,689</b> | <b>804,609</b> |

## Consolidated Statement of Financial Position

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



**Consolidated Income Statement**

| (€/000)  | Notes     | 31.12.2020     | 31.12.2019<br>Restated |
|--|-----------|----------------|------------------------|
| <b>1) Revenues</b>   | <b>16</b> | <b>479,828</b> | <b>585,759</b>         |
| Revenues from sale of products                               |           | 441,491        | 542,595                |
| Revenues from services                                       |           | 38,337         | 43,164                 |
| <i>of which from related parties and associates</i>          |           | 6,048          | 4,982                  |
| <b>2) Cost of goods sold</b>                                 | <b>17</b> | <b>263,205</b> | <b>298,000</b>         |
| <i>of which to related parties and associates</i>            |           | 588            | 612                    |
| <b>Gross Operating Margin (1-2)</b>                          |           | <b>216,623</b> | <b>287,759</b>         |
| <b>3) Other operating revenues</b>                           | <b>18</b> | <b>4,385</b>   | <b>7,560</b>           |
| <b>4) Research and development expenses</b>                  | <b>17</b> | <b>52,134</b>  | <b>58,844</b>          |
| <i>of which to related parties and associates</i>            |           | 536            | 460                    |
| <b>5) Distribution expenses</b>                              | <b>17</b> | <b>99,282</b>  | <b>121,463</b>         |
| <i>of which to related parties and associates</i>            |           | 77             | 37                     |
| <b>6) General and administrative expenses</b>                | <b>17</b> | <b>49,162</b>  | <b>49,893</b>          |
| <i>of which to related parties and associates</i>            |           | 236            | 212                    |
| <b>7) Other operating expenses</b>                           | <b>17</b> | <b>2,024</b>   | <b>2,430</b>           |
| <b>Total operating costs</b>                                 |           | <b>202,601</b> | <b>232,630</b>         |
| <b>Operating result</b>                                      |           | <b>18,407</b>  | <b>62,689</b>          |
| <b>8) Financial income</b>                                   | <b>19</b> | <b>37,919</b>  | <b>40,566</b>          |
| <b>9) Financial expenses</b>                                 | <b>19</b> | <b>44,346</b>  | <b>42,941</b>          |
| <b>Financial income/(expenses) (8-9)</b>                     |           | <b>(6,427)</b> | <b>(2,375)</b>         |
| <b>Profit/(Loss) before taxes from continuing operations</b> |           | <b>11,980</b>  | <b>60,314</b>          |
| Income taxes   | 20        | (1,731)        | 11,616                 |
| <b>Profit/(Loss) for the year from continuing operations</b> |           | <b>13,711</b>  | <b>48,698</b>          |
| <b>Net Profit/(Loss) from discontinued operations</b>        | <b>21</b> | <b>171</b>     | <b>1,583</b>           |
| <b>Net Profit/(Loss) for the year</b>                        |           | <b>13,882</b>  | <b>50,281</b>          |
| Basic earnings/(loss) per share (€)                          | 22        | 0.24           | 0.87                   |
| Diluted earnings/(loss) per share (€)                        | 22        | 0.24           | 0.87                   |
| <i>Attributable to:</i>                                      |           |                |                        |
| <i>Shareholders of the Parent Company</i>                    |           | 13,582         | 50,069                 |
| <i>Minority interests</i>                                    |           | 300            | 212                    |

## Consolidated Statement of Comprehensive Income

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

**Consolidated Statement of Cash Flow**

| (€/000)  | Notes  | 31.12.2020    | 31.12.2019    |
|--|--------|---------------|---------------|
| <b>Profit/(Loss) before taxes</b>  |        | <b>12,151</b> | <b>62,234</b> |
| Depreciation of tangible assets and write-downs  | 1, 2   | 12,431        | 12,128        |
| Amortisation of intangible assets and write-downs  | 1, 2   | 11,090        | 9,989         |
| Depreciation of right-of-use assets  | 3      | 5,146         | 4,643         |
| Losses (Gains) from sale of fixed assets   | 18, 19 | (752)         | 9             |
| Change in provisions for risks and charges   | 15     | (996)         | (4,172)       |
| Change in bad debt provisions  | 18     | 1,013         | (1,649)       |
| Change in employee benefits reserve  | 14     | (144)         | 335           |
| Other non-monetary changes   |        | 1,608         | 3,149         |
| <b>Cash flow generated (absorbed) from operations before change in the working capital</b> |        | <b>41,547</b> | <b>86,666</b> |
| Change in trade receivables  | 7      | 8,073         | 13,885        |
| Change in final inventories  | 8      | 24,432        | (7,095)       |
| Change in trade payables   | 16     | (5,248)       | (11,110)      |
| Change in other current assets   | 7      | 8,847         | (1,730)       |
| Change in other current liabilities  | 16     | (4,735)       | (6,334)       |
| Change in other non-current assets   | 7      | (162)         | 934           |
| Change in other non-current liabilities  | 16     | (547)         | 11,416        |
| <b>Cash flow generated (absorbed) from operations after change in the working capital</b>  |        | <b>72,207</b> | <b>86,632</b> |
| Change in taxes  |        | (1,611)       | (12,122)      |
| Interest paid  |        | (3,038)       | (3,641)       |
| Interest collected   |        | 557           | 1,980         |
| <b>Cash flow generated (absorbed) from operations (A)</b>                                  |        | <b>68,115</b> | <b>72,849</b> |
| Increase in intangible assets  | 2      | (21,284)      | (15,021)      |
| Decrease in intangible assets  | 2      | 1             | 16            |
| Increase in tangible assets  | 1      | (21,508)      | (22,859)      |
| Decrease in tangible assets  | 1      | 120           | 422           |
| Change in consolidation area   |        | (1,131)       | 1,627         |
| Change in investments and current and non-current financial assets                         | 5      | 18,644        | 19,141        |

| (€/000)   | Notes     | 31.12.2020      | 31.12.2019      |
|---|-----------|-----------------|-----------------|
| <b>Cash flow generated (absorbed) from investments (B)</b>        |           | <b>(25,158)</b> | <b>(16,674)</b> |
| Change in financial payables                                      | 12, 6     | (27,471)        | (53,282)        |
| Repayment of lease financial payables                             |           | (5,224)         |                 |
| (Purchase)/sale of treasury shares                                | 11        | (6,786)         | (4,303)         |
| Dividend payment  | 11        | (17,007)        | (28,716)        |
| Effect of change in cash and cash equivalents                     |           | (859)           | 564             |
| Other changes   |           | -               | (28)            |
| <b>Cash flow generated (absorbed) from financial activity (C)</b> |           | <b>(57,347)</b> | <b>(85,765)</b> |
| <b>Net increase (decrease) in available cash (A+B+C)</b>          | <b>10</b> | <b>(14,390)</b> | <b>(29,589)</b> |
| <b>Net cash and cash equivalents at beginning of year</b>         | <b>10</b> | <b>151,841</b>  | <b>181,430</b>  |
| <b>Net cash and cash equivalents at end of year</b>               | <b>10</b> | <b>137,451</b>  | <b>151,841</b>  |

## Changes in Consolidated Shareholders' Equity

| Description   | Share capital | Share premium reserve | Treasury shares | Translation reserve | Other Reserves |  |
|---|---------------|-----------------------|-----------------|---------------------|----------------|--|
| <b>01.01.2020</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(15,113)</b> | <b>26,550</b>       | <b>5,756</b>   |  |
| Allocation of earnings                                    |               |                       |                 |                     |                |  |
| Dividends   |               |                       |                 |                     |                |  |
| Treasury shares   |               |                       | (6,786)         |                     |                |  |
| Stock Grant   |               |                       |                 |                     | 1,540          |  |
| Other changes   |               |                       |                 |                     | 131            |  |
| <b>Profit/(Loss) for the year</b>                         |               |                       |                 |                     |                |  |
| Other components of the statement of comprehensive income |               |                       |                 | (24,219)            | (1,223)        |  |
| <b>Total comprehensive Profit (Loss)</b>                  |               |                       |                 | <b>(24,219)</b>     | <b>(1,223)</b> |  |
| <b>31.12.2020</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(21,899)</b> | <b>2,331</b>        | <b>6,204</b>   |  |

| Description   | Share capital | Share premium reserve | Treasury shares | Translation reserve | Other Reserves |  |
|---|---------------|-----------------------|-----------------|---------------------|----------------|--|
| <b>01.01.2019</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(10,810)</b> | <b>20,401</b>       | <b>2,545</b>   |  |
| Allocation of earnings                                    |               |                       |                 |                     |                |  |
| Dividends   |               |                       |                 |                     |                |  |
| Sale/purchase of treasury shares                          |               |                       | (4,303)         |                     |                |  |
| Stock Grant   |               |                       |                 |                     | 1,521          |  |
| Other changes   |               |                       |                 |                     |                |  |
| <b>Profit/(Loss) for the year</b>                         |               |                       |                 |                     |                |  |
| Other components of the statement of comprehensive income |               |                       |                 | 6,129               | 1,710          |  |
| <b>Total comprehensive Profit (Loss)</b>                  | <b>-</b>      | <b>-</b>              | <b>-</b>        | <b>6,129</b>        | <b>1,710</b>   |  |
| <b>31.12.2019</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(15,113)</b> | <b>26,530</b>       | <b>5,776</b>   |  |

|  | Retained earnings | Group Profit (Loss) | Group Shareholders' Equity | Profit (Loss) of Minority interests | Shareholders' Equity of Minority interests | Profit (Loss) | Shareholders' Equity |
|--|-------------------|---------------------|----------------------------|-------------------------------------|--|---------------|----------------------|
|  | 192,885           | 50,069              | 402,318                    | 212                                 | 1,853                                      | 50,281        | 404,171              |
|  | 50,069            | (50,069)            | -                          | (212)                               | 212  | (50,281)      | -                    |
|  | (17,007)          | -                   | (17,007)                   |                                     |  |               | (17,007)             |
|  |                   | -                   | (6,786)                    |                                     |  |               | (6,786)              |
|  |                   | -                   | 1,540                      |                                     |  |               | 1,540                |
|  | (131)             | -                   | -                          |                                     |  |               | -                    |
|  |                   | 13,582              | 13,582                     | 300                                 | 1,853                                      | 13,882        | 13,882               |
|  |                   | -                   | (25,442)                   |                                     |  |               | (25,442)             |
|  |                   | 13,582              | (11,860)                   | 300                                 | 1,853                                      | 13,882        | (11,560)             |
|  | 225,816           | 13,582              | 368,205                    | 300                                 | 2,153                                      | 13,882        | 370,358              |

|  | Retained earnings | Group Profit (Loss) | Group Shareholders' Equity | Profit (Loss) of Minority interests | Shareholders' Equity of Minority interests | Profit (Loss) | Shareholders' Equity |
|--|-------------------|---------------------|----------------------------|-------------------------------------|--|---------------|----------------------|
|  | 159,292           | 62,210              | 375,809                    | -                                   | -  | 62,210        | 375,809              |
|  | 62,210            | (62,210)            | -                          |                                     |  | (62,210)      | -                    |
|  | (28,716)          | -                   | (28,716)                   |                                     |  | -             | (28,716)             |
|  |                   | -                   | (4,303)                    |                                     |  | -             | (4,303)              |
|  |                   | -                   | 1,521                      |                                     |  | -             | 1,521                |
|  | 99                | -                   | 99                         |                                     | 1,641                                      |               | 1,740                |
|  |                   | 50,069              | 50,069                     | 212                                 | 212  | 50,281        | 50,281               |
|  |                   | -                   | 7,839                      |                                     |  | -             | 7,839                |
|  | -                 | 50,069              | 57,908                     | 212                                 | 212  | 50,281        | 58,120               |
|  | 192,885           | 50,069              | 402,318                    | 212                                 | 1,853                                      | 50,281        | 404,171              |







# **Explanatory Notes to the Consolidated Financial Statements**

## General information

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

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

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

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

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

## Basis of presentation

### 1) General criteria

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

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

### 2) Financial statements

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

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the Group’s normal operational cycle; current liabilities are those whose extinction is envisaged during the Group’s normal operating cycle or in the 12 months after the reporting date;
- with regard to the Income Statement, cost and revenue items are disclosed based on grouping by function, as this classification was deemed more meaningful for comprehension of the Group’s business result;

- the Statement of Comprehensive Income presents the components that determine profit/(loss) for the year and the costs and revenues reported directly under Shareholders' Equity;
- the Statement of Cash Flow is presented using the indirect method.

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

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

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

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

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

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

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

### **3) Consolidation standards and policies**

#### **Subsidiaries**

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

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

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

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

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

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

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

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

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

### **Business Combinations**

Business combinations are accounted for by using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date and the amount of minority interests in the acquired company. For all business combinations, the Group assesses whether to measure the minority interests in the acquired company at fair value or as a proportion of the minority shareholdings in the net identifiable assets of the acquired company. The acquisition costs are recognised in the year under administrative expenses.

If the business combination is carried out in more than one step, the equity investment previously held is recalculated at fair value at the acquisition date and any resulting profit or loss is recognised in the Income Statement. Any contingent consideration, to be recognised, is measured by the purchaser at fair value on the acquisition date. The change in fair value of the potential amount stated as financial asset or liability must be recognised in the Income Statement.

Goodwill is initially measured at cost, which is the surplus of the consideration paid, as compared to the fair value of the net identifiable assets acquired and the liabilities undertaken by the Group. If the fair value of the acquired net assets exceeds the aggregate amount paid, the Group assesses whether all assets acquired and liabilities undertaken have been correctly identified and then reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the new measurement highlights a fair value of net assets acquired, which is higher than the amount paid, the difference (profit) is recognised in the Income Statement.

After initial recognition, goodwill is measured at cost, less any cumulative impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, since the acquisition date, to each Group CGU, which is expected will benefit from synergies of the business combination, regardless of the fact that other assets or liabilities related to the acquired entity are allocated to those CGUs.

### Associates

Associates are companies in which the Group has significant influence but does not exercise control over operations. Significant influence is presumed to exist when the Group holds 20 to 50 percent of voting rights. In the absence of this assumption, the Group assesses specific facts and circumstances to check the presence of significant influence.

Equity investments in associates are measured at equity. Under this method, the equity investment in an associate is initially recognised according to the aforesaid acquisition method and the carrying value is increased or decreased to recognise the portion of the profits or losses of the investee that are realised after the acquisition. The goodwill concerning the associate is included in the carrying value of the investment and is not subject to amortisation.

The Group's share of associates' post-acquisition profits or losses is recognised in the Income Statement, whereas its post-acquisition share of changes in reserves is recognised in reserves. Cumulative post-acquisition changes are included in the investment's carrying value.

Unrealised profits relating to transactions between the Group and its associates are eliminated in proportion to the Group's interests in such associates. Unrealised losses are also eliminated unless the loss is considered to represent impairment of the assets transferred. Accounting standards adopted by associates are adapted when necessary to ensure consistency with the policies adopted by the Group.

Upon losing significant influence over an associate, the Group measures and recognises the residual equity investments at fair value. Any difference between the carrying value of the equity investments on the date that significant influence is lost, as well as the fair value of the residual equity investments and the consideration received must be recognised in the Income Statement.

### 4) Translation criteria of foreign currency financial statements

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

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

- goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate for the period.

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

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

## 5) Accounting policies and standards applied

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

### Tangible assets

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

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

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

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of use and taking into account the month when they became available for use in the first year of utilisation.

Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Group are as follows:

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

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

### **Assets held under lease contracts**

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

In compliance with the provisions of IFRS 16, starting from 1 January 2019, the Group identifies contracts for which it obtains the right to use an identifiable asset for a period of time in exchange for a consideration as leases.

For each lease contract, starting from the commencement date, the Group recognises an asset (right of use of the asset) under tangible assets as a contra-entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low value lease contracts applied to situations in which the leased asset has a value not exceeding €5 thousand (new value).

For the short-term and low value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognised, but the lease payments are recognised in the income statement on a straight-line basis for the duration of the corresponding contracts.

In the case of a complex contract that includes a lease component, the latter is always managed separately from the other services included in the contract.

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

The situations that involve the recalculation of the lease payable imply a corresponding change in the value of the right of use.

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

Lease payables are shown in the financial statements under current and non-current financial liabilities, together with the other financial payables of the Group. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be paid determined using the implicit interest rate of the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Group); if this rate is not indicated in the contract or easily determinable, the present value is determined using the “in-



cremental borrowing rate", i.e. the incremental interest rate that, in a similar economic context and in order to obtain a sum equal to the value of the right to use, the Group would have paid for a loan with similar duration and guarantees.

The lease payments subject to discounting include fixed payments; variable fees due to an index or a rate; the redemption price, if any and if the Group is reasonably certain to use it; the amount of payment envisaged for any issue of guarantees on the residual value of the asset; the amount of penalties to be paid in the event of the exercise of options for early termination of the contract, where the Group is reasonably certain to exercise them. After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortized cost, and decreased against the lease payments paid.

In addition, the lease payable is subject to restatement, up or down, in the event of changes to the contracts or other situations envisaged by IFRS 16 that involve a change in the amount of the instalments and/or the duration of the lease. In particular, in the presence of situations that involve a change in the estimate of the probability of exercise (or non-exercise) of the options for renewal or early termination of the contract or in the redemption (or not) provisions of the asset upon expiry of the contract, the lease payable is restated by discounting the new value of the instalments to be paid on the basis of a new discount rate.

### **Intangible assets**

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

### **Goodwill**

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

Goodwill is allocated to the cash generating units (CGUs) and is tested for impairment annually or more frequently, if events or changes in circumstances suggest possible loss of value, pursuant to IAS 36 – "Impairment of Assets".

If the goodwill has been allocated to a cash generating unit (CGU) and the entity disposes of part of this unit, the goodwill associated with the sold unit must be included in the carrying value of the asset when the profit or loss on disposal is determined. The goodwill associated with the disposed asset must be determined on the basis of the values relating to the disposed asset and the part of the CGU that was maintained. The same criterion of related values is applied also when the format of the internal reporting is changed and affects the composition of the cash generating units that received the goodwill, in order to define its new allocation.

### **Research and Development expenses**

As required by IAS 38, research costs are entered in the Income Statement at the time when the costs are incurred.

Development costs for projects concerning significantly innovative products or processes are capitalised only if it is possible to demonstrate:

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

In the absence of any one of the above requirements, the costs in question are fully recognised in the Income Statement at the time when they are borne.

Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they relate, generally estimated to be five years.

#### **Other intangible assets**

Other intangible assets include special intangible asset purchased by the Group, also as part of business combinations, and therefore they were identified and recognised at fair value at the acquisition date according to the purchase method of accounting mentioned above.

These assets are considered to be intangible assets of finite duration and are amortised over their presumable useful life (see the next table).

#### **Amortisation**

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

The useful life for each category is detailed below:

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

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

### Impairment

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, whereas intangible assets with an indefinite life and goodwill are tested at least annually.

The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value, less selling costs and their value in use.

Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

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

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

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

Any reinstatements of value are recognised in the Income Statement. The value of goodwill, previously impaired, cannot be recovered, as envisaged by the International Accounting Standards.

### **Financial assets and liabilities**

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

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

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

The main market or most advantageous market must be accessible for the Group. The fair value of an asset or liability is measured by adopting the assumptions that the market operators would use in determining the price of the asset or liability, presuming that they act to meet their economic interest in the best way. Measurement of the fair value of a non-financial asset considers the capability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator that would use it in its maximum and best use.

The Group uses measurement methods that are appropriate for the situation, and for which data available to measure fair value are sufficient, while maximising the use of relevant inputs observable and limiting the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy and described hereunder:

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

The fair value measurement is classified internally at the same fair value hierarchy level in which the lowest hierarchy input used for the measurement is stated.

As regards assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers between hierarchy levels occurred while revising the classification at each annual reporting date.

### **Financial instruments**

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

### **Financial assets**

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

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

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

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

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

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

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

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

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

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

### *Financial liabilities*

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

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

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

#### *Offsetting financial instruments*

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

#### *Financial derivatives*

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

Derivatives are classified as hedging instruments when the relation between derivatives and the object matter of the hedging is formally documented and the effectiveness of the hedging, which is periodically checked, is high. When the hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value, and the effects are charged to the Income Statement. Accordingly, the hedged instruments are adjusted to reflect the changes in fair value, associated to the hedged risk.

In the event of cash flow hedges, the derivatives are designated as a hedge for exposure to variable cash flows attributable to risks that might subsequently affect the Income Statement. These risks are generally associated with an asset or liability recognised in the Financial Statements (as future payments on variable rate payables). The effective portion of fair value change, related to the portion of derivative contracts designated as hedge derivatives pursuant to the standard, is recognised as component of the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year in the period in which the hedged transaction affects the Income Statement.

The ineffective portion of fair value change, as well as the entire fair value change in derivatives that have not been designated as hedge derivatives or that do not have the requirements envisaged in the aforesaid IFRS 9, is instead recognised directly through the Income Statement.

## **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Finished and semi-finished product costs include the cost of raw materials, direct labour, and other production costs that are directly and indirectly allocable (on the basis of normal production capacity). As regards raw and ancillary materials and consumables, the estimated net realisable value is the replacement cost. As regards finished and semi-finished products, the estimated net realisable value is the sales price estimated at arm's length, less the estimated completion and sales costs.

Obsolete and slow turnover inventories are written-down based on their estimated possible use or future sale, through their entry in a special provision, adjusted by the value of inventories.

## **Non-current Assets Held for Sale and Discontinued Operations**

The Group classifies discontinued non-current assets as held for sale if their carrying value will be recovered mainly with a sale, instead than through their continuous use. These discontinued non-current assets, classified as held for sale, are measured at the lower of their carrying amount or fair value, less sales costs. Sales costs are any additional costs directly attributable to the sale, excluding financial expenses and taxes.

The condition precedent to classify an asset as held for sale is deemed as fulfilled only when the sale is highly probable and the asset, or the discontinued group of assets, is available for immediate sale in its current conditions. The actions required for completing the sale should indicate that it is improbable that significant changes in the sale might occur or that the sale be cancelled. Management must be engaged in the sale, whose completion should be planned within one year from the date of classification.

The depreciation of property, plant and equipment and amortisation of intangible assets cease when they are classified as available for sale.

The assets and liabilities classified as held for sale are presented separately under the financial statement items. The income statement components relating to assets held for sale and discontinued operations, if relating to significant business lines or geographical areas of operation, are excluded from the result of continuing operations and are presented in the income statement on a single line as profit/(loss) deriving from assets held for sale or discontinued operations, net of the related tax effect.

## **Cash and cash equivalents**

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

## **Shareholders' Equity**

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

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

## **Treasury shares**

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

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

### **Liabilities for employee benefits**

Post-employment benefits are calculated based on programmes that, depending on their characteristics, are either “defined-contribution programmes” or “defined-benefit programmes”.

Employee benefits substantially consist of accrued provision for severance indemnities of the Group’s Italian companies and of retirement provisions.

### **Defined-contribution plans**

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

### **Defined-benefit plans and other long-term benefits**

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

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

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

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

### **Provisions for risks and charges**

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

- the entity has a current obligation (legal or constructive), i.e. under way as at the reporting date, arising from a past event;
- it is probable that economic resources will have to be used to fulfil the obligation;
- the amount needed to fulfil the obligation can be reliably estimated.



- risks, for which materialisation of a liability is only contingent, are disclosed in the notes to financial statements, in the section commenting on provisions, without provision being made.

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

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

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

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

### **Share-based payments - Equity-settled transactions**

Some Group employees receive a portion of their compensation under the form of share-based payments, therefore employees render their services against shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date of the assignment, by using an adequate measurement method.

This cost is recognised under labour cost for the period in which terms and conditions related to the achievement of targets and/or the performance of the services are fulfilled, with a corresponding increase in Shareholders' Equity as a contra entry. Cumulative expenses, recognised in relation to these transactions at the reporting date of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue.

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

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

conditions have been fulfilled or not. It is understood that all other performance and/or service obligations must be satisfied.

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

### **Income taxes**

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

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

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

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

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

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

### **Revenues recognition**

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

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

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

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

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

#### *Sale of goods*

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

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

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

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

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

#### *Rendering of services*

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

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

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

#### *Revenues on construction contract*

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

Revenues related to these construction contracts are recognised based on the stage of completion of performance obligations, when the control of assets and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange of the same.

The Statement of Financial Position is disclosed as follows:

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

#### *Government grants*

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

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

#### *Revenues relating to dividends and interest*

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

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

#### *Dividends paid out*

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

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

## Earnings per share

### *Basic*

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

### *Diluted*

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

## Treatment of foreign currency items

### *Functional presentation currency*

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

### *Transactions in currencies other than the functional currency*

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

## Segment disclosure

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

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

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

- Datalogic;
- Informatics.

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

- a) the nature of products;
- b) the nature of production processes;
- c) the type of customers;
- d) the methods used to distribute products/services;
- e) the economic characteristics.

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

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

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

- on 31 October 2018, the IASB published the document ***“Definition of Material (Amendments to IAS 1 and IAS 8)”***. The document introduced an amendment in the definition of “material” included in the IAS 1 – Presentation of Financial Statements e IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.
- On 22 October 2018, the IASB published the document ***“Definition of a Business (Amendments to IFRS 3)”***. Some clarifications are supplied in the document on the definition of business for a correct application of the IFRS 3 standard. The adoption of that amendment did not have any effects on the Group's Consolidated Financial Statements.
- On 29 March 2018, the IASB published an amendment to the ***“References to the Conceptual Framework in IFRS Standards”***. The amendment is applicable to the annual reporting periods beginning on or after 1 January 2020. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.
- On 26 September 2019, the IASB issued the amendment entitled ***“Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform”***. It amends IFRS 9 – Financial Instruments and IAS 39 – Financial Instruments: Recognition and Measurement as well as IFRS 7 – Financial Instruments: Disclosures. The adoption of this amendment had no impact on the Group's Consolidated Financial Statements.

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

- On 28 May 2020, the IASB issued an amendment entitled ***“Covid-19 Related Rent Concessions (Amendment to IFRS 16)”***. The document envisages for lessees to recognise Covid-19 related rent reductions without having to measure, through the analysis of contracts, whether the definition of lease modification of IFRS

16 is complied with. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment. In this regard, during the year the Group did not request reductions in lease instalments as a result of Covid-19.

- On 28 May 2020, the IASB published an amendment entitled “***Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)***”. The amendments allow for the temporary extension of the IFRS 9 application until 1 January 2023. These amendments will enter in force on 1 January 2021. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment.
- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document “Interest Rate Benchmark Reform — Phase 2” which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

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

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

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - *Insurance Contracts*.

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds.

The new standard also envisages presentation and disclosure requirements to improve comparability between entities belonging to this sector.

The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard applies from 1 January 2023, but early application is permitted, only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. Directors do not expect any impact on the Group's Consolidated Financial Statements from the adoption of this amendment due to the content of said standard.

- On 23 January 2020, the IASB published an amendment entitled “***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***”. The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments come into force



on 1 January 2023; early application is however permitted. Directors do not expect any significant impact on the Group's Consolidated Financial Statements due to the adoption of this amendment.

■ On 14 May 2020, the IASB published the following amendments:

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

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

## 9) Consolidation area

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

## 10) Use of estimates and assumptions

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

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



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

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

### **Taxes**

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

### **Fair value of financial instruments**

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

### **Development costs**

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

### **Share-based payments – Equity-settled transactions**

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

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

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

## **Financial risk management**

### **Risk factors**

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

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

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

### **Market risk**

#### **Foreign currency exchange risk**

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

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

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

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

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

#### Interest rate risk

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

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

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

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

### Credit risk

The Group is exposed to credit risk, combined with commercial transactions. It therefore envisaged protection measures in order to keep the amounts outstanding to a minimum level, i.e. a specific check on receivables due, management of client credit-line limits and gathering of financial information on companies with higher exposure. A large part of Datalogic's business is conveyed on a network of known clients/distributors, with whom, statistically, no problems connected with credit recoverability have been encountered. Customers requesting deferred conditions of payment are subjected to screening procedures concerning their creditworthiness (degree of solvency). Trade receivables are subjected to individual impairment testing if they report potential and significant impairment indicators.

The Group protects itself against credit risk also through factoring instruments without recourse. As at 31 December 2020, factored trade receivables amounted to €30,349 thousand (compared to €36,566 thousand at the end of 2019).

The maximum exposure to credit risk on the balance sheet date is the carrying amount of each class of financial asset presented in Note 4.

### Liquidity risk

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

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

The following table shows financial liabilities by maturity:

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

### Changes in liabilities resulting from cash flows

The change in financial liabilities is illustrated below.

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

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

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

## Segment disclosure

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

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

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

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

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

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

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

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

## INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

#### Note 1. Tangible assets

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

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

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

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

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



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

|  | Land          | Buildings     | Other assets    | Assets in progress and payments on account | Total           |
|--|---------------|---------------|-----------------|--|-----------------|
| Historical cost                                  | 8,778         | 37,918        | 158,396         | 13,586                                     | 218,678         |
| Accumulated depreciation                         | 0             | (6,098)       | (122,978)       | -  | (129,076)       |
| <b>Net book value as at 01.01.2020</b>           | <b>8,778</b>  | <b>31,820</b> | <b>35,418</b>   | <b>13,586</b>                              | <b>89,602</b>   |
| <i>Increases 31.12.2020</i>                      |               |               |                 |  |                 |
| Investments                                      | 2,172         | 9,696         | 6,829           | 2,811                                      | 21,508          |
| <b>Total</b>                                     | <b>2,172</b>  | <b>9,696</b>  | <b>6,829</b>    | <b>2,811</b>                               | <b>21,508</b>   |
| <i>Decreases 31.12.2020</i>                      |               |               |                 |  |                 |
| Disposals, historical cost                       |               |               | (5,336)         |  | (5,336)         |
| Disposals, accumulated depreciation              |               |               | 5,142           |  | 5,142           |
| Depreciation                                     |               | (711)         | (11,720)        |  | (12,431)        |
| <b>Total</b>                                     | <b>-</b>      | <b>(711)</b>  | <b>(11,914)</b> | <b>-</b>                                   | <b>(12,625)</b> |
| <i>Other changes 31.12.2020</i>                  |               |               |                 |  |                 |
| Incoming transfers at historical cost            | (419)         | 9,323         | 3,802           | (12,755)                                   | (49)            |
| (Outgoing transfers, accumulated depreciation)   |               |               | 49              |  | 49              |
| Historical cost of asset sold                    |               |               | (376)           |  | (376)           |
| Accumulated depreciation for asset sold          |               |               | 306             |  | 306             |
| Exchange differences in historical cost          | (465)         | (2,144)       | (5,142)         | (267)                                      | (8,018)         |
| Exchange differences in accumulated depreciation |               | 208           | 3,753           |  | 3,961           |
| <b>Total</b>                                     | <b>(884)</b>  | <b>7,387</b>  | <b>2,392</b>    | <b>(13,022)</b>                            | <b>(4,127)</b>  |
| Historical cost                                  | 10,066        | 54,793        | 158,173         | 3,375                                      | 226,407         |
| Accumulated depreciation                         | -             | (6,601)       | (125,448)       | -  | (132,049)       |
| <b>Net book value as at 31.12.2020</b>           | <b>10,066</b> | <b>48,192</b> | <b>32,725</b>   | <b>3,375</b>                               | <b>94,358</b>   |

# Consolidated Annual Financial Report as at 31 December 2020

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

## Note 2. Intangible assets

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

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

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

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

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

### Goodwill

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

|                 | 31.12.2020     | 31.12.2019     | Change          |
|-----------------|----------------|----------------|-----------------|
| CGU Datalogic   | 158,794        | 172,642        | (13,848)        |
| CGU Informatics | 12,578         | 13,483         | (905)           |
| <b>Total</b>    | <b>171,372</b> | <b>186,126</b> | <b>(14,753)</b> |

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

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

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

In particular, in consideration of the aforementioned context of uncertainty, the Directors proceeded to develop multi-scenario forecast assumptions and sensitivity analysis and stress tests, as commented on below.

The assumptions used for the purposes of impairment were approved by the Board of Directors and the Audit and Risk, Remuneration and Appointments Committee of Datalogic S.p.A. on 11 February 2021.

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

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

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

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

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

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

#### *CGU Datalogic*

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

#### *CGU Informatics*

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

#### *Sensitivity to changes in assumptions*

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

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

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

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

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

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

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

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

The “**Development costs**” item, amounting to €22,108 thousand, is composed of specific product development projects.

The “**Other**” item, amounting to €24,417 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group in previous years, and software implementations. Details are shown below:

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

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

#### Note 3. Right-of-use assets

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

|                  | 31.12.2020   | 31.12.2019   | Change       |
|------------------|--------------|--------------|--------------|
| Buildings        | 6,716        | 7,560        | (844)        |
| Vehicles         | 2,214        | 2,041        | 173          |
| Office equipment | 118          | 152          | (34)         |
| <b>Total</b>     | <b>9,048</b> | <b>9,753</b> | <b>(705)</b> |

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

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

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



#### Note 4. Equity investments in associates

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

|                         | 31.12.2019 | Measurement<br>at equity | 31.12.2020 |
|-------------------------|------------|--------------------------|------------|
| CAEN RFID S.r.l.        | 550        | (329)                    | 221        |
| R4I                     | 150        | (62)                     | 88         |
| Datalogic Automation AB | 2          | 224                      | 226        |
| Specialvideo S.r.l.     | 29         | 332                      | 361        |
| Datasensor GmbH         | 45         | (41)                     | 4          |
| <b>Total</b>            | <b>776</b> | <b>124</b>               | <b>900</b> |

**Note 5. Financial assets and liabilities by category**

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

**Financial assets**

|                                     | Financial assets at amortised cost | Financial assets at FV through profit or loss | Financial assets at FV through OCI | 31.12.2019     |
|-------------------------------------|------------------------------------|---|------------------------------------|----------------|
| <b>Non-current financial assets</b> | <b>1,334</b>                       | <b>535</b>                                    | <b>8,930</b>                       | <b>10,799</b>  |
| Financial assets - Investments      |                                    | 535   | 8,930                              | 9,465          |
| Other receivables                   | 1,334                              |   |                                    | 1,334          |
| <b>Current financial assets</b>     | <b>253,996</b>                     | <b>31,200</b>                                 |                                    | <b>285,196</b> |
| Trade receivables                   | 77,308                             |   |                                    | 77,308         |
| Other receivables                   | 24,847                             |   |                                    | 24,847         |
| Financial assets - Other            |                                    | 31,200  |                                    | 31,200         |
| Cash and cash equivalents           | 151,841                            |   |                                    | 151,841        |
| <b>Total</b>                        | <b>255,330</b>                     | <b>31,735</b>                                 | <b>8,930</b>                       | <b>295,995</b> |

|                                     | Financial assets at amortised cost | Financial assets at FV through profit or loss | Financial assets at FV through OCI | 31.12.2020     |
|-------------------------------------|------------------------------------|---|------------------------------------|----------------|
| <b>Non-current financial assets</b> | <b>1,164</b>                       | <b>947</b>                                    | <b>6,876</b>                       | <b>8,987</b>   |
| Financial assets - Investments      |                                    | 947   | 6,876                              | 7,823          |
| Other receivables                   | 1,164                              |   |                                    | 1,164          |
| <b>Current financial assets</b>     | <b>220,284</b>                     | <b>12,189</b>                                 | <b>0</b>                           | <b>232,473</b> |
| Trade receivables                   | 66,563                             |   |                                    | 66,563         |
| Other receivables                   | 16,270                             |   |                                    | 16,270         |
| Financial assets - Other            |                                    | 10,152  |                                    | 10,152         |
| Financial assets - Loans            |                                    | 2,037   |                                    | 2,037          |
| Cash and cash equivalents           | 137,451                            |   |                                    | 137,451        |
| <b>Total</b>                        | <b>221,448</b>                     | <b>13,136</b>                                 | <b>6,876</b>                       | <b>241,460</b> |

## Financial liabilities

|  | Derivatives | Financial liabilities at amortised cost | 31.12.2019     |
|--|-------------|---|----------------|
| <b>Non-current financial liabilities</b> | -           | <b>132,262</b>                          | <b>132,262</b> |
| Financial payables                       |             | 115,578                                 | 115,578        |
| Other payables                           |             | 16,684                                  | 16,684         |
| <b>Current financial liabilities</b>     | -           | <b>208,064</b>                          | <b>208,064</b> |
| Trade payables                           |             | 105,841                                 | 105,841        |
| Other payables                           |             | 48,124                                  | 48,124         |
| Short-term financial payables            |             | 54,099                                  | 54,099         |
| <b>Total</b>                             | -           | <b>340,326</b>                          | <b>340,326</b> |
|  | Derivatives | Financial liabilities at amortised cost | 31.12.2020     |
| <b>Non-current financial liabilities</b> | -           | <b>99,726</b>                           | <b>99,726</b>  |
| Financial payables                       |             | 83,656                                  | 83,656         |
| Other payables                           |             | 16,070                                  | 16,070         |
| <b>Current financial liabilities</b>     | -           | <b>196,703</b>                          | <b>196,703</b> |
| Trade payables                           |             | 96,672                                  | 96,672         |
| Other payables                           |             | 42,175                                  | 42,175         |
| Short-term financial payables            |             | 57,766                                  | 57,766         |
| <b>Total</b>                             | -           | <b>296,429</b>                          | <b>296,429</b> |

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

**Fair value - hierarchy**

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

**Level 1:** market prices;

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

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

|  | Level 1       | Level 2  | Level 3      | 31.12.2020    |
|--|---------------|----------|--------------|---------------|
| <b>Assets measured at fair value</b>       |               |          |              |               |
| Financial assets - Investments             | 6,876         |          | 947          | 7,823         |
| Financial assets - Other                   | 10,152        | -        | 2,037        | 12,189        |
| <b>Total Assets measured at fair value</b> | <b>17,028</b> | <b>-</b> | <b>2,984</b> | <b>20,012</b> |

**Note 6. Financial assets**

The financial assets include the following:

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

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

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

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

The item mainly comprises the 1.2% investment in the share capital of the Japanese company Idec Corporation listed on the Tokyo Stock Exchange. The change in the year relates to exchange rate and fair value adjustments. The amount relating to 15% of the investment in the capital of Solution Net Systems Inc. is also recognised, which, as at 31 December 2020, is measured at fair value.

## Note 7. Trade and other receivables

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

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

### Trade receivables

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

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

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

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

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

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

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

### Other receivables – accrued income and prepaid expenses

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

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

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

### Note 8. Inventories

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

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

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

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

**Note 9. Tax payables and receivables**

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

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

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



## LIABILITIES AND SHAREHOLDERS' EQUITY

### Note 10. Shareholders' Equity

The Shareholders' Equity is broken down as follows.

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

### Share capital

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

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

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

As at 31 December 2020, the Share Capital of €30,392 thousand represents the share capital fully subscribed and paid by the Parent Company Datalogic S.p.A. It comprises a total number of ordinary shares of 58,446,491, of which 1,754,131 are held as treasury shares for a value of €21,899 thousand, and therefore the outstanding shares as at that date amounted to 56,692,360; 528,500 shares were also allocated to the Stock Grant plan. The shares have a nominal unit value of €0.52.

### Other Reserves

As at 31 December 2020, the breakdown of the main changes in other reserves were as follows:

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

### Note 11. Financial payables

Financial payables are broken down as follows:

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

The breakdown of this item is detailed below:

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

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

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

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

### Covenants

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

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

As at 31 December 2020, all covenants were fulfilled.

**Note 12. Net deferred taxes**

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

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

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

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

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

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

| Deferred tax assets          | 01.01.2020    | Accrued in<br>(released<br>from) Income<br>Statement | Accrued in<br>(released from)<br>Shareholders'<br>Equity | Foreign<br>exchange gains/<br>losses | Others       | 31.12.2020    |
|------------------------------|---------------|--|--|--------------------------------------|--------------|---------------|
| Receivables, foreign taxes   | 19,608        | (93)   | -  | (1,495)                              | (17)         | 18,004        |
| Foreign exchange differences | 886           | (303)  | -  | 15                                   | (22)         | 576           |
| Amortisation                 | 2,240         | 204  | -  | (146)                                | (1)          | 2,298         |
| Asset write-downs            | 926           | 233  | -  | (4)                                  | 0            | 1,155         |
| Non-deductible temp. diff.   | 15,372        | 1,522  | -  | (1,064)                              | (104)        | 15,726        |
| Other                        | 986           | (189)  | 5  | (1)                                  | -            | 801           |
| Adjustments                  | 3,554         | (1,012)  | -  | -                                    | -            | 2,542         |
| <b>Total</b>                 | <b>43,572</b> | <b>363</b>   | <b>5</b>   | <b>(2,695)</b>                       | <b>(144)</b> | <b>41,101</b> |

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

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

### Note 13. Post-employment benefits

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

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

**Note 14. Provisions for risks and charges**

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

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

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

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

The “**Product warranty provision**” covers the estimated cost of service repairs on products sold up to 31 December 2020 and covered by the warranty period. It amounts to €7,225 thousand (of which €4,036 thousand long-term) and is considered sufficient in relation to the specific risk it covers. The decrease compared to the previous year is related to the decrease in sales volumes for the year.

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

## Note 15. Trade and other payables

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

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

### Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

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

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

## INFORMATION ON THE INCOME STATEMENT

### Note 16. Revenues

Revenues divided by type are shown in the following table:

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

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

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

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

The Group recognises revenues from the sale of goods and services in a specific moment, when the control of the assets has been transferred to the customer, generally upon delivery of the good or the rendering of the service. Conversely, revenues are generally recognised over time, based on the stage of completion of contract performance obligations. This item includes revenues resulting from contracts and postponement contracts related to multi-annual warranties.

| Revenues broken down by type | Datalogic      | Informatics   | Adjustments    | 31.12.2020     |
|------------------------------|----------------|---------------|----------------|----------------|
| Sale of goods                | 431,055        | 11,621        | (1,185)        | 441,491        |
| Sale of services             | 33,525         | 4,813         | (1)            | 38,337         |
| <b>Total</b>                 | <b>464,580</b> | <b>16,434</b> | <b>(1,186)</b> | <b>479,828</b> |



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

## Note 17. Cost of goods sold and operating costs

The following table shows the trends of cost of goods sold and operating costs as at 31 December 2020, compared with the same period of the previous year, including non-recurring costs and revenues.

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

### Cost of goods sold

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

### Operating costs

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

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

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

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

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

|                                  | 31.12.2020   | 31.12.2019<br>Restated | Change       |
|----------------------------------|--------------|------------------------|--------------|
| Non-income taxes                 | 1,644        | 2,388                  | (744)        |
| Provision for risks accrual      | 56           | (95)                   | 151          |
| <i>of which non-recurring</i>    | 37           | 0                      | 37           |
| Costs charge-back                | 99           | 5                      | 94           |
| Loss on disposal of fixed assets | 56           | 104                    | (48)         |
| Others                           | 169          | 28                     | 141          |
| <b>Total</b>                     | <b>2,024</b> | <b>2,430</b>           | <b>(406)</b> |

## Breakdown of costs by type

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

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

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

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

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

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

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

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

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

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

## Note 18. Other revenues

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

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

## Note 19. Financial Income/(Expenses)

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

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

**Note 20. Taxes**

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

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

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

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

**Note 21. Profit/(loss) from discontinued operations**

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

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

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

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

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

Pursuant to provisions set out in paragraph 33 of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, net cash flows attributable to operations, investments and financial activity of discontinued operations can be alternatively disclosed in the financial statements or in the explanatory notes. The Group decided to disclose total cash flows in the Consolidated Statement of Cash Flow.

Additional disclosures on cash flows from held-for-sale assets are shown hereunder:

| <b>Statement of Cash Flow</b>      | <b>31.12.2020</b> | <b>31.12.2019</b> |
|------------------------------------|-------------------|-------------------|
| Cash flows from operations         | 1,673             | 5,181             |
| Cash flows from investments        | (2)               | 29                |
| Cash flows from financial activity | (6,064)           | (4,022)           |
| <b>Total</b>                       | <b>(4,392)</b>    | <b>1,188</b>      |

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

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

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

**Note 23. Audit fees**

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

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

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

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



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

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

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

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

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

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

## NUMBER OF EMPLOYEES

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

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







# **Annual Statutory Financial Report as at 31 December 2020**





# **Datalogic S.p.A.**

## **Financial Statements**

**Statement of Financial Position**

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



## Statement of Financial Position

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

**Income Statement**

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

## Statement of Comprehensive Income

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

**Statement of Cash Flow**

| (€/000)   | Notes | 31.12.2020      | 31.12.2019     |
|---|-------|-----------------|----------------|
| <b>Profit (loss) before taxes</b>   |       | <b>18,462</b>   | <b>106,581</b> |
| Amortisation of intangible assets   | 1, 2  | 1,545           | 1,308          |
| Depreciation of tangible assets   |       | 1,627           | 1,552          |
| Depreciation of right-of-use assets   | 3     | 193             | 191            |
| Change in provisions for risks and charges  | 15    | -               | (60)           |
| Change in employee benefits reserve   | 14    | 16              | (235)          |
| Net Financial Income/(Expenses)   |       | (17,308)        | (2,564)        |
| Allocation to Stock Grant plan  |       | 607             | 459            |
| Other non-monetary changes  |       | 189             | 250            |
| <b>Cash flow generated (absorbed) from operations before changes in working capital</b> |       | <b>5,331</b>    | <b>107,231</b> |
| Change in trade receivables   | 7     | (671)           | 389            |
| Change in trade payables  | 16    | 422             | (1,044)        |
| Change in other current assets  | 7     | 101             | (90,474)       |
| Change in other current liabilities   | 16    | (5,197)         | (4,598)        |
| Change in other non-current assets  | 7     | 10              | 3              |
| <b>Cash flow generated (absorbed) from operations after changes in working capital</b>  |       | <b>(4)</b>      | <b>11,757</b>  |
| Change in taxes   |       | 83              | 153            |
| Interest paid   |       | (3,912)         | (3,133)        |
| Interest collected  |       | 4,383           | 5,553          |
| <b>Cash flow generated (absorbed) from operations (A)</b>                               |       | <b>549</b>      | <b>14,330</b>  |
| Increase in intangible assets   | 2     | (2,339)         | (3,717)        |
| Decrease in intangible assets   | 2     | -               | 4              |
| Increase in tangible assets   | 1     | (467)           | (896)          |
| Decrease in tangible assets   | 1     | -               | 13             |
| Change in non-current financial assets  | 5     | (3,131)         | (553)          |
| Change in financial receivables and other financial assets                              | 5     | (15,287)        | 83,358         |
| <b>Cash flow generated (absorbed) from investments (B)</b>                              |       | <b>(21,224)</b> | <b>78,208</b>  |

| <b>(€/000)</b>  | <b>Notes</b> | <b>31.12.2020</b> | <b>31.12.2019</b> |
|---|--------------|-------------------|-------------------|
| Change in financial payables                                      | 12, 6        | (97,788)          | (78,476)          |
| Change in lease financial payables                                |              | (191)             | -                 |
| (Purchase)/Sale of treasury shares                                | 10           | (6,786)           | (4,303)           |
| Dividends collected   |              | 115,972           | 163               |
| Dividends paid  | 10           | (17,007)          | (28,716)          |
| Other changes   |              | -                 | 75                |
| <b>Cash flow generated (absorbed) from financial activity (C)</b> |              | <b>(5,801)</b>    | <b>(27,899)</b>   |
| <b>Net increase (decrease) in available cash (A+B+C)</b>          |              | <b>(26,476)</b>   | <b>(18,719)</b>   |
| <b>Net cash and cash equivalents at beginning of period</b>       |              | <b>106,930</b>    | <b>125,649</b>    |
| <b>Net cash and cash equivalents at end of period</b>             |              | <b>80,456</b>     | <b>106,930</b>    |

**Changes in Shareholders' Equity**

|   | Share capital | Share premium reserve | Treasury shares held in portfolio |  |
|---|---------------|-----------------------|-----------------------------------|--|
| <b>01.01.2020</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(15,113)</b>                   |  |
| Allocation of earnings                                    |               |                       |                                   |  |
| Dividends   |               |                       |                                   |  |
| Sale/(Purchase) of treasury shares                        |               |                       | (6,786)                           |  |
| Other changes   |               |                       |                                   |  |
| Stock Grant   |               |                       |                                   |  |
| <b>Profit/(loss) as at 31.12.2020</b>                     |               |                       |                                   |  |
| Other components of the statement of comprehensive income |               |                       |                                   |  |
| <b>Total comprehensive Profit (Loss)</b>                  |               |                       |                                   |  |
| <b>31.12.2020</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(21,899)</b>                   |  |

|   | Share capital | Share premium reserve | Treasury shares held in portfolio |  |
|---|---------------|-----------------------|-----------------------------------|--|
| <b>01.01.2019</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(10,810)</b>                   |  |
| Allocation of earnings                                    |               |                       |                                   |  |
| Dividends   |               |                       |                                   |  |
| Purchase/(Sale) of treasury shares                        |               |                       | (4,303)                           |  |
| Other changes   |               |                       |                                   |  |
| <b>Profit/(loss) for the year</b>                         |               |                       |                                   |  |
| Other components of the statement of comprehensive income |               |                       |                                   |  |
| <b>Total comprehensive profit (loss)</b>                  |               |                       |                                   |  |
| <b>31.12.2019</b>   | <b>30,392</b> | <b>111,779</b>        | <b>(15,113)</b>                   |  |

|  | Share capital and capital reserves | Other reserves | Retained earnings | Profit for the year | Total Shareholders' Equity |
|--|------------------------------------|----------------|-------------------|---------------------|----------------------------|
|  | 127,058                            | 6,272          | 115,178           | 105,040             | 353,548                    |
|  |                                    |                | 105,040           | (105,040)           |                            |
|  |                                    |                | (17,007)          |                     | (17,007)                   |
|  | (6,786)                            |                |                   |                     | (6,786)                    |
|  |                                    | 131            | (131)             |                     |                            |
|  |                                    | 1,540          |                   |                     | 1,540                      |
|  |                                    |                |                   | 19,905              | 19,905                     |
|  |                                    | (1,515)        |                   |                     | (1,515)                    |
|  |                                    | (1,515)        |                   | 19,905              | 18,390                     |
|  | 120,272                            | 6,428          | 203,080           | 19,905              | 349,685                    |

|  | Share capital and capital reserves | Other reserves | Retained earnings | Profit for the year | Total Shareholders' Equity |
|--|------------------------------------|----------------|-------------------|---------------------|----------------------------|
|  | 131,361                            | 3,011          | 114,555           | 29,340              | 278,267                    |
|  |                                    |                | 29,340            | (29,340)            |                            |
|  |                                    |                | (28,716)          |                     | (28,716)                   |
|  | (4,303)                            |                |                   |                     | (4,303)                    |
|  |                                    | 1,521          |                   |                     | 1,521                      |
|  |                                    |                |                   | 105,040             | 105,040                    |
|  |                                    | 1,741          |                   |                     | 1,741                      |
|  |                                    | 1,741          |                   | 105,040             | 106,781                    |
|  | 127,058                            | 6,272          | 115,178           | 105,040             | 353,548                    |







# **Explanatory Notes to the Statutory Financial Statements**

## General information

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

Datalogic S.p.A. is the Parent Company of the Datalogic Group ("Group"), the global technological leader in the markets of automatic data capture and process automation. The Group is specialised in the design and production of bar code readers, mobile computers, detection, measurement and security sensors, vision and laser marking systems and RFID.

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

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

## Basis of presentation

### 1) General criteria

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

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

### 2) Financial statements

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

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the Company's normal operational cycle; current liabilities are those whose extinction is envisaged during the normal operating cycle or in the 12 months after the reporting date;
- with regard to the Income Statement, cost and revenue items are disclosed based on grouping by function, as this classification was deemed more meaningful for comprehension of the Company's business result;
- the Statement of Comprehensive Income presents the components that determine profit/(loss) for the year and the costs and revenues reported directly under shareholders' equity;
- the Statement of Cash Flow is presented using the indirect method.

The Financial Statements were prepared in compliance with the general criterion of a reliable and true vision of the Company's financial position, financial performance and cash flows, on a going concern and on an accrual

basis, in compliance with the general principles of consistency of presentation, relevance and aggregation, no offsetting and comparability of information.

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

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

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

### **3) Accounting policies and standards applied**

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

#### **Tangible assets**

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

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

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

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of use and taking into account the month when they became available for use in the first year of utilisation.

Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Company are as follows:

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

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

### Assets held under lease contracts

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

In compliance with the provisions of IFRS 16, starting from 1 January 2019, the Company identifies contracts for which it obtains the right to use an identifiable asset for a period of time in exchange for consideration as leases.

For each lease contract, starting from the commencement date, the Company recognizes an asset (right of use of the asset) under tangible assets as a contra-entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low value lease contracts applied to situations in which the leased asset has a value not exceeding €5 thousand (new value).

For the short-term and low value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognised, but the lease payments are recognised in the income statement on a straight-line basis for the duration of the corresponding contracts.

In the case of a complex contract that includes a lease component, the latter is always managed separately from the other services included in the contract.

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

The situations that involve the recalculation of the lease payable imply a corresponding change in the value of the right of use.

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

Lease payables are shown in the Financial Statements under current and non-current financial liabilities, together with the Company's other financial payables. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be paid determined using the implicit interest rate of the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Company); if this rate is not indicated in the contract or easily determinable, the present value is determined using the "incremental borrowing rate", i.e. the incremental interest rate that, in a similar economic context and in order to obtain a sum equal to the value of the right to use, the Company would have paid for a loan with similar duration and guarantees.

The lease payments subject to discounting include fixed payments; variable fees due to an index or a rate; the redemption price, if any and if the Company is reasonably certain to use it; the amount of payment envisaged for any issue of guarantees on the residual value of the asset; the amount of penalties to be paid in the event of the exercise of options for early termination of the contract, where the Company is reasonably certain to exercise them. After initial recognition, the lease payable is increased to take account of the interest accrued, determined on the basis of the amortised cost, and decreased against the lease payments paid.

In addition, the lease payable is subject to restatement, up or down, in the event of changes to the contracts or other situations envisaged by IFRS 16 that involve a change in the amount of the instalments and/or the duration of the lease. In particular, in the presence of situations that involve a change in the estimate of the probability of exercise (or non-exercise) of the options for renewal or early termination of the contract or in the redemption (or not) provisions of the asset upon expiry of the contract, the lease payable is restated by discounting the new value of the instalments to be paid on the basis of a new discount rate.

### Intangible assets

Intangible assets are recognised under assets in the Statement of Financial Position when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.

If tangible and intangible assets are sold, the date of disposal will be the date when the purchaser obtains the control of the assets, pursuant to requirements set forth on performance obligations by the IFRS 15 standard. The profit or loss generated by the consideration is accounted for in the Income Statement and is determined according to requirements to determine the transaction price envisaged by IFRS 15. The following amendments to the estimated consideration used to determine the profit or loss must be recognised pursuant to requirements set forth by IFRS 15 in relation to changes in the transaction price.

### Amortisation

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

The useful life for each category is detailed below:

| Description                     | Useful Life - years |
|---------------------------------|---------------------|
| <b>Other intangible assets:</b> |                     |
| - Software licences             | 3/5                 |
| - SAP licences                  | 10                  |
| - User licences                 | Contract duration   |

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

### Equity investments

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

### *Subsidiaries*

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

### *Associates*

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

### **Impairment**

Tangible and intangible assets, as well as equity investments are tested for impairment in the presence of specific indicators of loss of value.

The aim of this impairment test is to ensure that tangible and intangible assets, as well as equity investments, are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value less selling costs and their value in use.

Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

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

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

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

Any reinstatements of value are recognised in the Income Statement.

### **Financial assets and liabilities**

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

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

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

The main market or most advantageous market must be accessible for the Company. The fair value of an asset or liability is measured by adopting the assumptions that the market operators would use in determining the price of the asset or liability, presuming that they act to meet their economic interest in the best way. Measurement of the fair value of a non-financial asset considers the capability of a market operator to generate economic benefits

by using the asset in its maximum and best use or by selling it to another market operator that would use it in its maximum and best use.

The Company uses measurement methods that are appropriate for the situation, and for which data available to measure fair value are sufficient, while maximising the use of relevant inputs observable and limiting the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy and described hereunder:

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

The fair value measurement is classified internally at the same fair value hierarchy level in which the lowest hierarchy input used for the measurement is stated.

As regards assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Company determines whether transfers between hierarchy levels occurred while revising the classification at each annual reporting date.

#### *Financial instruments*

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

#### *Financial assets*

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

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

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

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

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



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

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

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

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

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

Equity investments in other companies are measured at fair value.

### *Financial liabilities*

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

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

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

ments on financial liabilities defined as irrelevant, the economic effects of renegotiation are recognised in the Income Statement.

#### *Offsetting financial instruments*

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

#### *Financial derivatives*

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

Derivatives are classified as hedging instruments when the relation between derivatives and the object matter of the hedging is formally documented and the effectiveness of the hedging, which is periodically checked, is high.

When the hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value, and the effects are charged to the Income Statement. Accordingly, the hedged instruments are adjusted to reflect the changes in fair value, associated to the hedged risk.

In the event of cash flow hedges, the derivatives are designated as a hedge for exposure to variable cash flows attributable to risks that might subsequently affect the Income Statement. These risks are generally associated with an asset or liability recognised in the Financial Statements (as future payments on variable rate payables).

The effective portion of fair value change, related to the portion of derivative contracts designated as hedge derivatives pursuant to the standard, is recognised as component of the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year in the period in which the hedged transaction affects the Income Statement.

The ineffective portion of fair value change, as well as the entire fair value change in derivatives that have not been designated as hedge derivatives or that do not have the requirements envisaged in IFRS 9, is instead recognised directly through the Income Statement.

#### **Non-current Assets Held for Sale and Discontinued Operations**

The Company classifies discontinued non-current assets as held for sale if their carrying value will be recovered mainly with a sale, instead than through their continuous use. These discontinued non-current assets, classified as held for sale, are measured at the lower of their carrying amount or fair value, less sales costs. Sales costs are any additional costs directly attributable to the sale, excluding financial expenses and taxes.

The condition precedent to classify an asset as held for sale is deemed as fulfilled only when the sale is highly probable and the asset, or the discontinued group of assets, is available for immediate sale in its current conditions. The actions required for completing the sale should indicate that it is improbable that significant changes in the sale might occur or that the sale be cancelled. Management must be engaged in the sale, whose completion should be planned within one year from the date of classification.

The depreciation of property, plant and equipment and amortisation of intangible assets cease when they are classified as available for sale.

The assets and liabilities classified as held for sale are presented separately under the financial statement items.

### **Cash and cash equivalents**

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

### **Shareholders' Equity**

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

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

### **Treasury shares**

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

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

### **Liabilities for employee benefits**

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

### **Defined-contribution plans**

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

### **Defined-benefit plans and other long-term benefits**

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

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

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

The revaluations, including actuarial profits and losses, the changes in the maximum threshold of assets (excluding net interest) and the yield of assets in support of the scheme (excluding net interests), are recognised immediately in the Statement of Financial Position, while debiting or crediting retained earnings through other

components in the Statement of Comprehensive Income in the year in which they occur. Revaluations are not reclassified in the Income Statement in subsequent years. The other long-term benefits are intended for employees and differ from post-employment benefits. The accounting is similar to defined-benefit plans.

### **Provisions for risks and charges**

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

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

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

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

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

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

### **Share-based payments – Equity-settled transactions**

Some employees of the Company and the Group receive a portion of their compensation under the form of share-based payments. Therefore employees render their services against shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date of the assignment, by using an adequate measurement method.

As regards the Company's employees, this cost is recognised under labour cost for the period in which terms and conditions related to the achievement of targets and/or the performance of the services are fulfilled. The counter entry is a corresponding increase in shareholders' equity. However, as regards other Group companies that are directly and indirectly controlled, this cost increases the carrying value of equity investments. Cumulative expenses and increases of related equity investments, recognised in relation to these transactions at the reporting date

of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue.

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

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

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

### **Income taxes**

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

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

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

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

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

Datalogic S.p.A. participates in the "national tax consolidation programme" of Hydra S.p.A., which makes it possible to transfer the net aggregate income or tax loss of the individual participating companies owned by the Parent

Company, which will result in a single taxable income for the company or a single tax loss that can be carried forward, as the algebraic sum of income and/or losses, and will thus enter a single payable to or receivable from Tax Authorities.

### **Revenues recognition**

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

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

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

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

### *Rendering of services*

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

### *Government grants*

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

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

### *Revenues relating to dividends and interest*

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

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

#### *Dividends paid out*

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

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

#### **Treatment of foreign currency items**

##### *Functional presentation currency*

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

##### *Transactions in currencies other than the functional currency*

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

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

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

- on 31 October 2018, the IASB published the document **"Definition of Material (Amendments to IAS 1 and IAS 8)"**. The document introduced an amendment in the definition of "material" included in the IAS 1 – Presentation of Financial Statements e IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of this amendment had no impact on the Company's Financial Statements.
- On 22 October 2018, the IASB published the document **"Definition of a Business (Amendments to IFRS 3)"**. Some clarifications are supplied in the document on the definition of business for a correct application of the IFRS 3 standard. The adoption of that amendment did not have any effects on the Company's Financial Statements.
- On 29 March 2018, the IASB published an amendment to the **"References to the Conceptual Framework in IFRS Standards"**. The amendment is applicable to the annual reporting periods beginning on or after 1 January 2020. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. The adoption of this amendment had no impact on the Company's Financial Statements.



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

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

- On 28 May 2020, the IASB issued an amendment entitled “**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**”. The document envisages for lessees to recognise Covid-19 related rent reductions without having to measure, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is complied with. Directors do not expect any significant impact on the Company’s Financial Statements due to the adoption of this amendment. In this regard, during the year no reductions in lease instalments were requested as a result of Covid-19.
- On 28 May 2020, the IASB published an amendment entitled “**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**”. The amendments allow for the temporary exemption of the IFRS 9 application until 1 January 2023. These amendments will enter in force on 1 January 2021. Directors do not expect any significant impact on the Company’s Financial Statements due to the adoption of this amendment.
- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document “Interest Rate Benchmark Reform — Phase 2” which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

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

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

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds.  
The new standard also envisages presentation and disclosure requirements to improve comparability between entities belonging to this sector. The entity must apply the new standard to insurance contracts issued,



including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard applies from 1 January 2023, but early application is permitted, only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. In view of its content, the Directors do not expect any impact on the Company's Financial Statements due to the adoption of this standard.

- On 23 January 2020, the IASB published an amendment entitled "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments come into force on 1 January 2023; early application is however permitted. Directors do not expect any significant impact on the Company's Financial Statements due to the adoption of this amendment.
- On 14 May 2020, the IASB published the following amendments:
  - ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without this changing the provisions of IFRS 3.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is not to allow the amount received from the sale of assets produced in the test phase of the asset to be deducted from the cost of tangible assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the assessment of the possible cost of a contract includes not only the incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of personnel costs and depreciation of the machinery used to fulfil the contract).
  - ***Annual Improvements 2018-2020***: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

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

## 7) Use of estimates and assumptions

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

Following are the assumptions concerning the future, as well as the other main causes of uncertainty related to estimates which, at the reporting date, show a significant risk to generate remarkable adjustments in the carrying values of assets and liabilities within the following financial year. The Company has based its assumptions and

estimates on parameters which were available when preparing the Financial Statements. The current circumstances and assumptions on future developments might however change upon occurrence of market changes or events beyond the Company's control. Upon their occurrence, these changes are reflected in the assumptions.

#### **Impairment of equity investments in subsidiaries and associates**

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

#### **Fair value of financial assets**

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

#### **Share-based payments - Equity-settled transactions**

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

## Financial risk management

### Risk factors

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

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

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

### Market risk

#### *a) Foreign currency exchange risk*

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

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

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

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

**b) Interest rate risk**

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

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

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

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

**Credit risk**

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

### Liquidity risk

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

Details of financial liabilities by maturity are provided below.

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

## INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### Note 1. Tangible assets

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

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

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

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

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

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

## Note 2. Intangible assets

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

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

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

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

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



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

### Note 3. Right-of-use assets

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

|              | 31.12.2020 | 31.12.2019 | Change       |
|--------------|------------|------------|--------------|
| Buildings    | 172        | 453        | (281)        |
| Vehicles     | 223        | 196        | 27           |
| <b>Total</b> | <b>395</b> | <b>649</b> | <b>(254)</b> |

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

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

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

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

## Note 4. Equity investments

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

|                         | 31.12.2019     | Increases    | Decreases | Other changes | 31.12.2020     |
|-------------------------|----------------|--------------|-----------|---------------|----------------|
| Subsidiaries            | 184,455        | 3,780        | -         | -             | 188,236        |
| Associates              | 700            | -            | -         | -             | 700            |
| <b>Total associates</b> | <b>185,155</b> | <b>3,780</b> | <b>-</b>  | <b>-</b>      | <b>188,936</b> |

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

The other changes, amounting to €933 thousand, relate to the recognition, in accordance with IFRS 2, of the Stock Grant plan in relation to the rights assigned by the Group's subsidiaries.

The information on the equity investments in subsidiaries and associates are set out in Annex 2. The negative differentials between the pro-rate shareholders' equity and the carrying value of some equity investments are not deemed as impairment in relation to future revenue expectations of investees and their contribution to the Group's business.

## Note 5. Financial assets and liabilities by category

The following table shows the breakdown of "Financial assets and liabilities", according to provisions set out by IFRS 9 as at 31 December 2020 and 31 December 2019:

|                                       | Financial assets at amortised cost | Financial assets at FV through profit or loss | Financial assets at FV through OCI | 31.12.2020     |
|---------------------------------------|------------------------------------|---|------------------------------------|----------------|
| <b>Non-current financial assets</b>   | <b>172</b>                         | <b>888</b>                                    | <b>6,876</b>                       | <b>7,936</b>   |
| Financial assets - Equity investments | -                                  | 888   | 6,876                              | 7,764          |
| Other receivables                     | 172                                | -   | -                                  | 172            |
| <b>Current financial assets</b>       | <b>327,715</b>                     | <b>12,189</b>                                 | <b>-</b>                           | <b>339,904</b> |
| Trade receivables                     | 10,166                             | -   | -                                  | 10,166         |
| Other receivables                     | 2,220                              | -   | -                                  | 2,220          |
| Financial assets - Other              | -                                  | 10,152  | -                                  | 10,152         |
| Loans to subsidiaries                 | 234,873                            | -   | -                                  | 234,873        |
| Loans to third parties                | -                                  | 2,037   | -                                  | 2,037          |
| Cash and cash equivalents             | 80,456                             | -   | -                                  | 80,456         |
| <b>Total</b>                          | <b>327,887</b>                     | <b>13,077</b>                                 | <b>6,876</b>                       | <b>347,840</b> |

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

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

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

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

#### Fair value - hierarchy

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

**Level 1:** market prices;

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

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

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

#### Note 6. Financial assets

The financial assets include the following:

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

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

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

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

## Note 7. Trade and other receivables

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

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

### Trade receivables

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

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

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

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

### Other receivables - accrued income and prepaid expenses

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

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

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

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

### Note 8. Tax payables and receivables

|                                   | 31.12.2020     | 31.12.2019     | Change       |
|-----------------------------------|----------------|----------------|--------------|
| <b>Tax receivables</b>            | <b>197</b>     | <b>961</b>     | <b>(764)</b> |
| <b>Tax payables</b>               | <b>(2,497)</b> | <b>(3,191)</b> | <b>694</b>   |
| <i>of which to Parent Company</i> | <i>(1,700)</i> | <i>(2,128)</i> | <i>428</i>   |
| <b>Total</b>                      | <b>(2,300)</b> | <b>(2,230)</b> | <b>(70)</b>  |

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

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

**Note 9. Loans to subsidiaries**

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

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

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



## LIABILITIES AND SHAREHOLDERS' EQUITY

### Note 10. Shareholders' Equity

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

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

### Share capital

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

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

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

As at 31 December 2020, the share capital of €30,392 thousand represents the share capital fully subscribed and paid by Datalogic S.p.A. It comprises a total number of ordinary shares of 58,446,491, of which 1,754,131 are held as treasury shares for a value of €21,899 thousand, and therefore the outstanding shares as at that date amounted to 56,692,360: 528,500 shares were also allocated to the Stock Grant plan. The shares have a nominal unit value of €0.52.

### Other Reserves

As at 31 December 2020, changes in other reserves are broken down as follows:

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

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

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

### Note 11. Financial payables

Financial payables are broken down as follows:

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

Financial payables are apportioned by maturity date as follows:

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

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

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

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

### Covenants

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

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

As at 31 December 2020, the aforesaid covenants were fulfilled.

### Note 12. Net deferred taxes

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

|                           | 31.12.2020   | 31.12.2019     | Change       |
|---------------------------|--------------|----------------|--------------|
| Deferred tax assets       | 950          | 836            | 114          |
| Deferred tax liabilities  | (1,811)      | (3,148)        | 1,337        |
| <b>Net deferred taxes</b> | <b>(861)</b> | <b>(2,312)</b> | <b>1,451</b> |

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

the future recoverability of the temporary differences that originated them, which is based on economic and fiscal strategic plans.

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

| <b>Prepaid taxes</b>         | <b>01.01.2020</b> | <b>Accrued in (released from) Income Statement</b> | <b>Accrued in (released from) Shareholders' Equity</b> | <b>31.12.2020</b> |
|------------------------------|-------------------|--|--|-------------------|
| Adjustment on exchange rates | 71                | 235  | -  | 306               |
| Amortisation                 | 223               | 23   | -  | 246               |
| Provisions                   | 263               | 7  | -  | 270               |
| Other                        | 279               | (151)  | 1  | 129               |
| <b>Total</b>                 | <b>836</b>        | <b>114</b>   | <b>-</b>   | <b>950</b>        |
| <b>Deferred taxes</b>        | <b>01.01.2020</b> | <b>Accrued in (released from) Income Statement</b> | <b>Accrued in (released from) Shareholders' Equity</b> | <b>31.12.2020</b> |
| Adjustment on exchange rates | 519               | (133)  | (21)   | 365               |
| Amortisation                 | 1,391             | -  | -  | 1,391             |
| Provisions                   | (109)             | -  | -  | (109)             |
| Other                        | 1,347             | (1,183)  | -  | 164               |
| <b>Total</b>                 | <b>3,148</b>      | <b>(1,316)</b>                                     | <b>(21)</b>  | <b>1,811</b>      |

### Note 13. Post-employment benefits

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

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

#### Note 14. Provisions for risks and charges

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

#### Note 15. Trade and other payables

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

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

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

#### Other payables – accrued liabilities and deferred income

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

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

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

**Note 16. Net Financial Position**

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

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

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

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

## INFORMATION ON THE INCOME STATEMENT

### Note 17. Revenues

Revenues divided by type are shown in the following table:

|                         | 31.12.2020    | 31.12.2019    | Change         |
|-------------------------|---------------|---------------|----------------|
| Revenues from Royalties | 12,528        | 15,503        | (2,975)        |
| Revenues from Services  | 15,538        | 15,242        | 296            |
| <b>Total</b>            | <b>28,066</b> | <b>30,745</b> | <b>(2,679)</b> |

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

### Note 18. Cost of goods sold and operating costs

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

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

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



## Breakdown of costs by type

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

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

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

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

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

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

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

## Note 19. Other revenues

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

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

## Note 20. Financial Income/(Expenses)

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

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

## Note 21. Taxes

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

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

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

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

## Note 22. Audit fees

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

|                             | 2020       |
|-----------------------------|------------|
| Datalogic S.p.A. - auditing | 130        |
| <b>Total auditing</b>       | <b>130</b> |
| Non-auditing services       | 20         |
| <b>Total</b>                | <b>150</b> |

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

## Note 23. Remuneration paid to Directors and Statutory Auditors

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

## RELATED-PARTY TRANSACTIONS

For the definition of “Related parties”, see both IAS 24, approved by EC Regulation no. 1725/2003, and the Procedure for Transactions with Related Parties approved by the Board of Directors on 4 November 2010 (most recently amended on 24 July 2015), available on the Company’s website [www.datalogic.com](http://www.datalogic.com). The Parent Company of the Company is Hydra S.p.A. The transactions with related parties were carried out within the scope of ordinary operations and on an arm’s length basis. Furthermore, there are other relationships with related parties, always carried out as part of ordinary operations and at arm’s length conditions, of an immaterial amount and in accordance with the “**Procedure for Transactions with Related Parties**”, chiefly with Hydra S.p.A. or entities under joint control (with Datalogic S.p.A.), or with individuals that carry out the coordination and management of Datalogic S.p.A. (including entities controlled by the same and close relatives).

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

Pursuant to article 5, par. 8, of the Consob Regulations, it should be noted that, over the year 2020, the Company’s Board of Directors did not approve any relevant transaction, as set out by article 3, par. 1, lett. b) of the Consob Regulations, or any other minor transaction with related parties that had a significant impact on the Company’s balance sheet or profit/(loss).

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

## **ALLOCATION OF THE YEAR'S EARNINGS**

To our Shareholders,

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

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



# Annexes

## Annex 1a

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

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

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

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

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

3. Moreover, the following is certified:

3.1 the Consolidated Financial Statements:

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

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

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

CEO

Valentina Volta

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

Laura Bernardelli



## Annex 1b

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

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

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

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

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

3. Moreover, the following is certified:

3.1 the Financial Statements:

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

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

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

CEO

Valentina Volta

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

## Annex 2

### Consolidation Area

The Consolidated Annual Financial Report includes the accounting reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. Reports of subsidiaries were duly adjusted, as necessary, to render them consistent with the accounting criteria of the Parent Company. The companies included in the scope of consolidation as at 31 December 2020, consolidated on a line-by-line basis, are disclosed hereunder:

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

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

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

(\*) data as at 31 December 2019

(\*\*) data as at 30 June 2020

## Annex 3

### Restatement of Segment Disclosure

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

#### Revenues by geographical area

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

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

#### Revenues by business segment

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

As part of the reorganisation of the commercial function, the revenue allocation criteria were partially modified, assigning sales to the end-users of partner customers, and previously classified in the industries, according to a criterion of predominance of turnover as communicated by the distribution network, to the Channel sector. This category includes revenues not directly attributable to the other identified segments.

The new approach allows for an even more accurate measurement of the performance of the individual sectors, to which only the revenues relating to direct sales made to end-user customers based on their respective segment are attributed. The rationale behind the change in approach is guided by the desire to make the measurement of market trends of the individual sectors more accurate and prompter in order to strengthen the effectiveness and timeliness of the strategic decisions of go to market.

## Annex 4

### Reconciliation of Alternative Performance Indicators (NON-GAAP measures)

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

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

Non-recurring costs and revenues are shown hereunder.

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

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

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

## Annex 5

## List of Equity Investments in subsidiaries and affiliates as at 31 December 2020

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

(\*) as at 31.12.2019

(\*\*) as at 31.08.2018

<sup>^</sup> amounts in thousands of Euro as at 31.12.2020

## Annex 6a

### Report on the Audit of the Consolidated Financial Statements 2020



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**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of  
Datalogic S.p.A.

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### Opinion

We have audited the consolidated financial statements of Datalogic S.p.A. and its subsidiaries ("Datalogic Group" or the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement and the consolidated statement of comprehensive income, the statement of changes in consolidated Shareholders' equity and the statement of consolidated cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Datalogic S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo [www.deloitte.com/about](http://www.deloitte.com/about).

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### *Estimate of revenue adjustments for discounts and returns*

#### **Description of the key audit matter**

Datalogic Group grants to its customers commercial discounts and accepts returns from them, in accordance with the existing contractual agreements; these adjustments are accounted for against revenues.

The processes and methodologies to evaluate and determine the estimated portion of discounts to be granted and returns to be received after year-end are based on the terms agreed with the customers as well as on accounting and operating data both prepared internally by Group companies and received by the sales network.

Since the computation of the above adjustments to revenues requires significant judgments by the Management, both with reference to when they should be accounted for and the estimate of their amounts, we considered the accounting of these adjustments as a key audit matter of the Group's consolidated financial statements.

The disclosures related to this matter are included in the note "10) Use of estimates and assumptions" and in the note "5) Accounting policies and standards applied" at the paragraph "Revenues recognition".

#### **Audit procedures performed**

With reference to the identified key audit matter, we performed the following audit procedures:

- identification and understanding of key controls implemented by Management over the computation of the above adjustments to revenue and test of the related operating effectiveness;
- analysis of the reasonableness of Managements' main assumptions used to estimate the adjustments to revenues;
- performance of analytical and substantive procedures in order to verify the accuracy and completeness of the data used by Management;
- analysis of the main sales agreements in place, in order to ascertain that the relevant terms and clauses have been taken into account by Management in determining the adjustments to revenues;
- performance of analytical review procedures comparing historical data related to actual returns and discounts and the estimates made by Management;
- performance of *sensitivity analysis* with reference to the key drivers considered by Management in the estimate process.

#### **Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements**

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine



is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit, in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

#### **Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Datalogic S.p.A. has appointed us on April 30, 2019 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

##### **Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Datalogic S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Datalogic Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Datalogic Group as at



December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Datalogic Group as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

**Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree December 30, 2016, no. 254**

The Directors of Datalogic S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree December 30, 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree December 30, 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Alberto Guerzoni**  
Partner

Bologna, Italy  
March 30, 2021

*This report has been translated into the English language solely for the convenience of international readers.*

## Annex 6b

### Report on the Audit of the Financial Statements 2020



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**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of  
Datalogic S.p.A.

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of Datalogic S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2020, the income statement and the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

There are not key audit matters to be communicated in the hereby report.

##### Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

#### **Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Datalogic S.p.A. has appointed us on April 30, 2019 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

##### **Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Datalogic S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Datalogic S.p.A. as at December 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Datalogic S.p.A. as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Datalogic S.p.A. as at December 31, 2020 and are prepared in accordance with the law.



With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Alberto Guerzoni**  
Partner

Bologna, Italy  
March 30, 2021

*This report has been translated into the English language solely for the convenience of international readers.*



## Annex 7

### Statutory Auditor Report

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF  
DATALOGIC S.P.A. IN ACCORDANCE WITH ARTICLE 153 OF LEGISLATIVE DECREE  
58/1998, AND ARTICLE 2429, PARAGRAPH 2 OF THE CIVIL CODE

To the Shareholders,

In the year ended 31 December 2020, the Board of Statutory Auditors of Datalogic S.p.a. ("**Datalogic**" or the "**Company**") carried out the oversight activities required by law, also taking account of the standards of behaviour recommended by the National Council of Accountants and Accounting Experts and Consob communications on corporate audits and the activities of the Board of Statutory Auditors. This report was drawn up in accordance with the recommendations and instructions provided by Consob with communication of 6 April 2001 no. DEM/1025564, as amended with communication of 4 April 2003 no. DEM/3021582 and communication of 7 April 2006 no. DEM/6031329.

#### Introduction

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 30 April 2019 and its term of office will end with the approval of the financial statements as at 31 December 2021.

The Board of Directors currently in office was appointed by the Shareholders' Meeting of 23 May 2018 and its term of office ends with approval of the financial statements as at 31 December 2020.

The statutory auditing required under Legislative Decree 58/1998 and Legislative Decree 39/2010 will be carried out by the company Deloitte & Touche S.p.A., as resolved by the Shareholders' Meeting of 30 April 2019, for nine financial years (2019-2027). The appointment of the independent auditor will therefore come to an end with approval of the financial statements as at 31 December 2027.

In 2020, the following were held:

- 9 meetings of the Board of Statutory Auditors;
- 7 meetings of the Board of Directors;
- 7 meetings of the Control, Risks, Remuneration and Appointments Committee (made up of members of the Board of Directors).

In 2021, up to the date of this report, the following were held:

- 3 meetings of the Board of Statutory Auditors;
- 3 meetings of the Board of Directors;
- 3 meetings of the Control, Risks, Remuneration and Appointments Committee.

The Board of Statutory Auditors took part in all the above-mentioned meetings of the Board of Directors and the Committee.

In accordance with prevailing law, the Board of Statutory Auditors is tasked with ensuring:

- compliance with the law and the Articles of Association, and compliance with the principles of good administration in the performance of company activities;
- the adequacy of the organisational structure, to the extent of its responsibility, of the internal control system and the administration and accounting system as well as the reliability of the latter in providing an accurate representation of operations;
- how the corporate governance rules envisaged by the Code of Self-Governance of Borsa Italiana (July 2018 edition) and starting from 1 January 2021, the Code of Corporate Governance of Borsa Italiana, endorsed by Datalogic, are implemented in practice;
- the adequacy of the instructions provided to subsidiaries in relation to disclosure requirements of price-sensitive information.

Additionally, in accordance with the provisions of Legislative Decree 39/2010, the Board of Statutory Auditors:

- a) informs the Board of Directors of the entity subject to audit of the results of the statutory audit and sends the Board the additional report pursuant to article 11 of Regulation (EU) no. 537/2014, along with any comments attached;
- b) monitors the financial reporting process and presents the recommendations or proposals aimed at ensuring their completeness;
- c) controls the effectiveness of the internal control and company risk management systems, and the internal audit, without breaching the independence of the entity;
- d) monitors the auditing of the separate and consolidated financial statements;

- e) checks and monitors the independence of the independent auditor pursuant to articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree 39/2010 and article 6 of Regulation (EU) 537/2014, especially with regard to the adequacy of the other services provided besides the auditing of the entity subject to auditing in accordance with article 5 of said regulation;
- f) it is responsible for the independent auditor selection procedure and recommends the independent auditors to appoint in accordance with article 16 of the EU Regulation.

The Board of Statutory Auditors also monitors to ensure compliance with the obligations relating to non-financial information pursuant to Legislative Decree 254/2016.

The year 2020 was influenced by the healthcare emergency related to the COVID-19 pandemic. At global level, restrictive measures were implemented to contain infections (the lockdown) which had a very strong influence on national economies, with negative effects in general on corporate profits. In that context, the Company implemented measures aimed at safeguarding the health of its employees, on the one hand, employing flexible working-from-home techniques and on the other, supplying all the necessary equipment to carry out operational activities safely for those departments where WFH was not feasible.

With reference to the activities it is responsible for, in 2020 and up to approval of the 2020 Annual Financial Report by the Board of Directors, the Board of Statutory Auditors declared that it:

- received from the directors, especially the executive directors, adequate information on the general performance of operations and the business outlook, the transactions of greater strategic, equity, economic or financial significance carried out by the Company and its subsidiaries, including through taking part in the Board of Director meetings;
- acquired the elements needed to check compliance with the law, the Articles of Association, the principles of good management and the adequacy of the organisational structure of the Company and the Group that it belongs to, through direct investigations, the acquisition of documents and information from the managers of the various departments involved,

periodic exchanges of information with the company engaged to carry out the annual separate and consolidated audit of the accounts;

- checked to ensure the operation and effectiveness of the internal control systems and the adequacy of the administrative and accounting system, especially from the standpoint of its reliability to portray company operations;
- carried out the statutory audit in accordance with articles 9 to 15 of Legislative Decree 39/2010;
- carried out regular exchanges of information with representatives of the independent auditor regarding the activities carried out in the various meetings held during the meetings of the Board of Statutory Auditors and by the examination of the results of the work carried out by the auditor and receipt of the reports provided for under Legislative Decree 39/2010;
- received the statement of confirmation of the independence of the independent auditor that does not indicate situations that could compromise its independence or give reasons for incompatibility;
- received the additional auditor report pursuant to article 11 of Regulation (EU) 537/2014 (that will be sent to the Board of Directors), and after examining it, no aspects emerged which have to be highlighted in this report;
- monitored the effectiveness of the control system on the Group's companies and the adequacy of the orders given to them, including in accordance with article 114, second paragraph of Legislative Decree 58/1998;
- monitored the implementation of the corporate governance rules adopted by the Company in accordance with the Corporate Governance Code of Borsa Italiana, that the Company endorsed for the 2020 financial year;
- monitored compliance with the Procedure for transactions with related parties adopted by the Company in accordance with the principles indicated in the Consob Regulation adopted with decision no. 17221 of 12 March 2010 as amended, and its compliance with said Regulation;
- monitored the corporate information process, checking to ensure compliance by the Directors of the procedural rules relating to the drafting, approval and publication of the Annual Financial Report;
- checked, in terms of consistency and adequacy, the procedures used, the impairment tests carried out in view of the approval of the 2020 Annual Financial Report and the methods adopted, checking to ensure compliance with the Consob recommendations, including in procedural terms;

- analysed the 2020 Annual Financial Report, the Report on corporate governance and the ownership structure prepared in accordance with article 123-bis of the Consolidated Financial Act, finding compliance of those reports with prevailing laws;
- checked compliance with the provisions established by Legislative Decree 254/2016 and examined the non-financial consolidated report and found that said report complied with prevailing laws.

During the monitoring carried out, on the basis of the information and data acquired, no facts emerged that would imply failure to comply with the law or the deed of association or that would justify reporting to the Supervisory Authorities or mentioning in this report.

\*\*\*\*

### Report

Further indications requested by Consob Communication no. DEM/1025564 of 6 April 2001 as amended are provided below.

1. With reference to operations of greater strategic economic, financial or equity importance carried out during the year on the basis of the information provided by the Company and the data acquired relating to said transactions, the Board of Statutory Auditors found compliance with the law, the deed of association and the principles of good administration, and that they were not manifestly imprudent or reckless, in potential conflict of interest or such to compromise the integrity of the company's assets.
2. During the year 2020 and after it ended, the Board of Statutory Auditors did not find any atypical and/or unusual transactions carried out with third parties or related parties (including Group companies).
3. Intergroup transactions and transactions with related parties are executed as part of the ordinary operations and at arm's length conditions.  
Transactions with related parties mainly refer to transactions of a commercial, property or professional nature and the tax consolidation.
4. The Board of Statutory Auditors believes that the information provided by the

Directors in the 2020 Annual Financial Report regarding intergroup transactions and transactions with related parties is adequate.

5. On 30 March 2021, the independent auditor Deloitte & Touche issued the report in accordance with article 14 of Legislative Decree 39/2010 which confirms that the separate and consolidated financial statements as at 31 December 2020 (i) comply with the International Financial Reporting Standards (IFRS) adopted by the European Union, and the orders issued in implementation of article 9 of Legislative Decree no. 38 of 2005, (ii) were drawn up with clarity and give a true and faithful account of the asset and financial situation, the cash flows and the separate and consolidated financial results of the year for the Company and the Group.
6. The independent auditor also believes that the report on management and information pursuant to paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of article 123-bis of the Consolidated Law on Finance in the Report on corporate governance and ownership structure is consistent with the separate financial statements of the Company and the consolidated financial statements of the Group.

The independent auditor also checked to ensure that the Report on corporate governance and ownership structure provided the information required by paragraph 2, letters a), c), d) and d-bis) of article 123-bis of the Consolidated Law on Finance.

7. The independent auditor declared, in accordance with article 14, paragraph 2, letter e) of Legislative Decree 39/2010, that it had not found significant errors in the Report on operations and therefore, on the basis of the knowledge and understanding of the company and related context acquired during the audit, it had nothing to report.
8. On 30 March 2021, the independent auditor also issued the report on the consolidated non-financial statement drawn up in accordance with article 3, paragraph 10 of Legislative Decree 254/2016 and article 5 of Consob Regulation no. 20267/2018, with which it confirmed that it was not made aware of any elements that would make it believe that the consolidated non-financial statement of the Datalogic Group referring to the financial year ended 31 December 2020 was not drawn up in all significant aspects in accordance with the requirements of articles 3 and 4 of the above-mentioned decree and the GRI Standards, with reference to the selection of GRI Standards indicated in the

paragraph "Methodological Notes" of the statement.

9. No complaints were made to the Board of Statutory Auditors in accordance with article 2408 of the Civil Code in 2020.
10. No petitions were submitted to the Board of Statutory Auditors in 2020.
11. In addition to the audit of the separate and consolidated financial statements, the limited audit of the half-yearly report, the check to ensure the accounting records are kept properly and the correct recognition of the company operations in the accounting records and the confirmation relating to the consolidated non-financial statement (task assigned together with the audit), in 2020 the subsidiaries Datalogic S.r.l. and Datalogic Ip Tech S.r.l. only engaged the company Deloitte & Touche S.p.A. to carry out additional tasks regarding the certification of R&D costs for insignificant amounts.
12. In 2020 and after it ended up to the date of this report, the Company did not engage any companies that belong to the network linked to the independent auditor Deloitte & Touche S.p.A.
13. In 2020, and up to the date of the report, the Board of Statutory Auditors issued, in accordance with the law (including regulatory and self-governing) the required opinions on:
  - the proposal to allocate the overall maximum remuneration of the members of the Board of Directors decided by the Shareholders' Meeting of 4 June 2020;
  - the variable remuneration of the Chairperson and the CEO, also in accordance with article 2389 of the Civil Code;
  - the remuneration of the Manager in charge of Internal Audit and the adequacy of the resources assigned to carry out its responsibilities;
  - the adoption of a Datalogic remuneration policy;
  - the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Directors qualified as such upon their appointments;
  - the possession of the independence requirements, including on the basis of the criteria provided for by the Code of Self-Governance with reference to the directors, successfully checked also during the self-assessment;
  - the consistency and adequacy of the impairment procedures used by the Company;

- the correct use of the accounting standards and their uniformity with respect to drawing up the consolidated financial statements;
- the approval of the Audit Plan;
- informed the Board of Directors of the results presented by the independent auditor Deloitte & Touche S.p.A., expressed in the Independent Auditor's Report pursuant to article 11 of Regulation 537/2014;
- carried out its self-assessment for the 2020 financial year, in accordance with the "*Rules of behaviour of the board of statutory auditors of listed companies*" by the National Council of Accountants and Accounting Experts (CNDCEC) and according to the guidelines set out in the document "*Self-assessment by the board of statutory auditors*" published in May 2019 by the CNDCEC. On the basis of the process carried out, a good assessment of the Board as a whole emerged;
- the update of policies on diversity of the composition of the administration, management and control bodies of the Company.

Please refer to the introduction in relation to the frequency and number of meetings of the corporate bodies.

14. The Board of Statutory Auditors investigated and monitored, to the extent of its remit, compliance with the principles of good administration, through direct observations, gathering of information from the managers of the corporate functions, the Director in charge of the internal control and risk management system, meetings with the Control, Risks, Remuneration and Appointments Committee and with the managers of the independent auditor in order to exchange relevant data and information. In particular, with regard to the decision-making processes of the Board of Directors, the Board of Statutory Auditors ascertained, including through direct participation in board meetings, compliance with the law and the Articles of Association in the management choices made by the Directors and checked to ensure that the related decisions were backed by analyses and options - produced internally.
15. The Board of Statutory Auditors acquired information on and monitored the adequacy of the organisational structure of the Company and its operation, including through the gathering of information on the divisions in charge, interviews with the managers of the applicable corporate functions, meetings with the internal and external auditing managers and to that end, does not



have any observations in particular to make.

16. The Board of Statutory Auditors evaluated and monitored the adequacy of the internal control and risk management system of the Company and did not find any critical areas and/or reports to bring to the attention of the Shareholders.
17. The coordination of the parties involved in the internal control and risk management system is ensured through meetings and the constant exchange of information (including during the meetings of the corporate bodies) between those involved in said "system", and more specifically:
  - the committee tasked with internal control and risk management responsibility;
  - the Director in charge of the internal control and risk management system;
  - the Manager in charge of Internal Audit;
  - the Manager in charge of drawing up the Company's accounting statements;
  - the Board of Statutory Auditors;
  - the independent auditor;
  - the Supervisory Body.
18. Within the scope of checking the adequacy of the internal control system with respect to Legislative Decree 231/2001, which regulates the liability of entities for administrative offences resulting from crimes, the Board of Statutory Auditors notes that the Company has adopted an Organisational Model aimed at preventing crimes that may give rise to liability of the Company. The Organisational Model undergoes periodic reviews both to take account of experience and to consider regulatory changes envisaging the extension to further criminal offences such as predicate offences. The Supervisory Body that monitors the operation and compliance with the Organisational Model met 10 times in 2020.
19. The Board of Statutory Auditors evaluated and monitored the adequacy of the financial information process and the administrative-accounting system and its ability to reliably represent the company operations, by obtaining information from the managers of the applicable corporate functions (including the Manager in charge of drawing up the Company's accounting statements and the Manager in charge of Internal Audit), the examination of the corporate documents and the analysis of the results of the work carried

out by the independent auditor, Deloitte & Touche S.p.A.

20. The Board of Statutory Auditors also acknowledged the certificates issued - in accordance with article 154-bis, paragraph 5 of the Consolidated Law on Finance - by the CEO and the Manager in charge of drawing up the Company's accounting statements for the Group regarding the adequacy and actual application, in 2020, of the administrative and accounting procedures for the formation of the separate and consolidated financial statements.
21. The Board of Statutory Auditors was also able to check the confirmation - in accordance with article 154-bis, paragraph 2 of the Consolidated Law on Finance - of the records and communications of the Company, disclosed to the market, relating to the accounting information, including interim information.
22. The Board of Statutory Auditors monitored the adequacy of the overall instructions given by the Company to its subsidiaries, in accordance with article 114, paragraph 2 of Legislative Decree 58/98 and considers that they are adequate to comply with the disclosure requirements provided for by law.
23. The Board of Statutory Auditors confirmed, through direct checks and information obtained from the independent auditor Deloitte & Touche S.p.A., compliance with the IAS/IFRS standards and the regulations and laws relating to the preparation and layout of the separate financial statements, the consolidated financial statements and the report on operations.
24. The Company endorses the principles and recommendations listed in the Code of Self-Governance of Borsa Italiana (July 2018 edition) and intends to make the decisions necessary or that could help it comply with the standards and recommendations contained in the Corporate Governance Code (January 2020 edition) during 2021.
25. The Board of Directors established a single committee (Control Risks, Remuneration and Appointments Committee) comprising three non-executive Directors only, two of whom are independent. With regard to Independent Directors, the Company established the figure of Lead Independent Director, a reference and coordination figure for the claims and contributions of the Independent Directors to guarantee the utmost judgement autonomy of the latter with respect to the management's actions. The "Lead Independent Director" is given, inter alia, the right to call meetings of Independent Directors only to examine the matters relating to the operational activities or the

functioning of the Board of Directors.

26. The Board of Directors carried out a self-assessment for 2020, engaging the Chairperson of the Control, Risks, Remuneration and Appointment Committee to carry out the process and draw up a report, which was submitted to the Board on 11 February 2021. All the Directors gave a positive assessment of the size, composition and functioning of the Board and the governance structure of the group.
27. The Board of Statutory Auditors carried out a “self-assessment” of the independence of its members and determined that all standing members of the Board still have the requirements of independence as per article 148, paragraph 3 of the Consolidated Law on Finance and the criteria established by the Code of Self-Governance.
28. In accordance with article 144-quinquiesdecies of the Issuers' Regulation, the administration and control jobs covered by members of the Board of Statutory Auditors with other companies as at the date of issue of this report are published by Consob and made available on the Internet site of Consob to the extent provided for under article 144-quaterdecies of the Issuers' Regulation.
29. The Board of Statutory Auditors expresses its positive assessment of the Corporate Governance System of the Company.
30. The monitoring and control did not show up any significant facts that would have to be reported to the Supervisory and Control Authorities or that are worthy of mention in this Report.
31. The Board of Statutory Auditors, having acknowledged the results of the financial statements as at 31 December 2020, does not have any objections to the proposed resolution submitted by the Board of Directors regarding the allocation of the profit for the year.

Lippo di Calderara, 30 March 2021

On behalf of the Board of Statutory Auditors

The Chairperson

Mr Salvatore Marco Fiorenza

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