DATALOGIC

EMPOWER YOUR VISION

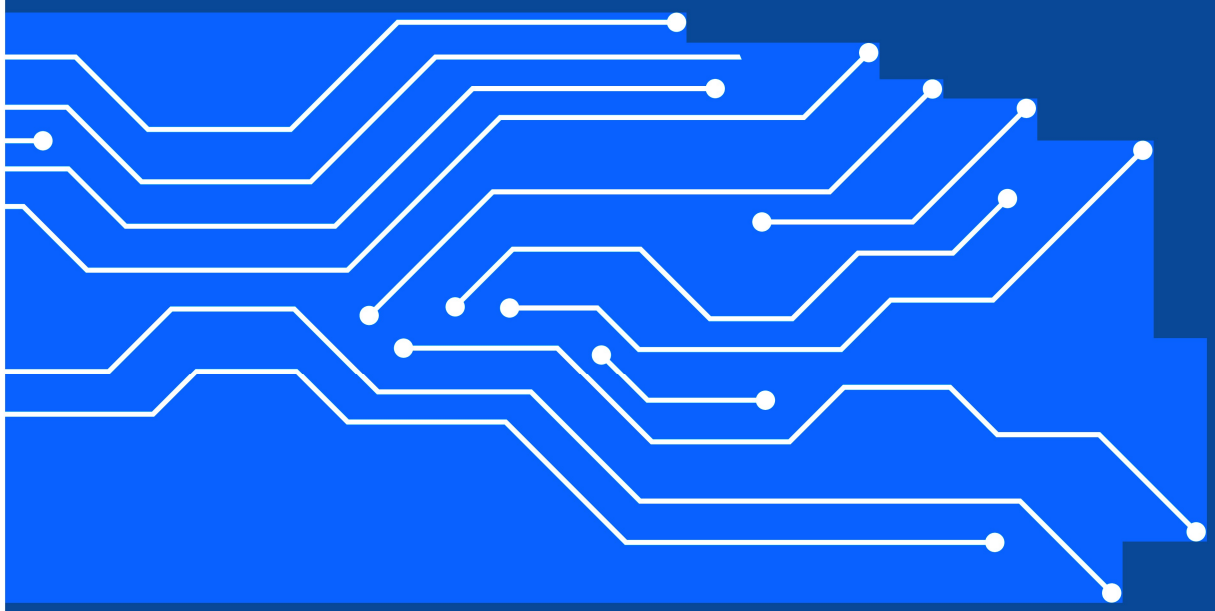


# Annual Report **2021**

DATALOGIC

EMPOWER YOUR VISION

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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.

The accompanying financial statements of Datalogic S.p.A. and consolidated financial statements of Datalogic Group constitute a non-official version which is not required to be compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

# Letter to Shareholders

Dear Shareholders,



the Group has closed the fiscal year 2021 with revenues of €600.5 million, i.e. a 25.2% increase over 2020. The Group has shown a consistent improvement especially in EMEAI region with a 32.6% revenue growth compared to 2020. This growth affects all the countries in the region in equal measure, with peaks of "excellence" especially in the sub-area comprising Spain, France and the Netherlands, where the increase reported at the end of 2021 was 34.0%. A further contribution to turnover came from the very positive performance of DACH (Germany, Austria and Switzerland) and Italy itself, the area's first and second largest markets, which grew by 8.2% and 29.3%, respectively. Americas region, the Group's second market, grew by 15.1% during the year at constant exchange rates. After having recorded an excellent post-pandemic recovery in the first part of 2021, in the last quarter the performance of the area was even more affected by the delays in the supply chain that slowed down the order fulfilment, especially in the last part of the year. Asia-Pacific (APAC) region also performed solidly, growing 28.8% over 2020. In this case progress is led by China, the leading market in the area, followed by South Korea (+68.4%) and Japan (+32.9%). The performance is also in line with the consolidation of the Group's presence in a commercial area that is becoming increasingly important in terms of potential and dynamism.

The positive trend recorded by the Group in the year 2021 can be more clearly understood if we look at the performance of the individual sectors. Among these, the brilliant results in the **Transportation & Logistics**


DATALOGIC
DATALOGIC LABS

sector, a segment in strong expansion at global level and driven in particular by e-commerce, stand out immediately. Here the Group has achieved an overall growth of 51.0% (+52.6% at constant exchange rates) compared to 2020, with double-digit increases in all reference geographic areas, also thanks to new projects awarded in the courier express parcel, 3PL, logistics and airport subsegments.

Datalogic also experienced significant growth in the **Manufacturing** sector, an area that has suffered the hardest setbacks during the pandemic months. At the end of 2021, this segment achieved an overall growth of 48.3% in industry segments, particularly *automotive* (+54.4%), *packaging* (+50.6%) and *food & beverage* (+43.8%). The segment's performance has been further strengthened by the acquisition of a company of excellence in the sensor market, the M.D. Micro Detectors Group, with a transaction that was finalized on March 1, 2021 with a total investment of €37 million. This acquisition is part of the strategic approach that the Datalogic Group is adopting, with the aim of creating a hub in the field of sensors for industrial automation. An ambitious goal that leverages on the profitable synergies deriving from the extension of its range of products for security and vision systems and from the introduction in its product portfolio of the innovative inductive and ultrasonic sensors of M.D., with applications in multiple sectors including electronics, pharmaceuticals, logistics and automotive. The integration of M.D. with Datalogic's Sensors & Safety and Machine Vision activities has created the Datasensing brand, a new business player that, by merging two companies that have built the history of sensor technology in Italy since the early 1970s, boasts a total of one hundred years of experience.

We also look with pride at the economic and commercial resilience of the **Retail** sector. A sector that has been particularly penalized, in the last weeks of 2021, by the supply chain slowdown due to the shortage phenomenon occurring in procurement of raw materials and manufactured products for the production of the Group's devices. The sector shows a 6.2% growth over 2020, accounting for 36.1% of Group sales. Compared to the industry, Datalogic has maintained its market-leading position and has seen a parallel advancement of mobile and handheld devices for self check-out and self-scanning. The same is true for fixed-position barcode reading systems for industrial environments, used in distribution centers for automated tracking and sorting applications.

**Gross operating margin**, equal to €257.6 million, 42.9% on revenues, has decreased in terms of impact on revenues compared to 2020 mainly in the second half of the year, where the inflationary effects on materials and logistic costs caused by the shortage, but also a less favourable mix, have been only partially offset by pricing.

In 2021, the Group continued to invest in **Research and Development**, the true driver of growth, reaching a 9.2% revenue ratio. Total R&D expenditure, gross of investments, amounted to €57.6 million, accounting for 9.6% of the turnover.

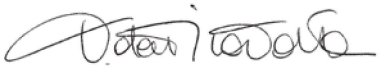
Between 2020 and 2021, in order to effectively cope with the uncertainties in our target markets brought about by the spread of the pandemic, the Group scaled back production inefficiencies resulting from business discontinuity and low volumes. We have redesigned the sales organization and optimized new product development structures and processes to reduce operating costs by 8% over the previous year. This decrease improved the adjusted EBITDA margin, which stood at 14.3%, up 2.1 percentage points over the previous year, and amounting to €85.7 million. It is an important figure, even more significant if framed in a context of global inflationary pressure and of deep criticalities related to the phenomenon of shortage, which are reflected on prices, timing and logistics of supplies. Net income realized in fiscal year 2021 was €39.5 million, 6.6% of revenues, up €25.7 million from €13.9 million in 2020 (2.9% of revenues). This figure further confirms the Group's ability to react in the post-pandemic crisis period.

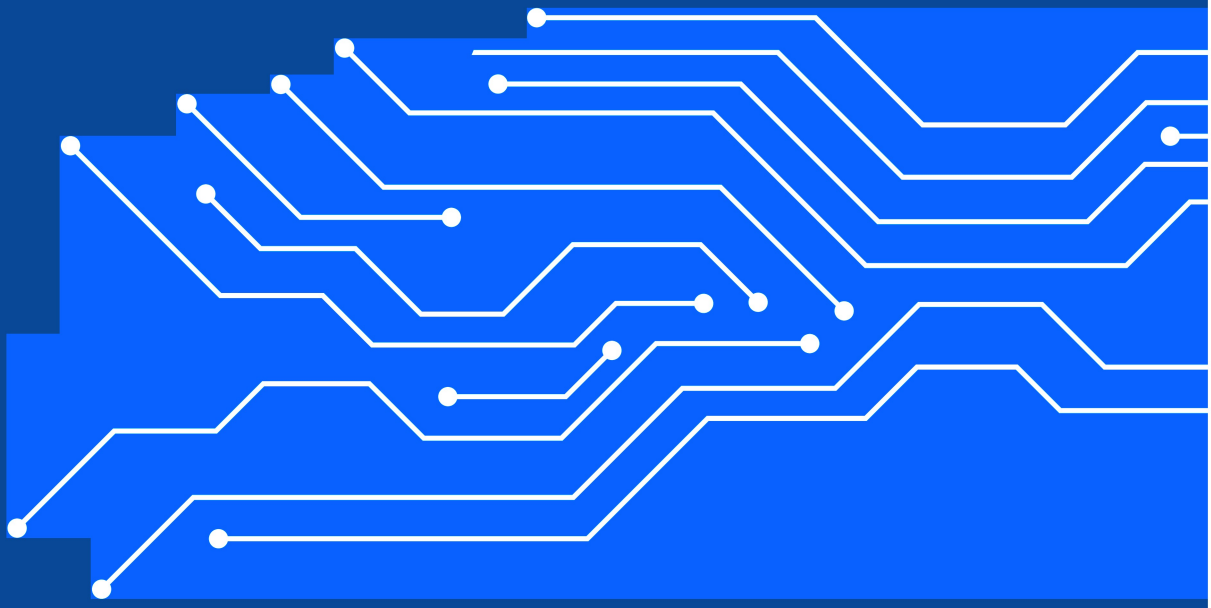
On the financial side, operating cash flow generation has enabled to close the last period with a Net Financial Debt of €26.1 million after the acquisition of the M.D. Group. Excluding the effects of the acquisition, the Net Financial Position would have been positive for €8.9 million.

Datalogic has always considered the competence, responsibility and professional passion of its human resources an essential asset for growth. Therefore, during 2021, the Group has continued to invest in developing its human resources and attracting talent, consolidating partnerships with many universities in order to develop specific programs to attract new graduates. Similarly, the Group has been committed in recent years to constantly aligning its operating standards and the impacts of its activities with the paradigms of sustainable development, drawing inspiration from the 17 goals of the United Nations 2030 Agenda. On the basis of a process started in previous years, in 2021 the Group updated its materiality analysis in order to identify areas and aspects of its governance that should be optimized, while maintaining a high level of focus on issues such as environmental protection, improvement of production processes, health and safety of human resources.

The year 2021 saw the Group particularly cohesive and committed first to containing the unexpected consequences generated by the spread of the pandemic and then to seizing any possible signs of recovery. Today, in spite of new and dramatic geopolitical events and the conflicting effects of a global economic context characterized by deep uncertainties, we are ready to sustain our growth by increasingly focusing on innovation and the ability to promptly respond to market demands. A result that arises, as repeatedly stated, from the great professional dedication of all the employees and collaborators of our Group, to whom I would like to extend my personal thanks, in addition to thanking our customers, more and more numerous, who continue to show us trust and appreciation, and all our stakeholders, with whom dialogue and synergies have never stopped. A wealth of skills and values from which to start every day never losing sight of the path to further development.

**Valentina Volta**
Chief Executive Officer





# Highlights 2021

# The Company

## Vision

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

## Mission

Providing customers with the highest quality and efficiency, All this thanks to advanced technology, innovative products, excellent solutions and very talented people.

The Datalogic Group is a world leader in the fields of automatic data acquisition and factory automation. The Group, which boasts 50 years of history, is specialised in the manufacture of fixed bar code readers, mobile computers, detection, measurement and security sensors, vision and laser marking machine systems. The Company is the only one in the industry to guarantee a wide range of specialised applications, products and solutions for the Manufacturing, Retail, Transportation & Logistics and Healthcare sectors. Datalogic is able to offer solutions that simplify and improve our daily life.

Half of the barcode reading systems used in supermarkets and retail outlets around the world is produced by Datalogic. Just as major airports, the best-known couriers and postal systems, industries and hospitals use our products. The Group employs approximately 3,000 people worldwide, has offices in 27 countries, manufacturing plants and repair centers in the United States, Italy, Slovakia, Hungary, Vietnam, China and Australia, and R&D centers in Italy, the United States, China and Vietnam, and with a portfolio of approximately 1,200 patents and patent applications.



# Values

### OWNERSHIP
*We think and act as owners of Datalogic*

### FOCUS ON RESULTS
*We deliver what we promise*

### EFFICIENCY
*We treat Company expenses as we would our own*

### REALISM
*We face reality and fix what is wrong*

### NO SHORTCUTS
*We don't compromise on strategy, culture, or achieving results*

### TOGETHERNESS
*We work together as one team to solve seemingly unsolvable problems*

**2012 2015**

**ONGOING INNOVATION**
- Acquisition of Assets of Multiware Photonics SA

**A NEW STRATEGY**
- Set-up of new One Datalogic
- Restructuring by Verticals
- Acquisition of Soredi Touch Systems GMBH

**2017**

**2020**

**FOCUS ON CORE BUSINESS**
- Sale of 85% of Solution Net Systems Inc.

**M&A STRATEGY**
- Acquisition of M.D. Micro Detectors S.p.A.

**2021**

# International Footprint



# Our strategy

## Objective

- Growing above the market average while increasing profitability margins.



## Scope of action

- Remaining a product company capable of focusing on integrated solutions that meet the needs of end customers.
- Consolidating our market position in Europe and becoming a reference player in North America.
- Improving our position in the Asia-Pacific region, with a growing presence in China.



## Advantage

- Having a wide range of products to meet both automatic data collection and industrial automation needs, providing solutions along the entire value chain for our customers.



# A unique range of products

An unparalleled range to meet the needs of our customers in the 4 verticals. This is Datalogic, a company in step with the technological and digital revolution that impacts every sector of the universe of business, services and offers the most complete range



of barcode readers: from fixed scanners for Retail to industrial scanners, from manual scanners to mobile computers, from security devices to a number of new ultra-sensitive sensors.



# Main markets

## Retail

### More and more self check-out and contactless

### Profile

It's one of Datalogic's core businesses, and we've been leading the way in check-out solutions since the world's first fixed retail scanner was installed in Ohio in 1974. Compounding the recent pandemic, the Company has focused on developing contactless check-out solutions, such as self check-out and self-scanning systems. The Group's stationary industrial scanners (fixed-position barcode reading systems), on the other hand, are particularly present in distribution centers for automated tracking and sorting applications.

### 2021 Report

- The Retail sector grew by 6.2% (+7.7% at constant exchange rates) compared to 2020.
- APAC region leads the growth with +23.9%, followed by EMEAI (+10%).
- In the Grocery segment, the drive to transform check-out barriers remains strong, with a significant increase in self check-out stations.
- In non-Grocery, growth has been driven by omnichannel-related solutions.
- By 2022, a further acceleration is expected towards solutions that can facilitate the shopping process at the physical store (customer experience), either self-service stations or self-scanning devices.

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






# Manufacturing
## Process digitization

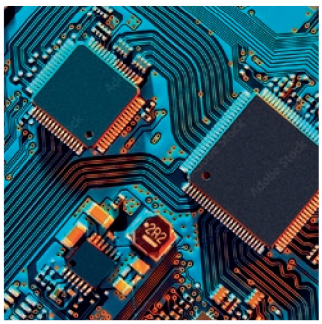
### Profile

The Datalogic Group offers a wide range of the latest generation of industrial barcode readers and laser marking solutions to meet the full range of businesses in the manufacturing sector. The recent acquisition of M.D. Micro Detectors and its integration into the Business Unit Sensor & Safety and Machine Vision of Datalogic have created Datasensing, the main Italian hub in the field of sensors for industrial automation. Datasensing exploits the profitable synergies deriving from the combination of safety products and vision systems with the innovative inductive and ultrasonic sensors developed by the two companies, thus able to meet many application needs, including electronics, pharmaceuticals, logistics, food & beverage and automotive.

### 2021 Report

- The Manufacturing sector in 2021 grew by 48.3% (+48.4% at constant exchange rates, +31.1% at organic level) in all sub-segments, particularly in automotive (+54.4%), packaging (+50.6%) and food & beverage (+43.8%).
- EMEAI and Americas lead the industry trend, posting a growth of 61.3% and 40.3%, respectively.
- The products and services provided by the Group in this segment have been complemented by the range of sensors and safety devices of M.D. Micro Detectors, which has contributed approximately 17.3% of the period's growth.
- In 2022, the development of the sector will be driven by the continuation of plans to digitize manufacturing and intralogistics processes based on large-scale identification and traceability of parts and components.

Automotive | Electronics | Packaging | Intralogistics



# Transportation & Logistics
## E-commerce, driver of logistics

### Profile

The Datalogic Group is a leading provider of logistics automation solutions for couriers, postal services, airports and retailers. A dedicated infrastructure for digitizing processes has been created, ranging from handheld devices to handheld terminals to stationary readers. These products converge in the creation of points of collection of indispensable information use in analysis of market trends, system reliability and forecast formulation, which constitute the competitive factor of a modern company. The exponential growth of e-commerce has accelerated the digitalization and automation of processes, generating irreversible changes in the supply chain, from order fulfilment to last mile delivery.

### 2021 Report

- The T&L sector grew 51% (+52.6% at constant exchange rates) over 2020, with peaks of expansion in Europe, where growth affected almost all sub-segments.
- The increase in North America was driven by large express couriers, alongside the development of the supply chain of large retail brands, both food and non-food.
- In the Far East, the most considerable progress has been made in China and South Korea, areas in which Datalogic operates through a network of partners who have made a major contribution to the finalization of important projects in the e-commerce and beyond.

Courier & Parcel | Logistics | Postal | Airports






# Healthcare

## Digital dominates and sustainability grows

### Profile

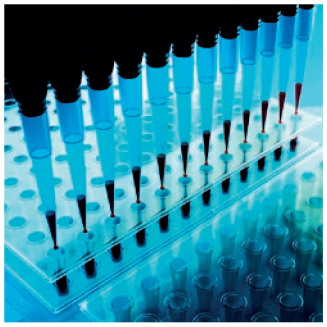
2020 and 2021 were watershed years for the Healthcare industry, marked by the implementation of an unprecedented plan to digitize the systems for verifying, tracking and storing the health profiles of the entire global population, first to contain the pandemic and then to support the largest vaccination campaign ever. The late months of 2021 saw, in particular, an increase in the need for tracking the infection and outcomes of the immunization program to update the EHR (Electronic Health Record), in addition to the creation of national health databases and the issuance of digital attestations of vaccination completion.

### 2021 Report

- The Healthcare sector remained substantially stable compared to 2020 (+0.2% at constant exchange rates), with positive trends especially in EMEAI and APAC in the hospital and pharmaceutical distribution sectors.
- The Datalogic Group has expanded its offering of solutions for tracking pharmaceuticals, as well as patients in admission and the care given to hospital patients.
- As in 2020, particular attention was paid to reducing the risk of contamination in the hospital, thanks to special devices with disinfectant-ready and antimicrobial outer plastics.

Pharmacy | Hospital - Labs | Pharmaceutical






# Our commitment for a sustainable future

There is no real and stable entrepreneurial progress if this does not translate into a higher quality of life for the community and does not contribute to the improvement of the environment in which the Company operates. The Datalogic Group has always conducted its activities according to sustainable development policies, which have translated into the search for technologically advanced solutions to facilitate the work of thousands of operators worldwide and promote the growth of companies, organizations and services.

Inspired by these principles, and keeping in mind the 17 goals of the United Nations 2030 Agenda for Sustainable Development, the Datalogic Group has developed its own strategic vision. We can identify the guidelines that drive corporate action towards a future of tangible sustainability.

- Being an increasingly digital company. The world has entered the era of artificial intelligence applications, which have placed data at the center. The ability to process, analyse and manage data is a crucial skill to continue to grow and generate innovation.
- One of the objectives of the strategic vision is to drive research and development towards the new frontiers of innovation, bringing the Group even closer to its customers.
- The commitment to sustainability is central to the new strategic vision, which Datalogic pursues in all areas: from products, processes and people, to the supply chain and the territories in which the Group operates. The goal is to actively contribute to the well-being of the planet, and the community as a whole.

In 2022 it will be 50 years since Datalogic was established, a history made up in an equal measure of commitment and success, but also of welcoming and placing value in talent. The goal is to create a challenging and stimulating work environment that constantly promotes innovation.

# Shaping our Future Together



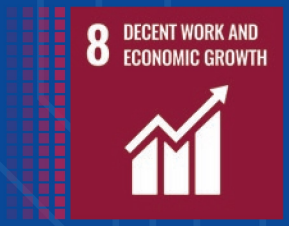

Top priority: health and safety of our workers



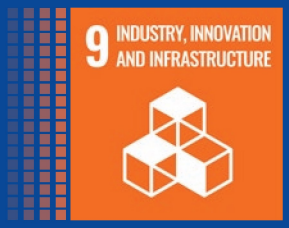

Placing value in talent




Human capital, always an essential resource for growth




A solid framework for responsible management




Innovation and research: combining progress and sustainability




Environmental protection and fight against climate change




Together to do more

# Main events and products launched in 2021

Despite the continuation of the pandemic, Datalogic has kept its focus on protecting the safety of its employees and ensuring business continuity. In 2021, new high-tech and innovative devices were introduced to the market. The Company has also won important supply contracts with high-profile customers in Europe and around the world.

## JANUARY

- The **Skorpio™ X5**, Datalogic's most advanced keyboard handheld computer, is launched. Larger display, smart battery, wireless charging option, full choice of 4 different scan engines. With the launch of this device, Datalogic is the first company to introduce wireless charging technology to its line of mobile computers with keyboards.
- The **FLUTE** project (Flexibility, Usability, Ease of installation and configuration, Eco-sustainability) continues. Recipient of a regional funding, Datalogic develops new products of artificial vision and laser marking, in order to fill the gap created in Industry 4.0 through the introduction of complex technologies in a production chain where the generational change has not yet occurred.
- We continue to partner with many universities to develop global placement programs for recent graduates in areas of particular interest to the Company. Thus, the **MECOP** (Multiple Engineering Cooperative Program), a selection program aimed at attracting the best students from Oregon State, Oregon Tech, Portland State and the University of Portland, is launched.

## FEBRUARY

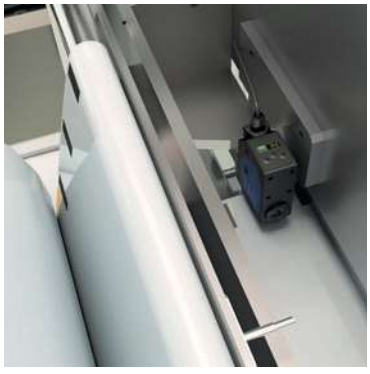
- The **TL46 series of contrast sensors with IO-Link** are launched, enabling a fast detection of

**JANUARY**



Skorpio™ X5

**FEBRUARY**



TL46 con IO-Link

registration marks in automatic packaging and offering new functions for the monitoring of mounting conditions, operation and preventive maintenance.

- Thanks to the superior performance of its multi-sided stations for automatic barcode reading, **one of China's most dynamic and technologically advanced express couriers** relies on Datalogic for the automation of its logistics centers which are nodal centers for the continued growth of this logistics giant.
- **Leading automotive supplier specializing** in seats, interior parts, and emission control chooses Datalogic V-Lase laser markers for the tracking of work-in-progress and part identification at the exit of injection moulding lines.
- A **major U.S. hospital group** adopts Gryphon™ handheld scanners for bedside patient care and medication identification requirements. The disinfecting and antimicrobial features of the enclosure, which ensure extreme patient and staff safety, were among the deciding factors in the customer's choice of Datalogic products.

## MARCH

- Datalogic strengthens its presence in the industrial automation market with the acquisition of **M.D. Micro Detectors**, a company with registered office in Modena, operating in the design, production and sale of inductive and ultrasonic sensors with applications in many industrial sectors, for a consideration of roughly €37 million.
- For the fast-growing market of Automated Guided Vehicles (AGVs), Datalogic introduces new **LIDAR** devices that enable them to navigate by mapping the surrounding environment and detecting obstacles using laser beams.
- **QuickScan™ QD2500** is the new handheld 2D barcode reader. Extremely small in size and easy to use, it is the ideal choice for small check-out environments.
- Datalogic attends **Vision China Shanghai**, the most important international event in the machine vision industry in Asia. The new P2x Smart Camera models are previewed: P22M and P22C, ideal for handling OCR and colour analysis applications.
- **One of Europe's largest discount supermarket chains** continues the roll-out of the Magellan 9800 during the first half of the year.

## APRIL

- Datalogic introduces to the market the new **P2x-Series** family of industrial smart cameras capable of processing images for quality control in production processes.
- MHI has organized ProMat Digital Experience, **ProMat DX**, the digital version of the show designed for manufacturing professionals and everyone involved in the supply chain.

**MARCH**



QuickScan™ QD2500

**APRIL**



P2x-Series

## MAY

- The **Skorpio X5 XLR model** is launched. This device offers the highest reading performance with its unmatched 2D near-far Extra-Long Range (XLR) scan engine. This innovative imager is perfect for all applications where the same device needs to seamlessly read codes at different distances, up to 20 metres.
- The **UK Post Office** chooses Datalogic as a strategic partner for the digitalization and modernization process of its logistics centers, a need that stems primarily from the growing demand for online sales.
- Thanks to the special **FET (Fresh Engineer Training)** program, in Vietnam, Datalogic invites recent graduates to participate in selection processes aimed at the induction and technical training of new talents.

## JUNE

- **WebSentinel Plus INVESTIGATOR** software for image analysis is launched. With INVESTIGATOR, you can decipher the results of the data and image decoding process, contributing to keep Auto-ID performance at peak levels.
- The oil & gas division of an **American giant operating in various product sectors** chooses Datalogic for an outbound logistics project. Fuel delivery vehicle drivers use the Memor™ 20 PDA for various operations (including navigation, proof of fuel delivery, and reading the barcode on the tank).

## JULY

- **In Greece, a major food retailer** chooses the Joya™ Touch as its self-scanning device. Joya continues its expansion plan in the UK with **a multinational British company** operating in the retail luxury apparel, accessories and food products sector.
- The supply of Skorpio X5 to a **major Portuguese retail food group for a warehousing application** begins.

## AUGUST

- An agreement to supply 15,000 Gryphon is executed with **one of the world's largest food, tobacco and beverage groups.**
- The collaboration with **a large energy company that deals with fuel, crops and feed in Brazil** continues with a mobile computing project. 3,000 PDA Memor 10 are delivered.
- **A leading Chinese electronics company,** active in smart manufacturing and industrial automation solutions, has used a large amount of Datalogic's

**MAY**



Skorpio X5 XLR

**JUNE**




WebSentinel Plus INVESTIGATOR

Matrix™ series devices to introduce traceability into their existing production lines.

- Datalogic announces **MFDS** (Mass Flow Detection System), the advanced solution that enables automated data collection in the world of logistics.

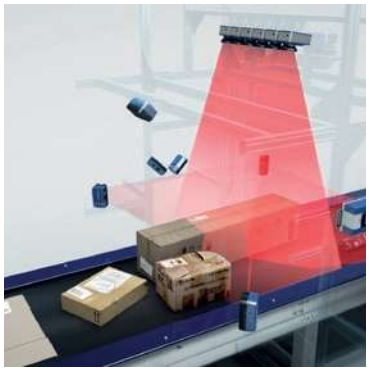
## SEPTEMBER

- Datalogic announces new barcode reader models based on **Matrix 320 C-Mount** imager technology, completing the offer of this product range.
- The **QuickScan QW2500**, the best choice for entry level 2D applications in the retail industry, is launched.
- The long-standing collaboration with **a world leading express courier** in its sector is consolidated thanks to the application of Datalogic technology to the automated sorting and sizing systems applied to parcels, bags and envelopes in its largest European logistics hub.
- The latest innovations for the Transport & Logistics market are presented in Paris at **SITL**, an exhibition that has been featuring the leading suppliers of technology, solutions and services for the T&L sector for nearly 30 years. The show marks Datalogic's return to Europe for in-person events.
- With its participation in **Pack Expo in Las Vegas**, Datalogic returns to the United States in what is considered the most important North American exhibition dedicated to the packaging and automation sectors.
- The **Paris Retail Week** exhibition allows Datalogic to present to the market the latest solutions for data collection in the retail and large-scale distribution sector. Among the most significant new products presented are the Magellan 9800i TDi and the new QuickScan 2500, two products specific for check-out applications.
- **SCaVa** (Stereo Camera Validation), the funded project won by Datalogic and CRIT (Center for Technological Innovation) is completed and proposes a validation method to be applied to two stereo cameras, able to detect the arm and body of an operator, in order to test them as part of an innovative protection system.

## OCTOBER

- The process of upgrading the range of tubular photoelectric sensors continues with the introduction of the new **S5N** models on the market.
- **CeMAT ASIA** is one of the most important trade fairs in the Eastern world dedicated to material handling, automation technology, transport systems and intralogistics. Datalogic exhibits its wide range of factory automation solutions.

**AUGUST**



MFDS

**SEPTEMBER**



Matrix 320 C-Mount



QuickScan QW2500

## NOVEMBER

- Completing the acquisition deal that began in March, M.D. Micro Detectors is integrated with Datalogic's Sensors and Safety and Machine Vision activities, creating the new **Datasensing** brand, thus focusing on the sensor market for industrial automation.
- The **Magellan 9800i TDi** (Top Down imager) is launched, a device equipped with a color camera to be integrated with the bioptic scanner, capable of providing excellent product images for product recognition applications.
- Together with the **University of Ferrara**, Datalogic continues its scholarship sponsorship program. In addition, Company executives share their work experience during an academic event with 45 Master of Engineering degree students.

## DECEMBER

- **AREX401** is the powerful new laser marking solution for reliable and efficient traceability in the automotive, machine tool, oil & gas and die casting industries. AREX401 improves traceability performance on components exposed to harsh environments or subject to abrasion and wear.
- Following the approval by the European Commission of the second technical and financial report of the project, **ROSSINI** (RObot enhanced SenSing, INtelligence and actuation to Improve job quality in manufacturing) enters the final phase. The aim of the project, of which Datalogic is the project coordinator, is to develop a secure hardware-software platform for the design and implementation of Human-Robot Collaboration (HRC) applications in the manufacturing environment.

NOVEMBER



Magellan 9800i TDi

DECEMBER



AREX401

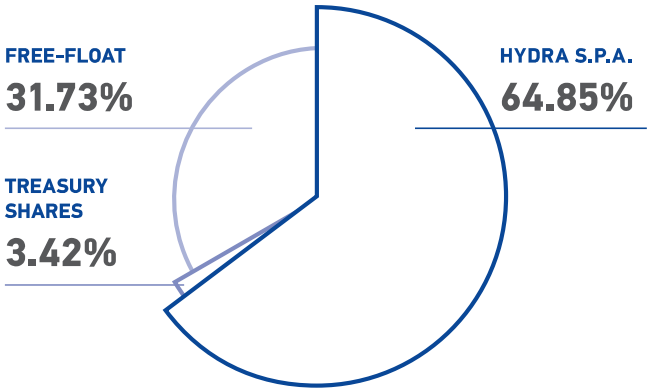
# Datalogic on the stock exchange

Datalogic S.p.A. has been listed on Borsa Italiana since 2001 in the Euronext STAR Milan segment of the Euronext Milan Market of Borsa Italiana, which comprises medium-sized companies with market capitalizations of between €40 million and €1 billion, committed to meeting standards of excellence.

In 2021, the share showed a positive performance of 9.3%. The security reached a maximum value of €21.98 per share on June 1, 2021 and a minimum value of €14.04 on January 7, 2021. The average daily volumes exchanged in 2021 were approximately 90,000 shares, slightly down compared to 100,000 shares reported in the previous year.

**STOCK EXCHANGE 2021**

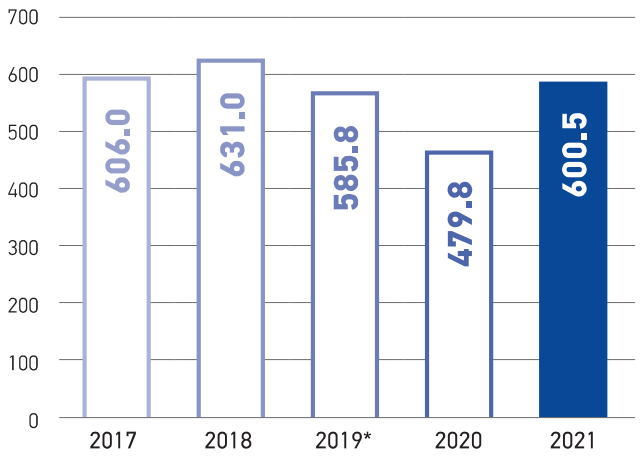
| | |
|---|---|
| **SEGMENT** | **EURONEXT STAR MILAN – EURONEXT MILAN** |
| **BLOOMBERG CODE** | **DAL.IM** |
| **REUTERS CODE** | **DAL.MI** |
| **NUMBER OF SHARES** | **58,446,491** (of which 2,000,000 treasury shares) |
| **2021 MIN** | **€14.04** (January 7, 2021) |
| **2021 MAX** | **€21.98** (June 1, 2021) |
| **CAPITALIZATION** | **€894,23 MILLION** at December 31, 2021 |





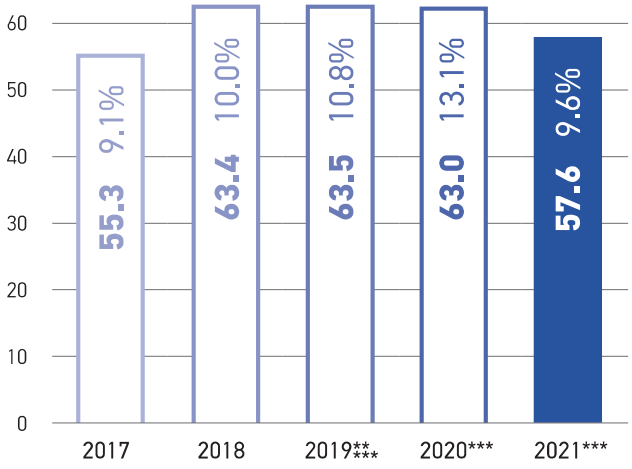

# 2021 Key Figures

## **REVENUES** (MLN EUROS)



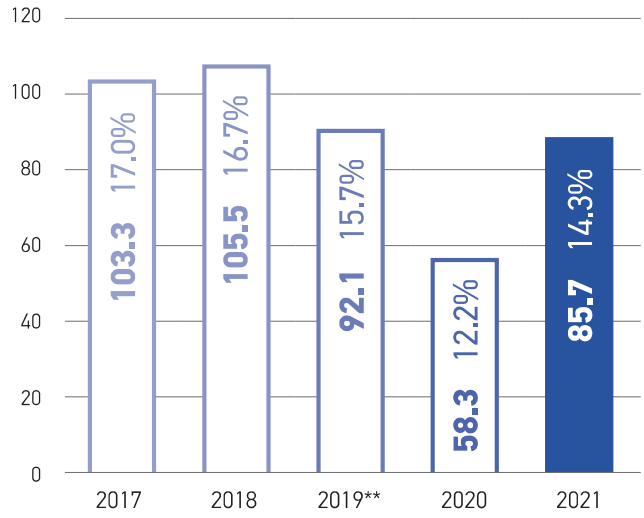

* restated

## **R&D** (MLN EUROS)*



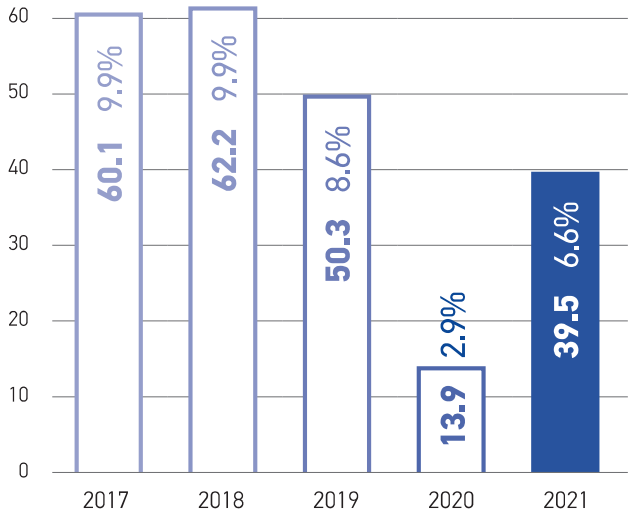

* % on revenues
** restated
*** including R&D Capex effects

## **ADJUSTED EBITDA** (MLN EUROS)*



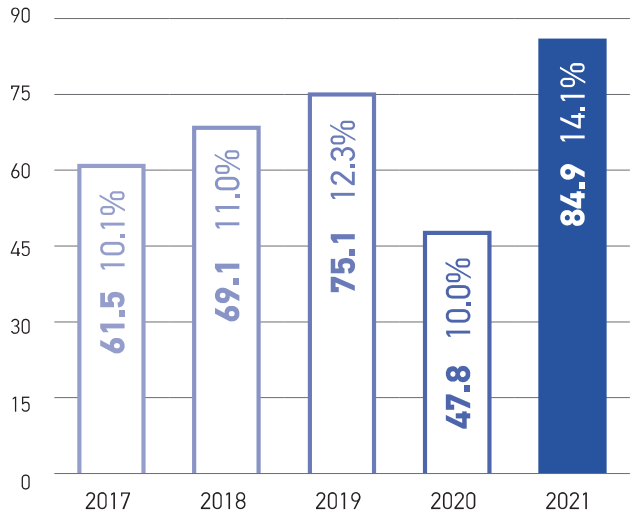

* % on revenues
** restated

## **NET INCOME** (MLN EUROS)*



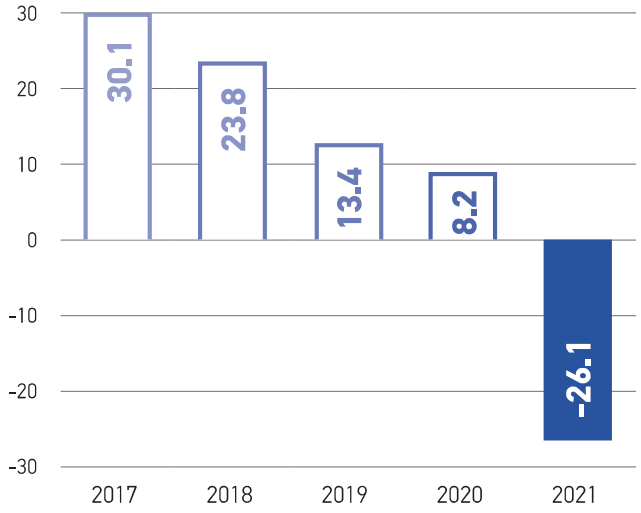

* % on revenues

## NET TRADE WORKING CAPITAL
(MLN EUROS)*

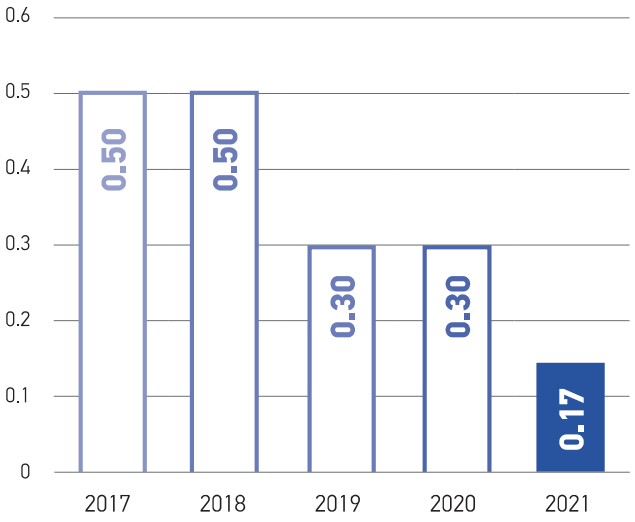



* % on revenues

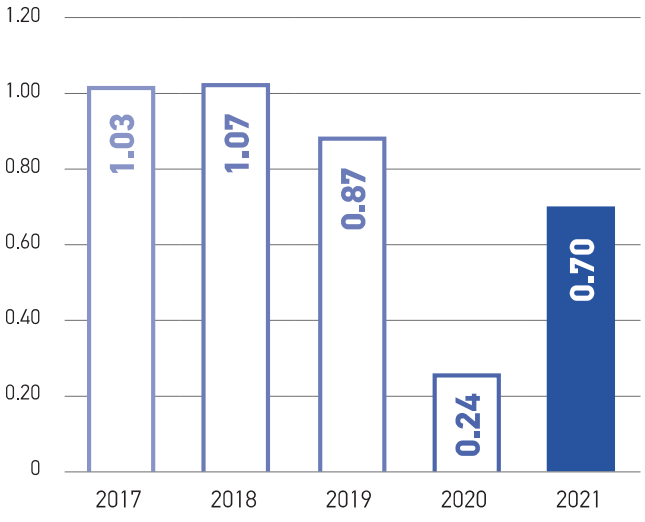
## NET FINANCIAL POSITION
(MLN EUROS)




## DIVIDEND PER SHARE
(DPS - EUROS)



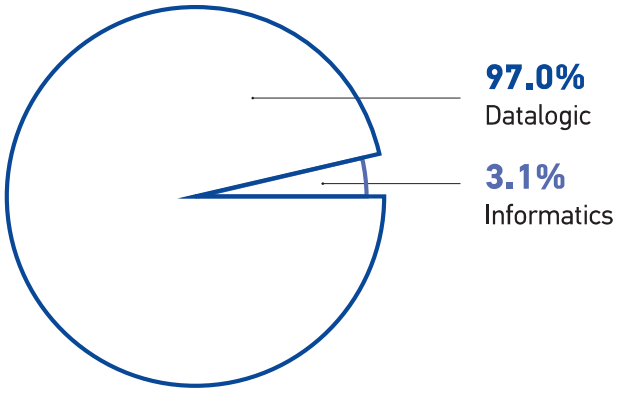

## EARNINGS PER SHARE
(EPS - EUROS)



## 2021 REVENUES

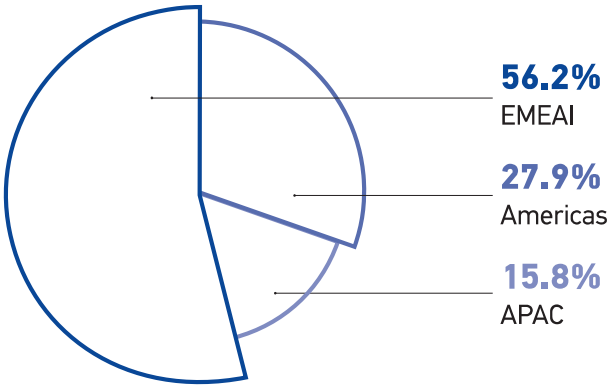
Total **600.5 MLN Euros**

### Revenues by division*




* -0.2% inter-divisional adjustments.

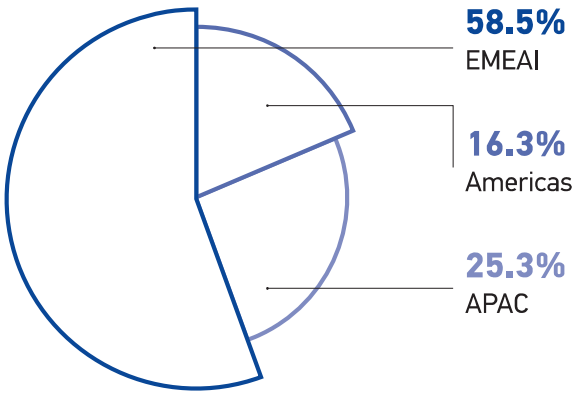
### Revenues by geographical area



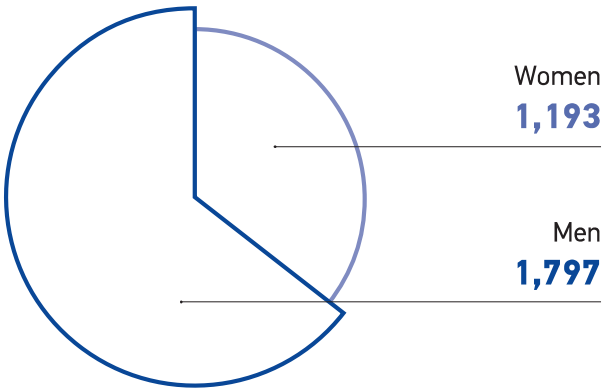

## 2021 EMPLOYEES

Total **2,990**

### Employees by geographical area




### Employees by gender



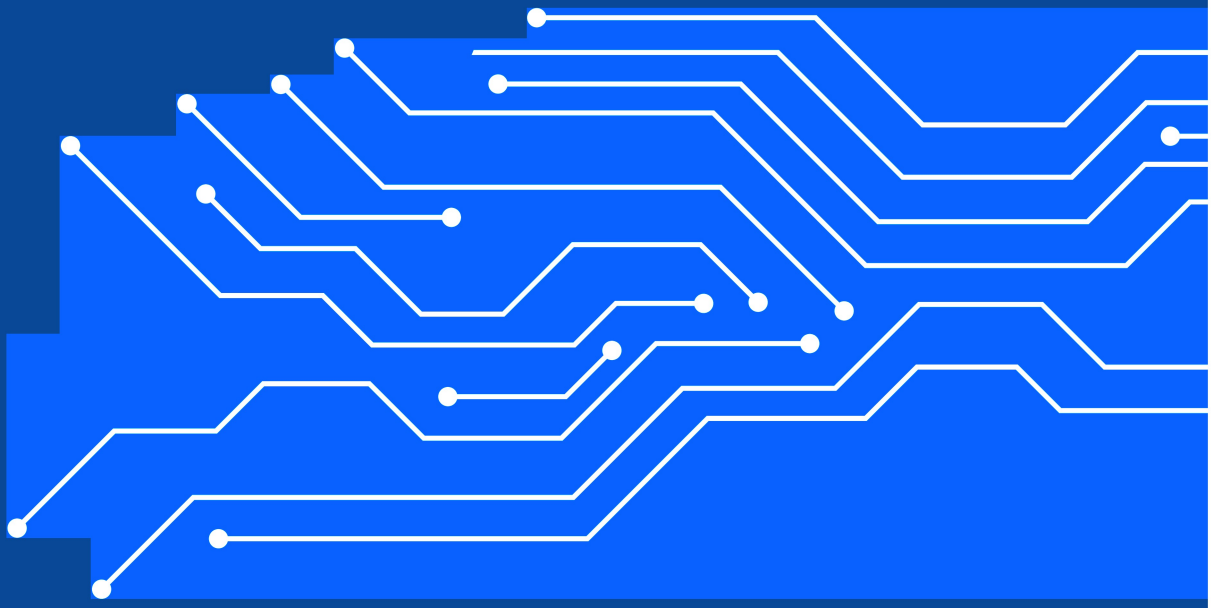
## INCOME STATEMENT

| MLN EUROS | 2017 | 2018 | 2019 Restated | 2020 | 2021 |
|---|---|---|---|---|---|
| **REVENUES** | **606.0** | **631.0** | **585.8** | **479.8** | **600.5** |
| **ADJUSTED EBITDA** | **103.3** | **105.5** | **92.1** | **58.3** | **85.7** |
| % on revenues | 17.0 | 16.7 | 15.7 | 12.2 | 14.3 |
| **EBIT** | **75.4** | **77.8** | **62.7** | **18.4** | **47.0** |
| % on revenues | 12.5 | 12.3 | 10.7 | 3.8 | 7.8 |
| **NET INCOME** | **60.1** | **62.2** | **50.3** | **13.9** | **39.5** |
| % on revenues | 9.9 | 9.9 | 8.6 | 2.9 | 6.6 |
| **EMPLOYEE NUMBER** | **2,912** | **3,157** | **3,074** | **2,826** | **2,990** |
| **DIVIDEND PER SHARE (EUROS)** | **0.5** | **0.5** | **0.3** | **0.3** | **0.17** |
| **DIVIDEND DISTRIBUTION (MLN EUROS)** | **17.4** | **28.9** | **28.7** | **17.0** | **9.6** |

## BALANCE SHEET

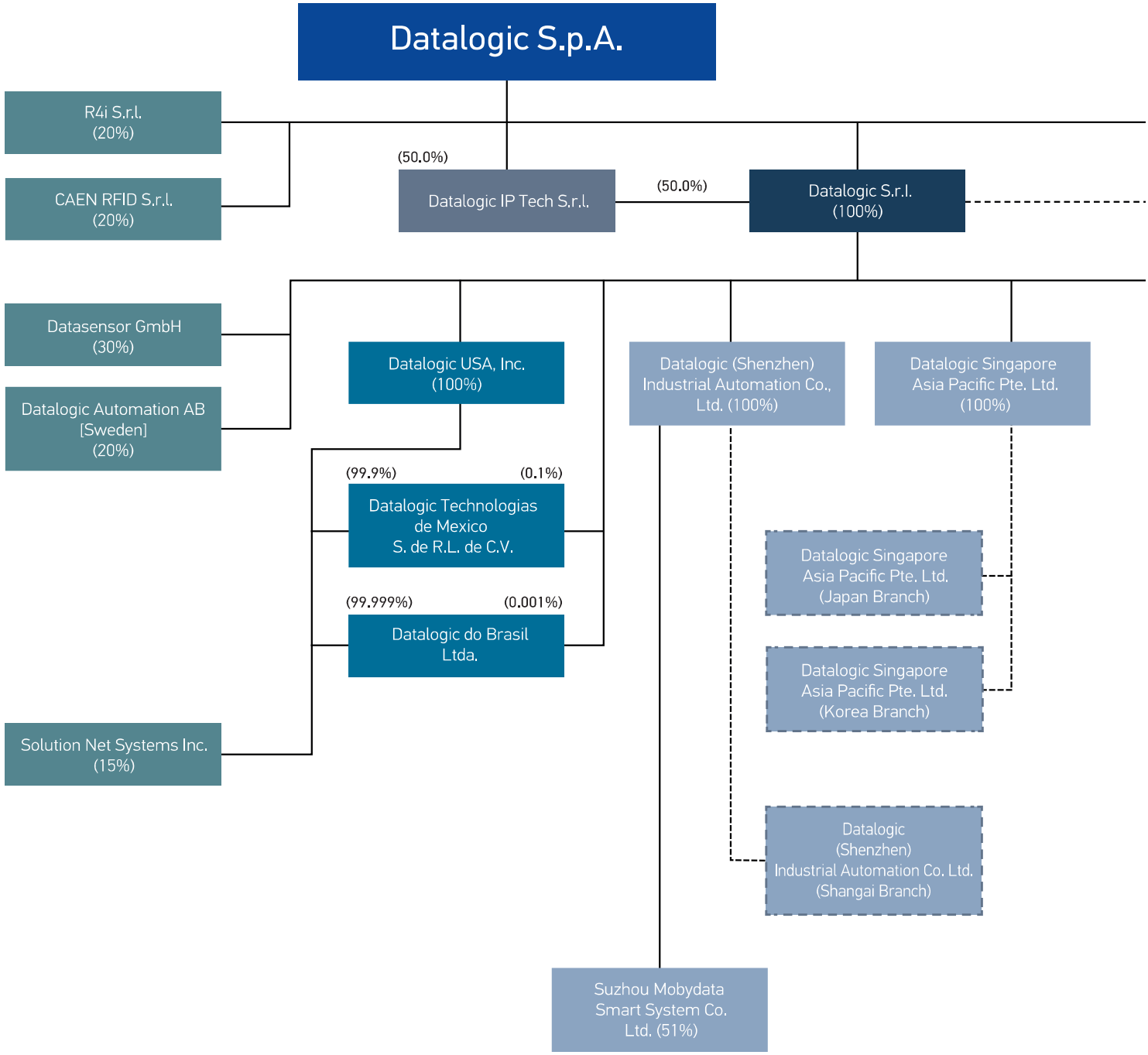
| MLN EUROS | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | **347.9** | **369.7** | **391.1** | **384.9** | **457.3** |
| **CURRENT ASSETS** | **203.9** | **228.1** | **230.5** | **173.1** | **253.3** |
| **CURRENT LIABILITIES** | **-181.9** | **-195.2** | **-184.2** | **-150.7** | **-206.5** |
| **NET WORKING CAPITAL** | **22.0** | **32.9** | **46.2** | **22.4** | **46.8** |
| **NET INVESTED CAPITAL** | **322.9** | **352.0** | **390.8** | **362.1** | **447.8** |
| **EQUITY** | **353.0** | **375.8** | **404.2** | **370.4** | **421.7** |
| **NET FINANCIAL POSITION** | **30.1** | **23.8** | **13.4** | **8.2** | **-26.1** |
| **CAPEX*** | **13.9** | **28.9** | **38.0** | **47.2** | **33.9** |
| % on revenues | 2.3 | 4.6 | 6.5 | 9.8 | 5.6 |
| **NET TRADE WORKING CAPITAL** | **61.5** | **69.1** | **75.1** | **47.8** | **84.9** |
| % on revenues | 10.1 | 11.0 | 12.8 | 10.0 | 14.1 |
| **ROE %** | **17.4** | **17.1** | **12.9** | **3.6** | **10.0** |
| **DEBT/EQUITY %** | **-8.5** | **-6.3** | **-3.3** | **-2.2** | **6.2** |

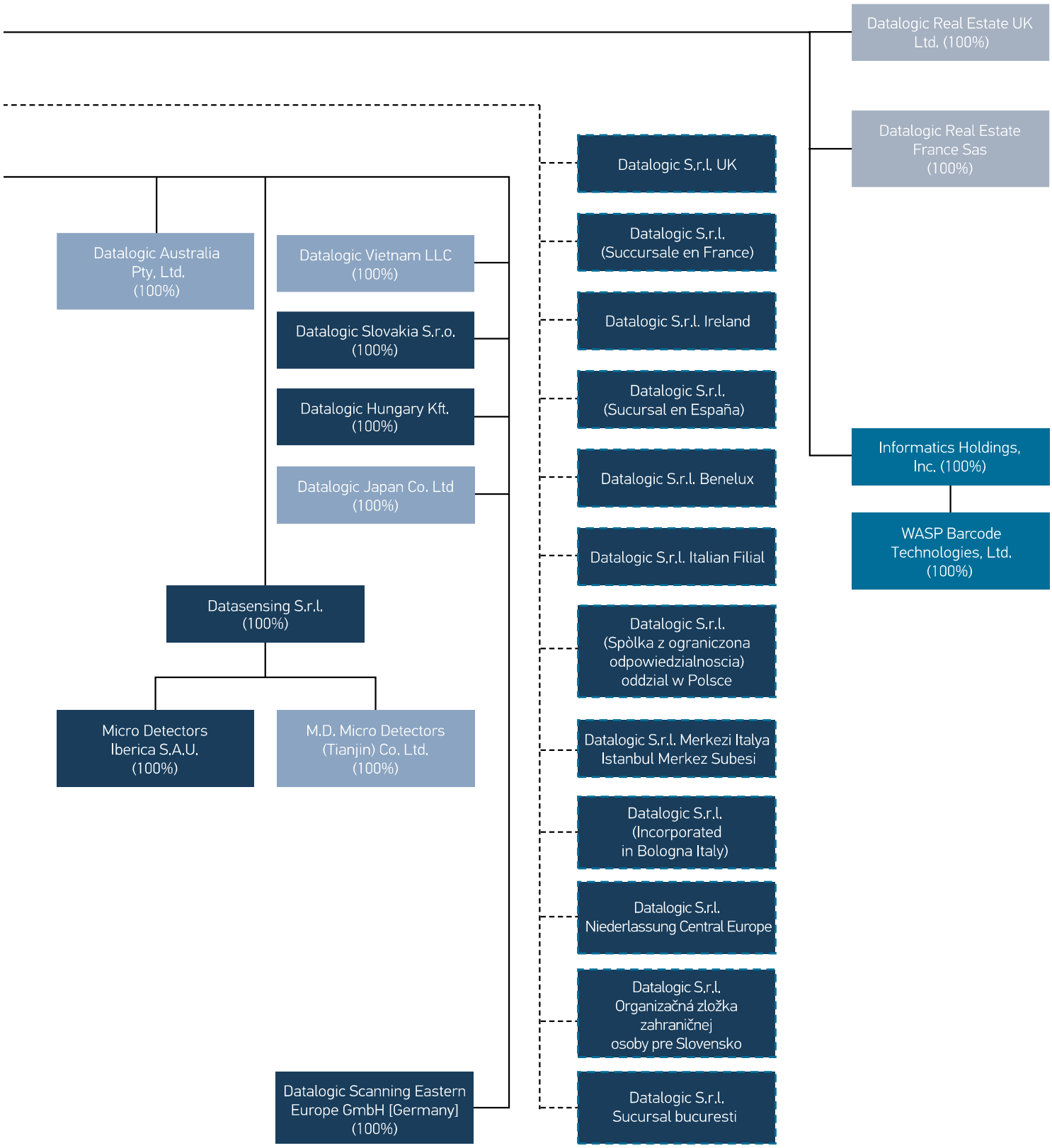
* Including IFRS16 impact from 2020



# Consolidated Annual Financial Report December 31, 2021

# Group structure




Datalogic Real Estate UK Ltd. (100%)
Datalogic Real Estate France Sas (100%)
Datalogic S.r.l. UK
Datalogic S.r.l. (Succursale en France)
Datalogic S.r.l. Ireland
Datalogic S.r.l. (Sucursal en España)
Datalogic S.r.l. Benelux
Datalogic S.r.l. Italian Filial
Datalogic S.r.l. (Spòlka z ograniczona odpowiedzialnoscia) oddzial w Polsce
Datalogic S.r.l. Merkezi Italya Istanbul Merkez Subesi
Datalogic S.r.l. (Incorporated in Bologna Italy)
Datalogic S.r.l. Niederlassung Central Europe
Datalogic S.r.l. Organizačná zložka zahraničnej osoby pre Slovensko
Datalogic S.r.l. Sucursal bucuresti
Informatics Holdings, Inc. (100%)
WASP Barcode Technologies, Ltd. (100%)
Datalogic Australia Pty, Ltd. (100%)
Datalogic Vietnam LLC (100%)
Datalogic Slovakia S.r.o. (100%)
Datalogic Hungary Kft. (100%)
Datalogic Japan Co. Ltd (100%)
Datasensing S.r.l. (100%)
Micro Detectors Iberica S.A.U. (100%)
M.D. Micro Detectors (Tianjin) Co. Ltd. (100%)
Datalogic Scanning Eastern Europe GmbH [Germany] (100%)

# Composition of Corporate Bodies

## Board of Directors [1]

| | |
|---|---|
| Romano Volta | Executive Chairman [2] |
| Valentina Volta | Chief Executive Officer [2] |
| Angelo Manaresi | Independent Director |
| Chiara Giovannucci Orlandi | Independent Director |
| Filippo Maria Volta | Non-Executive Director |
| Vera Negri Zamagni | Independent Director |
| Maria Grazia Filippini | Independent Director |

## Board of Statutory Auditors [3]

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

## Audit and Risk, Remuneration and Appointments Committee

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

## Independent Auditor [4]

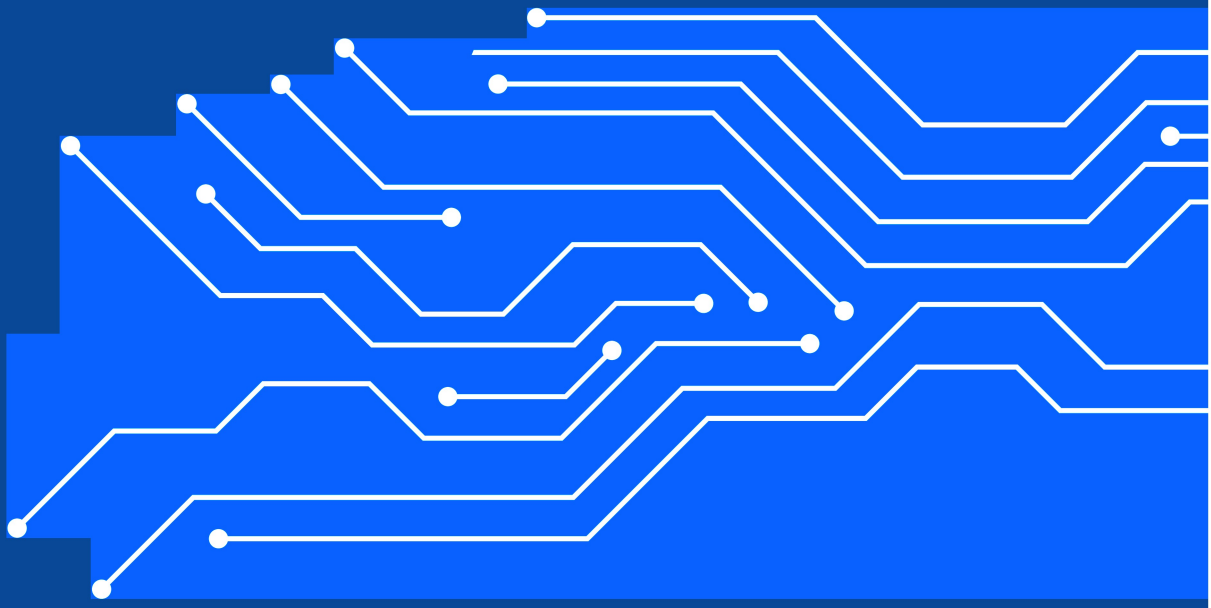
Deloitte & Touche S.p.A.

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

[2] Legal representative as regards third parties.

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

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



# Report on Operations

## Introduction

This Consolidated Annual Financial Report as of December 31, 2021 was prepared in accordance with Article 154-ter of T.U.F. (Consolidated Law on Finance) and was prepared in compliance with the International Accounting Standards (IAS/IFRS) adopted 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 a global technological leader in the markets of automatic data capture and process automation. The Group is specialized 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 the 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 of December 31, 2021 and the comparison with the previous year.

The income statement and balance sheet data as of December 31, 2021 include the balances of the M.D. Group (now Datasensing S.r.l.) consolidated as from March 1, 2021.

| | 31.12.2021 | % on Revenues | 31.12.2020 | % on Revenues | Change | % Change | % Ch. net FX |
|---|---|---|---|---|---|---|---|
| Revenues | **600,521** | *100.0%* | **479,828** | *100.0%* | **120,693** | 25.2% | 26.4% |
| Adjusted EBITDA | **85,692** | *14.3%* | **58,324** | *12.2%* | **27,368** | 46.9% | 41.5% |
| EBIT | **47,014** | *7.8%* | **18,407** | *3.8%* | **28,607** | 155.4% | 134.4% |
| Profit/(Loss) for the year | **39,540** | *6.6%* | **13,882** | *2.9%* | **25,658** | 184.8% | 156.9% |
| Net Financial Position (NFP) | **(26,060)** | | **8,218** | | **(34,278)** | | |

As of December 31, 2021, the Group reported **Revenues** at €600.5 million, with an increase of €120.7 million, equal to 25.2% (26.4% at constant exchange rates) compared to €479.8 million recorded in the previous year. Organic growth (net of the exchange rate effect and of M.D. Group acquisition) was 20.7%.

The Group closed the year 2021 by achieving an **Adjusted EBITDA margin** of 14.3%, improving by 2.1 pts compared to 12.2% recorded in the previous year, despite the inflationary pressures and critical issues that are impacting the supply chain.

**Net profit** for the period amounted at €39.5 million (6.6% of revenues), up by €25.7 million compared to €13.9 million in 2020 (2.9% of revenues), highlights the consolidation of the Group's economic recovery after the pandemic crisis.

On the financial side, operating cash flow generation enabled to close the year 2021 with a **Net Financial Debt** of €26.1 million after the acquisition of the M.D. Group, which generated a consideration of €35.0 million. Excluding the effects of the acquisition, the Net Financial Position would have been positive and equal to €8.9 million.

## Alternative performance indicators (NON-GAAP measures)

The management uses certain performance indicators, not identified as accounting measures under IFRS (NON-GAAP measures), to permit better assessment of the Group's performance. The measurement criterion applied by the Group might not be the same as that adopted by other groups and the indicators might not be comparable with their indicators. 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 December 3, 2015, refer only to the performance of the accounting year related to this Consolidated Annual Financial Report and the compared periods. The performance indicators must be considered as supplementary and do not supersede the information provided pursuant to the IFRS standards. The main indicators adopted are described below.

- **EBIT (Earnings Before Interest, Taxes) or Operating Result**: this indicator is defined as the profit/(loss) for the year from continuing operations before financial income/expenses and income taxes.
- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) or Gross Operating Margin**: this indicator is defined as the profit/(loss) for the year from continuing operations before depreciation and amortization of tangible and intangible assets and rights of use, financial income/expenses and income taxes.
- **Adjusted EBITDA**: this indicator is defined as profit/(loss) for the year from continuing operations before depreciation and amortization of tangible and intangible assets and rights of use, financial income and expenses, income taxes and costs and revenues considered by Management to be non-recurring.
- **Net Trade Working Capital:** this indicator is calculated as the sum of Inventories and Trade Receivables, less Trade Payables.
- **Net Working Capital:** this indicator is calculated as the sum of Net Trade Working Capital and Other Current Assets and Liabilities including current 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 the provisions of "Notice no. 5/21" of April 29, 2021 issued by Consob and referring to ESMA guideline 32-382-1138 of March 4, 2021.
- **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 recognized for the year in accordance with IFRS 16) and financial and tax income and expenses for operating activities.

## Group reclassified economic results

The table below illustrates the main economic components of the year compared with the previous year:

| | 31.12.2021 | | 31.12.2020 | | Change | % Change |
|---|---|---|---|---|---|---|
| **Revenues** | **600,521** | **100.0%** | **479,828** | **100.0%** | **120,693** | **25.2%** |
| Cost of goods sold | (342,931) | -57.1% | (259,880) | -54.2% | (83,051) | 32.0% |
| **Gross Operating Margin** | **257,590** | **42.9%** | **219,948** | **45.8%** | **37,642** | **17.1%** |
| Research and Development expenses | (55,283) | -9.2% | (52,039) | -10.8% | (3,244) | 6.2% |
| Distribution expenses | (99,565) | -16.6% | (95,014) | -19.8% | (4,551) | 4.8% |
| General and administrative expenses | (47,484) | -7.9% | (41,183) | -8.6% | (6,301) | 15.3% |
| Other (expenses) and income | 1,629 | 0.3% | 2,398 | 0.5% | (769) | -32.1% |
| **Total operating expenses and other costs** | **(200,703)** | **-33.4%** | **(185,838)** | **-38.7%** | **(14,865)** | **8.0%** |
| Non-recurring costs and revenues | (5,867) | -1.0% | (11,249) | -2.3% | 5,382 | -47.8% |
| Amortization and depreciation from acquisitions | (4,006) | -0.7% | (4,454) | -0.9% | 448 | -10.1% |
| **EBIT** | **47,014** | **7.8%** | **18,407** | **3.8%** | **28,607** | **155.4%** |
| Financial income/(expenses) | (2,271) | -0.4% | (1,502) | -0.3% | (769) | 51.2% |
| Foreign exchange gains/(losses) | (352) | -0.1% | (4,925) | -1.0% | 4,573 | -92.9% |
| **EBT** | **44,391** | **7.4%** | **11,980** | **2.5%** | **32,411** | **270.5%** |
| Taxes | (4,851) | -0.8% | 1,731 | 0.4% | (6,582) | n.a. |
| **Net Profit/(Loss) for the year from continuing operations** | **39,540** | **6.6%** | **13,711** | **2.9%** | **25,829** | **188.4%** |
| **Profit/(Loss) for the year from discontinued operations** | **-** | **0.0%** | **171** | **0.0%** | **(171)** | **-100.0%** |
| **Profit/(Loss) for the year** | **39,540** | **6.6%** | **13,882** | **2.9%** | **25,658** | **184.8%** |
| Non-recurring costs and revenues | (5,867) | -1.0% | (11,249) | -2.3% | 5,382 | -47.8% |
| Depreciation of tangible assets and rights of use | (17,058) | -2.8% | (17,577) | -3.7% | 519 | -3.0% |
| Amortization of intangible assets | (15,753) | -2.6% | (11,091) | -2.3% | (4,662) | 42.0% |
| **Adjusted EBITDA** | **85,692** | **14.3%** | **58,324** | **12.2%** | **27,368** | **46.9%** |

**Consolidated revenues,** amounting to €600.5 million, as of December 31, 2021 recorded a growth of 25.2% (+26.4% net of the exchange rate effect and +20.7% at organic level) compared to €479.8 million recorded in 2020, with year-on-year performance recording widespread double-digit growth in all the regions in which the Group operates.

The breakdown by geographical area of the Group's revenues for the year, compared with the previous year, is shown below:

| | 31.12.2021 | % | 31.12.2020 | % | Change | % Change | % Change net FX |
|---|---|---|---|---|---|---|---|
| *Italy* | *57,702* | *9.6%* | *44,620* | *9.3%* | *13,082* | *29.3%* | *29.3%* |
| *EMEAI (excluding Italy)* | *280,083* | *46.6%* | *210,207* | *43.8%* | *69,877* | *33.2%* | *33.5%* |
| Total EMEAI | 337,785 | 56.2% | 254,827 | 53.1% | 82,958 | 32.6% | 32.8% |
| Americas | 167,693 | 27.9% | 151,193 | 31.5% | 16,500 | 10.9% | 15.1% |
| APAC | 95,043 | 15.8% | 73,808 | 15.4% | 21,236 | 28.8% | 27.6% |
| **Total Revenues** | **600,521** | **100.0%** | **479,828** | **100.0%** | **120,693** | **25.2%** | **26.4%** |

The **EMEAI** region closed the year with an increase in revenues of 32.6% (+32.8% net of the exchange rate effect and +23.6% at organic level) compared to 2020, with growth in all the countries of the area. The most notable performances were led by Spain, France and the Netherlands, which recorded a 34.0% growth during the year. An excellent contribution to the turnover of the area is also given by the performance of DACH and Italy, second and third market in EMEAI, which recorded growth of 8.2% and 29.3%, respectively.
The **Americas** area, the Group's second market, grew by 15.1% at constant exchange rates.

Solid performance of **APAC**, which grew by 28.8% (+27.6% at constant exchange rates) over 2020, a trend led by China, the first market in the area, followed by Korea (+68.4%) and Japan (+32.9%) that highlight the growing expansion of the Group in the Asia-Pacific market.

**Gross operating margin**, equal to €257.6 million, 42.9% on revenues, decreased by 2.9% pts in terms of impact on revenues compared to 2020 mainly in the second half of the year, where the inflationary effects on materials and logistic costs caused by the shortage, but also a less favorable mix, only partially offset by pricing.

**Operating and other expenses**, amounting at €200.7 million, rising by 8.0% compared to €185.8 million recorded in 2020, continue to show the effectiveness of the cost optimization strategy, improving the impact on turnover by 5.3 pts. The careful strategy of operating expenses control, defined in 2020 in response to the changed macroeconomic scenario, made it possible to achieve structural efficiencies, which allowed the Group to invest resources more selectively in strategic activities, continuing to support the growth. This plan, combined with volumes' recovery, contributed to the improvement of operating expenses on revenues from 38.7% to 33.4%.

**Research and Development expenses,** amounting to €55.3 million increased by €3.2 million compared to December 31, 2020, 9.2% on revenues, compared to 10.8% of previous year. Total Research and Development spending, gross of investments, amounted to €57.6 million (€63.0 million in the previous year), reaching an incidence of 9.6% on revenues.

**Distribution expenses,** amounting at €99.6 million, rose by 4.8% compared to 2020 (€95.0 million in 2020), albeit improving incidence on revenues by 16.6% from 19.8% in 2020, thanks to structural operational efficiencies

achieved on the commercial organization as well as to the persistence of temporary mobility restrictions for commercial initiatives and events.

Adjusted EBITDA amounted at €85.7 million, increasing by €27.4 million compared to 2020. The **Adjusted EBITDA margin** as of December 31, 2021 was 14.3%, improving by 2.1 pts compared to the 12.2% recorded in the previous year, after having maintained a pre-pandemic marginality in the first part of the year. Rising inflationary pressures, not yet fully offset by price increases, led to a contraction in profitability in the second half of the year.

**Operating result (EBIT)** was €47.0 million, equal to 7.8% of revenues, compared to €18.4 million as of December 31, 2020 (3.8% on revenues).

**Net Financials,** negative by €2.6 million, recorded an improvement of €3.8 million compared to previous year, due to a more favorable trend of foreign exchange differences.

| Financial Income/(Expenses) | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Financial income/(expenses) | (1,802) | (1,921) | 119 |
| Foreign exchange differences | (352) | (4,925) | 4,573 |
| Fair value investments | 169 | 962 | (793) |
| Bank expenses | (1,132) | (867) | (265) |
| Dividends | 299 | 306 | (7) |
| Others | 195 | 18 | 177 |
| **Total Net Financial Income/(Expenses)** | **(2,623)** | **(6,427)** | **3,804** |

**Net profit** for the period amounted at €39.5 million, 6.6% of revenues (€13.9 million as of December 31, 2020, equal to 2.9% of revenues).

## 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. The operating segments are indicated below:

- **Datalogic** represents the Group's core business and designs and produces bar code readers, 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. As described in the Explanatory Notes, the newly acquired M.D. Microdetectors S.p.A. (now Datasensing S.r.l.) and its subsidiaries, which are active in the design, production and sale of industrial sensors, were included in this operating segment.

- **Informatics** sells and distributes products and solutions for the management of inventories and mobile assets tailored to small and medium-sized companies.

The tables illustrated below show the comparison of the Revenues and Adjusted EBITDA by Division achieved during the year compared with the previous year:

## Revenues by division

| | 31.12.2021 | % | 31.12.2020 | % | Change | % | % Change net FX |
|---|---|---|---|---|---|---|---|
| Datalogic | 582,736 | 97.0% | 464,580 | 96.8% | 118,156 | 25.4% | 26.6% |
| Informatics | 18,900 | 3.1% | 16,434 | 3.4% | 2,466 | 15.0% | 18.4% |
| Intersegment adjustments | (1,115) | -0.2% | (1,186) | -0.2% | 71 | | |
| **Total Revenues** | **600,521** | **100.0%** | **479,828** | **100.0%** | **120,693** | **25.2%** | **26.4%** |

## Adjusted EBITDA by division

| | 31.12.2021 | % on revenues | 31.12.2020 | % on revenues | Change | % Change |
|---|---|---|---|---|---|---|
| Datalogic | 82,953 | 14.2% | 57,445 | 12.4% | 25,508 | 44.4% |
| Informatics | 2,776 | 14.7% | 890 | 5.4% | 1,886 | 211.9% |
| Intersegment adjustments | (37) | | (11) | | (26) | |
| **Total Adjusted EBITDA** | **85,692** | **14.3%** | **58,324** | **12.2%** | **27,368** | **46.9%** |

## Datalogic Division

As of December 31, 2021, **Datalogic** Division recorded **revenues** at €582.7 million, increasing by 25.4% compared to December 31, 2020 (+26.6% at constant exchange rates). The division's Adjusted EBITDA amounted to €83.0 million, equal to 14.2% of the turnover (12.4% as of December 31, 2020). Below is the breakdown of Datalogic Division's revenues by business sector:

| | 31.12.2021 | % | 31.12.2020 Restated | % | Change | % | % Change net FX |
|---|---|---|---|---|---|---|---|
| Retail | 210,515 | 36.1% | 198,223 | 42.7% | 12,292 | 6.2% | 7.7% |
| Manufacturing | 165,736 | 28.4% | 111,750 | 24.1% | 53,986 | 48.3% | 48.4% |
| Transportation & Logistics | 81,208 | 13.9% | 53,790 | 11.6% | 27,418 | 51.0% | 52.6% |
| Healthcare | 16,187 | 2.8% | 16,451 | 3.5% | (264) | -1.6% | 0.2% |
| Channel | 109,090 | 18.7% | 84,366 | 18.2% | 24,724 | 29.3% | 30.9% |
| **Total Revenues** | **582,736** | **100.0%** | **464,580** | **100.0%** | **118,156** | **25.4%** | **26.6%** |

### Retail

The Retail sector, the main segment for the Group with 36.1% of divisions' turnover (42.7% as of December 31, 2020), recorded a growth of 6.2% (+7.7% at constant exchange rates) compared to 2020. This segment recorded a good performance of the fixed retail scanners, in which the Group maintains the market leadership with the range of Magellan products, and growing performance of mobile and hand held devices for self check-out and for self-scanning, as well as fixed retail scanners for industrial applications used in distribution centers for automatic tracking and sorting applications.

The area with the best performance was Asia (+23.9%), which accelerated growth especially in the last quarter of the year. A very positive trend was also recorded in EMEAI, the main area of the segment, which consolidated a constant increase in turnover during the year, closing the period with a 10.0% growth. The Americas, in the Retail sector, showed strong signs of recovery in 2021, but was more penalized by the shortage in the last part of the year.

In this segment, the main sectors are Grocery and Specialty Retail Stores, where the Group has been able to seize opportunities for market growth in the post-pandemic expansionary phase, also expanding into the Utilities sub-sector.

### Manufacturing

The Manufacturing sector, which experienced signs of a slowdown in the last two years, recorded a growth of 48.3% in the year 2021 (48.4% at constant exchange rates, +31.1% at organic level) in all segments of the sector, particularly in Automotive (+54.4%), Packaging (+50.6%) and Food & Beverage (+43.8%). The products and services offered by the Group in this segment, in addition to the industrial and laser marking readers, were completed with the range of sensors and safety devices thanks to the acquisition of the M.D. Group, which contributed of about 17.3% to the growth in the period. EMEAI and Americas led the sector, recording growth of 61.3% (thanks to M.D. Group acquisition) and 40.3%, respectively, while APAC increased by 28.1%.

### Transportation & Logistics

The Transportation & Logistics sector is a rapidly expanding segment at global level, driven in particular by the growth of e-commerce. In this area, the Group recorded an overall growth of 51.0% (+52.6% at constant exchange rates) compared to 2020, with double-digit increases in all geographic areas, thanks to new projects won in the Courier Express Parcel, 3PL, Logistics and Airport sub-segments, where Datalogic's data collection, tracking and sorting systems meet the needs of logistics and supply chain automation.

### Healthcare

The Healthcare sector remained substantially stable compared to 2020 (+0.2% at constant exchange rates), with positive trends especially in EMEAI and APAC in the hospital sector, thanks to the anti-microbial and disinfectant ready solutions, and the pharmaceutical distribution. Datalogic has strengthened its presence in the sector by further developing its range of technological devices in the healthcare sector, to guarantee the protection of drugs and the health of patients, mainly with bedside care devices in the hospital sector as well as check out devices in the pharma distribution.

### Channel

Sales through the distribution channel to small and medium-sized customers benefited from the post-pandemic economic recovery with a 29.3% increase (21.5% at organic level) compared to 2020, with an excellent performance in EMEAI (+32.9%), followed by the Americas (+37.2%).

## Informatics Division

**Informatics Division** reported €18.9 million sales in 2021 (€16.4 million as of December 31, 2020), with an increase of 15.0% compared to the same period of the previous year (+18.4% at constant exchange rates). The Adjusted EBITDA margin was 14.7%, compared to 5.4% in 2020. The division was able to take advantage of the first signs of recovery in the American market, continuing the positive performance started at the end of 2020. The overall increase in volumes and a mix that sees growth particularly in the services segment (*SaaS*), combined with operating efficiencies, led to a significant improvement in the division's profitability.

## Group reclassified economic results for the fourth quarter

The following table summarises the Datalogic Group's key economic and financial results of the fourth quarter of 2021 in comparison with the same quarter of the previous year:

| | 4Q 2021 | *% on Revenues* | 4Q 2020 | *% on Revenues* | Change | % Change | % Change net FX |
|---|---|---|---|---|---|---|---|
| Revenues | **166,141** | *100.0%* | **132,777** | *100.0%* | **33,364** | 25.1% | 22.4% |
| Adjusted EBITDA | **19,537** | *11.8%* | **21,119** | *15.9%* | **(1,582)** | -7.5% | -7.4% |
| EBIT | **8,698** | *5.2%* | **10,213** | *7.7%* | **(1,515)** | -14.8% | -15.8% |
| Net Profit/(Loss) for the year | **8,616** | *5.2%* | **9,322** | *7.0%* | **(706)** | -7.6% | - 7.6% |

In the fourth quarter of 2021, revenues increased by €33.4 million, +25.1% (+16.1% at organic level), standing at €166.1 million, the Group's best quarterly performance ever.

Following is the breakdown by **geographical area** of the Group revenues recorded in the fourth quarter of 2021, compared with the same quarter of 2020:

| | 4Q 2021 | % | 4Q 2020 | % | Change | % | % Change net FX |
|---|---|---|---|---|---|---|---|
| *Italy* | *14,397* | *8.7%* | *13,503* | *10.2%* | *894* | *6.6%* | *6.6%* |
| *EMEAI (excluding Italy)* | *79,432* | *47.8%* | *61,759* | *46.5%* | *17,674* | *28.6%* | *27.8%* |
| Total EMEAI | 93,829 | 56.5% | 75,262 | 56.7% | 18,567 | 24.7% | 24.0% |
| Americas | 43,719 | 26.3% | 38,871 | 29.3% | 4,847 | 12.5% | 7.9% |
| APAC | 28,593 | 17.2% | 18,643 | 14.0% | 9,950 | 53.4% | 45.9% |
| **Total Revenues** | **166,141** | **100.0%** | **132,777** | **100.0%** | **33,364** | **25.1%** | **22.4%** |

The region that recorded the greatest growth, even higher than the pre-pandemic scenario, was the EMEAI, with an increase in turnover of 24.7%. The Americas suffered the most from the negative effects of the slowdowns on the supply chain caused by shortage, managing in any case to close the quarter up by 12.5% (7.9% at constant exchange rates), with a backlog significantly higher than the previous year and a growing booking trend. The fourth quarter of the year saw a significant acceleration in APAC, which achieved an increase in turnover of 53.4% (45.9% at constant exchange rates).

Adjusted EBITDA for the quarter, amounting to €19.5 million (11.8% on revenues), confirms the pressure on operating margins that is impacting the entire industry, triggered by inflation phenomena that have led to an increase in procurement costs both for materials, due to shortages and spot-buys and logistics costs, also resulting from capacity constraints in a context of rapidly expanding demand and an increase in air shipments to compensate the global supply chain constraints. At the end of the first half of the year, the Group had already started actions aimed at mitigating the inflationary effects, combining pricing initiatives with structural efficiencies that would allow the operating margins to be maintained over the year in line with expectations.

Net profit for the quarter was €8.6 million (5.2% of turnover); €9.3 million in the fourth quarter 2020 (7.0% of turnover).

## Group economic results by division for the fourth quarter

The tables below show the trend in Revenues and Adjusted EBITDA by division achieved in the fourth quarter of 2021 compared to the same quarter of 2020:

### Revenues by division

| | 4Q 2021 | % | 4Q 2020 | % | Change | % | % Change net FX |
|---|---|---|---|---|---|---|---|
| Datalogic | 161,172 | 97.0% | 128,678 | 96.9% | 32,494 | 25.3% | 22.6% |
| Informatics | 5,199 | 3.1% | 4,376 | 3.3% | 824 | 18.8% | 13.8% |
| Intersegment adjustments | (230) | | (277) | | 47 | | |
| **Total Revenues** | **166,141** | **100.0%** | **132,777** | **100.0%** | **33,365** | **25.1%** | **22.4%** |

### Adjusted EBITDA by division

| | 4Q 2021 | % on revenues | 4Q 2020 | % on revenues | Change | % |
|---|---|---|---|---|---|---|
| Datalogic | 18,744 | 11.6% | 20,372 | 15.8% | (1,628) | -8.0% |
| Informatics | 811 | 15.6% | 858 | 19.6% | (47) | -5.5% |
| Intersegment adjustments | (18) | | (111) | | 93 | -83.8% |
| **Total Adjusted EBITDA** | **19,537** | **11.8%** | **21,119** | **15.9%** | **(1,582)** | **-7.5%** |

## Datalogic Division

In the fourth quarter of 2021, the Datalogic division reported a turnover of €161.2 million, a total increase of 25.3% (+22.6% at constant exchange rates, +16.1% at organic level) compared to the same quarter of 2020. The geographic area that contributed most was the EMEAI, where the division developed 58.2% of turnover in the fourth quarter of 2021, with growth of 24.7% (+14.2% at organic level). Asia recorded the best quarter of the year with a 53.4% increase in turnover (+43.1% at organic level).

The division's Adjusted EBITDA amounted to 18.7 million Euros, 11.6% of the turnover, down by 4.2 percentage points compared to the corresponding quarter of 2020 due to the inflationary trend that impacted the sector in particular in the fourth quarter of the year and that was only partially offset by the increase in prices, and by the incremental costs on the logistics front, incurred to mitigate the delays on deliveries to customers caused by shortage of materials and components.

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

| | 4Q 2021 | % | 4Q 2020 Restated | % | Change | % | % Change net FX |
|---|---|---|---|---|---|---|---|
| Retail | 57,770 | 35.8% | 54,843 | 42.6% | 2,927 | 5.3% | 3.0% |
| Manufacturing | 48,479 | 30.1% | 29,010 | 22.5% | 19,469 | 67.1% | 63.0% |
| Transportation & Logistics | 21,937 | 13.6% | 15,669 | 12.2% | 6,268 | 40.0% | 36.8% |
| Healthcare | 3,852 | 2.4% | 5,561 | 4.3% | (1,709) | -30.7% | -32.0% |
| Channel | 29,134 | 18.1% | 23,595 | 18.3% | 5,539 | 23.5% | 21.6% |
| **Total Revenues** | **161,172** | **100.0%** | **128,678** | **100.0%** | **32,494** | **25.3%** | **22.6%** |

The Manufacturing and Transportation & Logistics sectors represent, in particular in the fourth quarter of the year, the markets with the highest growth rates where the Group recorded an increase in turnover at constant exchange rate of 63.0% and 36.8% respectively (+42.5% and +36.8% at organic level), in all geographic areas.
The Retail sector reported an overall increase of 5.3% (+3.0% at constant exchange rates) compared to the same quarter of last year, thanks to EMEAI and APAC, which offset the slowdowns in the US market.
Sales through the channel recorded a positive performance compared to the same quarter of 2020 and equal to +23.5% driven by the Americas.

## Informatics Division

The Informatics Division recorded an increase in revenues in the fourth quarter of 2021 of 18.8% (+13.8% at constant exchange rates). EBITDA amounted to €0.8 million, accounting for 15.6% of revenues (€0.9 million in the fourth quarter of 2020, 19.6% of revenues).

## Group reclassified statement of financial position for the year

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

| | 31.12.2021 | 31.12.2020 | Change | % Change |
|---|---|---|---|---|
| Intangible assets | 81,631 | 59,175 | 22,456 | 37.9% |
| Goodwill | 193,497 | 171,372 | 22,125 | 12.9% |
| Tangible assets | 118,918 | 103,406 | 15,512 | 15.0% |
| Financial assets and investments in associates | 12,335 | 8,723 | 3,612 | 41.4% |
| Other non-current assets | 50,889 | 42,265 | 8,624 | 20.4% |
| **Fixed Assets** | **457,270** | **384,941** | **72,329** | **18.8%** |
| Trade receivables | 87,279 | 66,563 | 20,716 | 31.1% |
| Trade payables | (139,121) | (97,006) | (42,115) | 43.4% |
| Inventories | 136,721 | 78,271 | 58,450 | 74.7% |
| **Net Trade Working Capital** | **84,879** | **47,828** | **37,051** | **77.5%** |
| Other current assets | 29,309 | 28,274 | 1,035 | 3.7% |
| Other current liabilities and provisions for risks | (67,349) | (53,708) | (13,641) | 25.4% |
| **Net Working Capital** | **46,839** | **22,394** | **24,445** | **109.2%** |
| Other non-current liabilities | (44,923) | (33,958) | (10,965) | 32.3% |
| Post-employment benefits | (7,088) | (6,862) | (226) | 3.3% |
| Non-current Provisions for risks | (4,314) | (4,375) | 61 | -1.4% |
| **Net Invested Capital** | **447,784** | **362,140** | **85,644** | **23.6%** |
| **Shareholders' Equity** | **(421,724)** | **(370,358)** | **(51,366)** | **13.9%** |
| **Net Financial Position (NFP)** | **(26,060)** | **8,218** | **(34,278)** | **-417.1%** |

**Net Invested Capital**, at €447.8 million (€362.1 million as of December 31, 2020), increased overall by €85.6 million, of which €72.3 million on fixed assets and €24.4 million on Net Working Capital.

Fixed assets (€457.3 million as of December 31, 2021) showed an overall increase of €72.3 million due to exchange rate effects of €17.7 million and the acquisition of the M.D. Group, represented by €29.2 million of intangible assets and €7.4 million of tangible assets.

**Net Trade Working Capital** as of December 31, 2021 amounted to €84.9 million and shows an increase of €37.1 million compared to December 31, 2020, of which €7.2 million as a result of the change in the consolidation area. The impact on revenues of Net Trade Working Capital rose from 10.0% as of December 31, 2020 to 14.1% in 2021 and, on a like-for-like basis, to 13.7%. The change in the year is impacted by the increase in inventories as a con-

sequence of higher demand and shortages of some electronic and plastic components that have affected many industries globally in 2021. The inventories' increase is reflected in a greater commercial exposure to suppliers by €42.1 million, partially offset by the increase in trade receivables of €20.7 million, resulting from higher volumes.

**Net Financial Position** as of December 31, 2021 was negative by €26.1 million. The change for the year of €34.3 million is due to the M.D. acquisition for €35.0 million. Cash flows, which brought about the change in consolidated Net Financial Position as of December 31, 2021, are summarized as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Net Financial Position (Net Financial Debt) at the start of the year** | **8,218** | **13,364** | **(5,146)** |
| Adjusted EBITDA | 85,692 | 58,324 | 27,368 |
| Change in net trade working capital | (28,529) | 27,267 | (55,796) |
| Other changes in net working capital | 959 | (10,697) | 11,656 |
| Net investments | (33,928) | (47,232) | 13,304 |
| Change in taxes | (7,201) | (1,521) | (5,680) |
| Net financial income (expenses) | (2,464) | (7,747) | 5,283 |
| Dividend distribution | (9,638) | (17,007) | 7,369 |
| Sale (Purchase) of treasury shares | (4,197) | (6,786) | 2,589 |
| Change in consolidation scope - Disposals (Acquisitions) | (34,972) | 253 | (35,225) |
| **Change in Net Financial Position** | **(34,278)** | **(5,146)** | **(29,132)** |
| **Net Financial Position (Net Financial Debt) at the end of the year** | **(26,060)** | **8,218** | **(34,278)** |

The operating cash generated over the year in the amount of €22.0 million, compared to December 31, 2020, was a result of a greater absorption by working capital, due to higher supply of inventories to manage shortages and the acceleration in demand, but benefited of a more selective approach on investments and the lower negative impact of net financial charges.

As of December 31, the net financial debt is broken down as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| A. Cash | 106,068 | 137,440 |
| B. Cash equivalents | 12 | 11 |
| C. Other current financial assets | 2,207 | 12,189 |
| **D. Cash and cash equivalents (A) + (B) + (C)** | **108,287** | **149,640** |
| E. Current financial debt | 8,041 | 4,906 |
| *E1. of which lease payables* | *4,446* | *3,375* |
| F. Current portion of non-current financial debt | 62,888 | 52,860 |
| **G. Current financial debt (E) + (F)** | **70,929** | **57,766** |
| **H. Current Net Financial Debt (Financial Position) (G) – (D)** | **(37,358)** | **(91,874)** |
| I. Non-current financial debt | 63,418 | 83,656 |
| *I1. of which lease payables* | *13,100* | *5,763* |
| J. Debt instruments | - | - |
| K. Trade and other payables | - | - |
| **L. Non-current financial Debt (I) + (J) + (K)** | **63,418** | **83,656** |
| **M. Net Financial Debt/(Net Financial Position) (H) + (L)** | **26,060** | **(8,218)** |

Indirect debt subject to conditions as of December 31, 2021 is represented exclusively by the Group provision for post-employment benefits, amounting to €7,088 thousand.

## Research and Development

The ability to find and implement innovative solutions is one of the main competitive factors in the market in which the Group operates. Innovation is pursued through the development of resources, skills, technologies and internal processes, but also of a network of collaborations with strategic partners. The rapid advancement of technology, together with the change in habits brought about by the pandemic, 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 center of the innovation process. The processes of innovation and product development are based on the "Technology Roadmap" and the "Product Roadmap" stemming from accurate medium and long-term planning and annually updated by Group Management. The R&D division employs over 400 persons in Datalogic. The results of the innovation processes are protected by patents with a portfolio of the Group which at the end of 2021 exceeded 1,200 patents.

In 2021, new products, the main launches of which, carried out during the year, are briefly described below, generated 12.5% of the Group's turnover.

| HHS | MOBILE | FRS | SYS | LM | SENS&SAF |
|---|---|---|---|---|---|
| Quickscan 2500 | Skorpio X5 XLR | Magellan 9800i Tdi | STS320 | Arex 100W | Lidar Scanner |
| Quickscan QW2500 | Joya Touch A6 Android 9 | | Matrix 320 X-mount | | P2X Smart Camera |
| | | | SC5100 | | |

## 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 the COE (Centers of Expertise) which are responsible for the definition and supervision of policies, functional processes and related technical components and for the definition of all related standards and KPIs: Talent Hiring, Talent Management, Organization and Systems and Total Rewards.
The implementation of strategies and the management of professional families is delegated to three regional HR structures (EMEA, APAC and AMERICAS).
The HR Directors, to whom the regional HR directors and functions report, from an operational point of view, represent a point of reference on the territory for the management and development of human resources, guaranteeing an accurate implementation of the guidelines, policies and processes assigned, with the related adjustments that may prove necessary to the individual countries 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 organizational levels.
With the aim of strengthening the active search for specific profiles for strategic growth in the field of innovation, the company has implemented various strategies and initiatives aimed at attracting talent and raising awareness of the many opportunities the Group offers, including by focusing and strengthening its presence on social media. Datalogic has also maintained active partnerships with universities with engineering university departments to develop programs for the integration of recent graduates into the Company.

## 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 persistence of the pandemic situation in 2021 has heavily impacted the approach to talent management. Datalogic – like many other companies – had to completely redesign its strategy, so that its execution could be ensured, while remaining a context of high uncertainty and volatility. The guidelines on which we have concentrated in the development of strategic actions are the digitization of the process of induction in the Company, the execution of the training program in digital format and the selection of highly qualified programs and partners.

## 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

Since 2020, Datalogic has equipped itself with a new IT platform to convey Corporate Welfare initiatives to collaborators throughout Italy. Through the platform it is possible to take advantage of goods, services and conventions for free time, entirely at the expense of the company. The amount available for each employee corresponds to the sum of three items: a fixed amount established in the National Collective Labor Agreement for the Metalworking Industry, a second fixed amount established in the Supplementary Company Agreement with the Datalogic employee representatives and a third item corresponding to the amount of the performance bonus that the employees have converted into benefits. Each employee, in fact, can decide to receive part of the performance bonus not in monetary form, but as a welfare credit that can be spent on the appropriate platform. Employees who opt for this solution also receive an incentive.
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. In December 2021 the agreement was extended to the three-year period 2022-2024, introducing, on this occasion, the commitment to guarantee at least n. 5 direct permanent hires and at least n. 6 stabilizations in the form of permanent administration for the production site.

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

The Reconciliation Statements between Shareholders' Equity and Net Profit of Datalogic S.p.A. and the corresponding consolidated values as of December 31, 2021 and December 31, 2020, as envisaged in Consob Communication no. DEM/6064293 of July 28, 2006, are presented below.

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Shareholders' Equity | Profit/(Loss) for the year | Shareholders' Equity | Profit/(Loss) for the year |
| **Parent Company Shareholders' Equity and profit** | **348,205** | **7,550** | **349,685** | **19,905** |
| Shareholders' Equity and profit/(loss) of consolidated companies | 120,791 | 54,831 | 69,010 | 17,238 |
| Elimination of dividends | - | (23,907) | - | (29,706) |
| Amortization of "business combination" intangible assets | (7,133) | (1,306) | (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 | 458 | 2,485 | (2,028) | 7,457 |
| Adjustment of write-downs and capital gains on equity investments | 5,517 | - | 5,517 | - |
| Goodwill impairment | (1,395) | - | (1,395) | - |
| Others | 615 | - | 615 | - |
| Tax effect | 3,468 | (113) | 3,582 | (1,012) |
| **Group Shareholders' Equity and profit** | **421,724** | **39,540** | **370,358** | **13,882** |

## 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 of December 31, 2021, compared with December 31, 2020.

| | 31.12.2021 | 31.12.2020 | Change | % Change |
|---|---|---|---|---|
| Intangible assets | 8,905 | 8,705 | 200 | 2.30% |
| Tangible assets | 21,448 | 22,164 | (716) | -3.23% |
| Financial assets and investments in associates | 201,495 | 196,700 | 4,795 | 2.44% |
| Other non-current assets | 1,707 | 1,122 | 585 | 52.14% |
| **Fixed Assets** | **233,555** | **228,691** | **4,864** | **2.13%** |
| Trade receivables | 10,519 | 10,166 | 353 | 3.47% |
| Trade payables | (6,911) | (6,190) | (721) | 11.65% |
| **Net Trade Working Capital** | **3,608** | **3,976** | **(368)** | **-9.26%** |
| Other current assets | 5,562 | 2,417 | 3,145 | 130.12% |
| Other current liabilities and provisions for risks | (14,647) | (6,586) | (8,061) | 122.40% |
| **Net Working Capital** | **(5,477)** | **(193)** | **(5,284)** | **2737.82%** |
| Other non-current liabilities | (2,078) | (1,811) | (267) | 14.74% |
| Post-employment benefits | (693) | (646) | (47) | 7.28% |
| **Net Invested Capital** | **225,307** | **226,041** | **(734)** | **-0.32%** |
| **Shareholders' Equity** | **(348,205)** | **(349,685)** | **1,480** | **-0.42%** |
| **Net Financial Position (NFP)** | **122,898** | **123,644** | **(746)** | **-0.60%** |

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

| | 31.12.2021 | | 31.12.2020 | | Change | % Change |
|---|---|---|---|---|---|---|
| **Revenues** | **32,374** | **100.0%** | **28,066** | **100.0%** | **4,308** | **15.3%** |
| Cost of goods sold | (1,730) | -5.3% | (1,659) | -5.9% | (71) | 4.3% |
| **Gross Operating Margin** | **30,644** | **94.7%** | **26,407** | **94.1%** | **4,237** | **16.0%** |
| Research and Development expenses | (861) | -2.7% | (574) | -2.0% | (287) | 50.0% |
| Distribution expenses | (1,425) | -4.4% | (1,069) | -3.8% | (356) | 33.3% |
| General and administrative expenses | (26,256) | -81.1% | (23,732) | -84.6% | (2,524) | 10.6% |
| Other (expenses) and income | 266 | 0.8% | 1,822 | 6.5% | (1,556) | -85.4% |
| **Total operating expenses and other costs** | **(28,276)** | **-87.3%** | **(23,553)** | **-83.9%** | **(4,723)** | **20.1%** |
| Non-recurring costs, revenues | (3,169) | -9.8% | (1,178) | -4.2% | (1,991) | 169.0% |
| **EBIT** | **(801)** | **-2.5%** | **1,677** | **6.0%** | **(2,478)** | **-147.8%** |
| Financial income/(expenses) | 8,263 | 25.5% | 17,819 | 63.5% | (9,556) | -53.6% |
| Foreign exchange gains/(losses) | (89) | -0.3% | (1,034) | -3.7% | 945 | -91.4% |
| **EBT** | **7,373** | **22.8%** | **18,462** | **65.8%** | **(11,089)** | **-60.1%** |
| Taxes | (177) | -0.5% | 1,443 | 5.1% | (1,620) | -112.3% |
| **Profit/(Loss) for the year** | **7,550** | **23.3%** | **19,905** | **70.9%** | **(12,355)** | **-62.1%** |

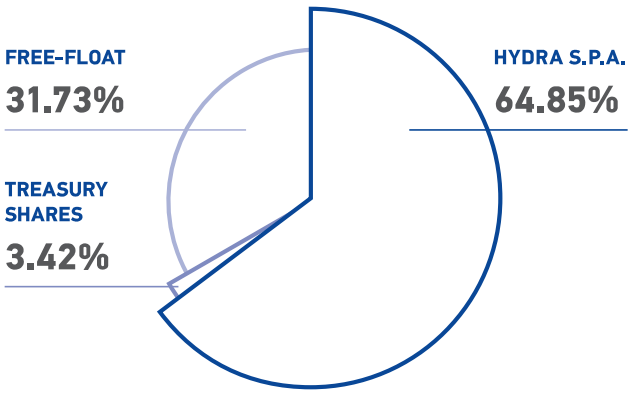
## Stock performance

Datalogic S.p.A. has been listed on the Italian Stock Exchange (Borsa Italiana) since 2001 - STAR segment of the MTA, Italy's screen-based stock market, which comprises medium-sized companies with market capitalizations of between €40 million and €1 billion, committed to meeting standards of excellence.
In 2021, the share showed a positive performance of 9.3%. The security reached a maximum value of €21.98 per share on June 1, 2021 and a minimum value of €14.04 on January 7, 2021. The average daily volumes exchanged in 2021 were approximately 90,000 shares, down compared to 181,600 shares reported in the previous year.




**STOCK EXCHANGE 2021**

| | |
|---|---|
| **SEGMENT** | **EURONEXT STAR MILAN – EURONEXT MILAN** |
| **BLOOMBERG CODE** | **DAL.IM** |
| **REUTERS CODE** | **DAL.MI** |
| **NUMBER OF SHARES** | **58,446,491** (of which 2,000,000 treasury shares) |
| **2021 MIN** | **14.04 EURO** (January 7, 2021) |
| **2021 MAX** | **21.98 EURO** (June 1, 2021) |
| **CAPITALIZATION** | **894,23 MILLION** as of December 31, 2021 |



## 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 roadshows organized by Borsa Italiana for companies belonging to the Euronext STAR Milan.
In 2021, the Company met 162 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. 6 of the Corporate Governance Code related to the Internal Control and Risk Management System and, more generally, on national and international best practices.

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, independent and 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 the Consolidated Law on Finance).
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 characterized 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 Group. To mitigate the risk associated with these events, the Group 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. At present, the Group does not see a high-risk profile in relation to climate change. The gradual move towards a low-carbon economy will not, in the Directors' expectation, have a

significant impact on the business, and the technological change that may ensue is not currently expected to have a significant effect on the reference market.

## 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 neutralized 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 behavior (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 recognized 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 ISO 27001 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 organized 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 section "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 Italian Legislative Decree 58 of February 24, 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 December 31, 2021, separate from the Report on Operations, containing information pursuant to paragraphs 1 and 2 of article 123-bis above. This report is available to the public on the Company's website www.datalogic.com.

## Other information

Datalogic S.p.A. indirectly controls some companies established and governed by the law of non-European Union countries and that have a relevant importance as per article 15 of the Consob Regulation 20249/2017 (former article 36 of the Consob Regulation 16191/2007) on the market regulation ("Market Regulation").
Also pursuant to the aforesaid regulation, the Company has implemented in-house procedures to monitor the compliance with provisions set out by the Consob regulations. In particular, the appropriate corporate management carry out a timing and periodical identification of relevant "extra-EU" companies and, with the collaboration of the companies involved, the collection of data and information is ensured, as well as the assessment of issues envisaged in the aforesaid article 15.
It should be however stated that Datalogic is fully complying with provisions set out in article 15 of the above-mentioned Consob Regulation 20249/2017, and that conditions envisaged therein are present.
The Company joined the opt-out system set forth in articles 70, paragraph 8, and 71, paragraph 1-bis, of the Issuers' Regulation (implementation regulation of the Italian Consolidated Law on Finance (TUF), concerning the rules for issuers, adopted by Consob with resolution n. 11971 of May 14, 1999, as amended), 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 Report. The 2021 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 of December 31, 2021, the total number of ordinary shares was 58,446,491, including 2,000,000 held as treasury shares, equal to 3.4% of the share capital, making the number of shares in circulation at that date 56,446,491. 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 Statement items, to which reference is made, cannot be quantified as atypical or unusual, given that they can be included in the normal business of the Group companies, and are governed at arm's length.

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

With resolution no. 17221 of March 12, 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 June 23, 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 November 4, 2010, the Company approved a specific and structured procedure for transactions with related parties (last amendment on July 24, 2015), which can be found on the website www.datalogic.com.

Pursuant to Art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2021 – 31.12.2021, the Company's Board of Directors did not approve any transaction of greater importance, as set out by Art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with related parties of a lesser importance that had a significant impact on the Group's equity position or profit/(loss).

## Tax consolidation

The Parent Company Datalogic S.p.A. and the subsidiary Datalogic S.r.l. participate in the "national tax consolidation" for the three-year period 2019-2021, 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 to Hydra S.p.A., which consolidates an overall tax result, valuing the unitary credit or payable position to the tax authorities. The subsidiary IP Tech S.r.l., on the other hand, has opted, starting from financial year 2021, for the transparency tax regime pursuant to Article 115 of the TUIR for the three-year period 2021-2023.

## Significant events during the year

On March 1, 2021, the acquisition of the entire share capital of M.D. Micro Detectors S.p.A. from Gruppo Finmasi was completed, through the subsidiary Datalogic S.r.l.
M.D. Micro Detectors S.p.A. (now Datasensing S.r.l.) 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 approximately €37 million, gross of the cash acquired.

On April 29, 2021, the Shareholders' Meeting appointed the new Board of Directors, to hold office for the financial years 2021-2023, and resolved to distribute an ordinary unit dividend of €0.17 per share, gross of legal withholdings, for an overall amount of €9.6 million.

On August 5, 2021, Datalogic S.p.A., holding company of the Datalogic Group, signed with a pool of banks, led by Unicredit S.p.A and with Banco BPM and BNL-BNP Paribas, a "Roller-Coaster" loan of €100 million, at a fixed interest rate, for a seven years term aimed at optimizing the existing credit lines to support growth and investments. Furthermore, in the renewed commitment of the Group on Corporate Social Responsibility matters, the loan agreement incorporates, for the first time in the history of Datalogic, long-term parameters and commitments in the "ESG" area, linked to strategic targets in the field of energy transition and social responsibility.

On October 29, 2021, the Independent Director, Mr Roberto Pisa resigned and on November 11, 2021, Ms Maria Grazia Filippini was appointed by co-option by the Board of Directors of Datalogic S.p.A. She will remain in office until the Shareholders' Meeting of April 29, 2022.

## Subsequent events

On February 17, 2022, the Company announced the appointment of Mr Alessandro D'Aniello as the new Group Chief Financial Officer and Investor Relator of the Group following the resignation of Ms Laura Bernardelli effective as of March 15, 2022. The appointment of Mr D'Aniello will take effect from March 16, 2022, the date on which the resignation of Ms Laura Bernardelli will also become effective.

The socio-political tensions that led to a conflict between Russia and Ukraine on February 24, 2022, the evolution of which is not yet foreseeable, led Western countries to launch economic sanctions against Russia. The Group has no offices in the countries currently directly affected by the conflict, nor do they represent significant outlet or supply markets for it. The potential effects of this phenomenon on the financial statements will be constantly monitored as the year progresses.

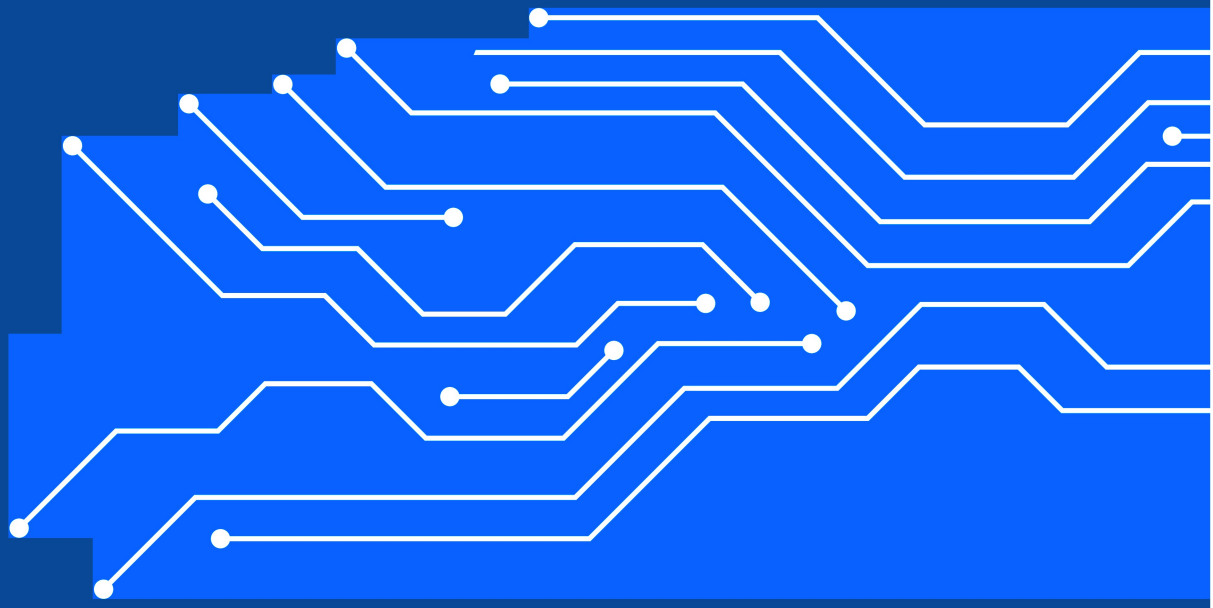
## Business outlook

In a global macroeconomic context that benefited, particularly the first part of the year, from the rapid economic recovery after the pandemic crisis, but which at the same time was affected by the sequential worsening of inflation, production constraints and logistics capacity, the Group achieved an excellent economic and financial performance during the year.
The growth in turnover reached 25.2%, a trend confirmed also at organic level where the Group has grown on a par with the main global players in the market. Despite the market's challenges caused by inflation and slowdowns in the supply chain, which have become more pronounced starting from the second half of the year, Datalogic closed the year 2021 improving operating margin of over 2 pts and confirming sound cash generation capacity.
The ongoing scenario for 2022 continues to show several uncertainties both at macroeconomic and geopolitical level. Under the current geopolitical context and the sharpening of the shortage, Revenue growth and Adjusted EBITDA % are expected in single digit range in the first half of the year.
With solid order backlog, in double digit growth, and the actions undertaken to reduce electronic components shortages and related cost, we expect a higher sales' conversion rate and a strong margin recovery in the second half of the year.

## 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 | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **A) Non-current assets (1+2+3+4+5+6+7)** | | **457,270** | **384,941** |
| **1) Tangible assets** | | **101,780** | **94,358** |
| Land | 1 | 12,524 | 10,066 |
| Buildings | 1 | 52,649 | 48,192 |
| Other assets | 1 | 32,600 | 32,725 |
| Assets in progress and payments on account | 1 | 4,007 | 3,375 |
| **2) Intangible assets** | | **275,128** | **230,547** |
| Goodwill | 2 | 193,497 | 171,372 |
| Development costs | 2 | 21,786 | 22,108 |
| Other | 2 | 39,703 | 24,417 |
| Assets in progress and payments on account | 2 | 20,142 | 12,650 |
| **3) Right-of-use assets** | **3** | **17,138** | **9,048** |
| **4) Equity investments in associates** | **4** | **530** | **900** |
| **5) Non-current financial assets** | | **11,805** | **7,823** |
| Equity investments | 6 | 11,805 | 7,823 |
| **6) Trade and other receivables** | **7** | **821** | **1,164** |
| **7) Deferred tax assets** | **12** | **50,068** | **41,101** |
| **B) Current assets (9+10+11+12+13)** | | **361,596** | **322,748** |
| **8) Inventories** | | **136,721** | **78,271** |
| Raw and ancillary materials and consumables | 8 | 83,681 | 37,633 |
| Work in progress and semi-finished products | 8 | 19,865 | 15,012 |
| Finished products and goods | 8 | 33,175 | 25,626 |
| **9) Trade and other receivables** | | **105,145** | **82,833** |
| **Trade receivables** | **7** | **87,279** | **66,563** |
| *of which from associates* | 7 | *2,435* | *1,313* |
| *of which from related parties* | 7 | *7* | *7* |
| **Other receivables, accrued income and prepaid expenses** | **7** | **17,866** | **16,270** |
| **10) Tax receivables** | **9** | **11,443** | **12,004** |
| *of which to Parent Company* | | *1,807* | *641* |
| **11) Current financial assets** | **6** | **-** | **10,152** |
| Other | 6 | - | 10,152 |
| **12) Current financial receivables** | | **2,207** | **2,037** |
| **13) Cash and cash equivalents** | | **106,080** | **137,451** |
| **Total Assets (A+B)** | | **818,866** | **707,689** |

## Consolidated Statement of Financial Position

| LIABILITIES (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **A) Total Shareholders' Equity (1+2+3+4+5+6)** | **10** | **421,724** | **370,358** |
| 1) Share capital | 10 | 30,392 | 30,392 |
| 2) Reserves | 10 | 119,668 | 98,415 |
| 3) Retained earnings (losses) | 10 | 229,691 | 225,816 |
| 4) Profit (loss) for the year | 10 | 38,913 | 13,582 |
| **5) Group Shareholders' Equity** | **10** | **418,665** | **368,205** |
| Profit (Loss) of Minority interests | 10 | 627 | 300 |
| Shareholders' Equity of Minority interests | 10 | 2,432 | 1,853 |
| **6) Minority interests** | | **3,060** | **2,153** |
| **B) Non-current liabilities (7+8+9+10+11+12)** | | **119,743** | **128,851** |
| **7) Non-current financial payables** | **11** | **63,418** | **83,656** |
| **8) Tax payables** | | **793** | **1,671** |
| **9) Deferred tax liabilities** | **12** | **25,844** | **16,217** |
| **10) Post-employment benefits** | **13** | **7,088** | **6,862** |
| **11) Provisions for risks and charges, non-current** | **14** | **4,314** | **4,375** |
| **12) Other liabilities** | **15** | **18,286** | **16,070** |
| **C) Current liabilities (14+15+16+17+18)** | | **277,399** | **208,480** |
| **13) Trade and other payables** | | **190,566** | **139,181** |
| **Trade payables** | **15** | **139,121** | **97,006** |
| *of which to associates* | 15 | *156* | *194* |
| *of which to related parties* | | *105* | *50* |
| **Other payables, accrued liabilities and deferred income** | **15** | **51,445** | **42,175** |
| **14) Tax payables** | **9** | **12,420** | **7,681** |
| *of which to Parent Company* | | *3,450* | *1,700* |
| **15) Provisions for risks and charges, current** | **14** | **3,484** | **3,852** |
| **16) Current financial payables** | **11** | **70,929** | **57,766** |
| **Total Liabilities (A+B+C)** | | **818,866** | **707,689** |

## Consolidated Income Statement

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **1) Revenues** | **16** | **600,521** | **479,828** |
| Revenues from sale of products | | 560,752 | 441,491 |
| Revenues from services | | 39,769 | 38,337 |
| *of which to related parties and associates* | | *11,417* | *6,048* |
| **2) Cost of goods sold** | **17** | **343,498** | **263,205** |
| *of which to related parties and associates* | | *750* | *588* |
| **Gross Operating Margin (1-2)** | | **257,023** | **216,623** |
| **3) Other revenues** | **18** | **4,596** | **4,385** |
| **4) Research and development expenses** | **17** | **56,208** | **52,134** |
| *of which to related parties and associates* | | *544* | *536* |
| **5) Distribution expenses** | **17** | **100,472** | **99,282** |
| *of which to related parties and associates* | | *111* | *77* |
| **6) General and administrative expenses** | **17** | **54,861** | **49,162** |
| *of which to related parties and associates* | | *330* | *236* |
| **7) Other operating expenses** | **17** | **3,064** | **2,024** |
| **Total operating costs** | | **214,605** | **202,601** |
| **Operating result** | | **47,014** | **18,407** |
| **8) Financial income** | **19** | **19,683** | **37,919** |
| **9) Financial expenses** | **19** | **22,306** | **44,346** |
| **Financial income/(expenses) (8-9)** | | **(2,623)** | **(6,427)** |
| **Profit/(Loss) before taxes from continuing operations** | | **44,391** | **11,980** |
| Income taxes | 20 | 4,851 | (1,731) |
| **Profit/(Loss) for the year from continuing operations** | | **39,540** | **13,711** |
| **Net Profit/(Loss) from discontinued operations** | **21** | **-** | **171** |
| **Net Profit/(Loss) for the year** | | **39,540** | **13,882** |
| *Basic earnings/(loss) per share (€)* | 22 | 0.70 | 0.24 |
| *Diluted earnings/(loss) per share (€)* | 22 | 0.69 | 0.24 |
| *Attributable to:* | | | |
| *Shareholders of the Parent Company* | | *38,913* | *13,582* |
| *Minority interests* | | *627* | *300* |

## Consolidated Statement of Comprehensive Income

| (€/000) | Note | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Net Profit/(Loss) for the year** | | **39,540** | **13,882** |
| **Other components of the statement of comprehensive income:** | | | |
| | | | |
| **Other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the year:** | | | |
| | | | |
| Profit/(Loss) on derivative financial instruments (cash flow hedge) | 10 | (155) | 191 |
| Profit/(Loss) due to translation of the accounts of foreign companies | 10 | 20,694 | (24,219) |
| | | | |
| **Total other components of the statement of comprehensive income which will be subsequently reclassified to Profit/(Loss) for the year** | | **20,539** | **(24,028)** |
| | | | |
| **Other components of the statement of comprehensive income which will not be subsequently reclassified to Profit/(Loss) for the year** | | | |
| | | | |
| Actuarial gains (losses) on defined-benefit plans | | 235 | 158 |
| *of which tax effect* | | *(56)* | *(38)* |
| Profit/(Loss) from financial assets at FVOCI | 10 | 3,259 | (1,572) |
| *of which tax effect* | | *(37)* | *17* |
| | | | |
| **Total other components of the statement of comprehensive income which will not be subsequently reclassified to Profit/(Loss) for the year** | | **3,494** | **(1,414)** |
| | | | |
| **Total Profit/(Loss) of Comprehensive Income Statement** | | **24,033** | **(25,442)** |
| | | | |
| **Total comprehensive Profit/(Loss) for the year** | | **63,573** | **(11,560)** |
| Attributable to: | | | |
| Shareholders of the Parent Company | | 62,667 | (11,860) |
| Minority interests | | 906 | 300 |

## Consolidated Statement of Cash Flow

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Profit/(Loss) before taxes** | | **44,391** | **12,151** |
| Depreciation of tangible assets and write-downs | 1, 2 | 12,825 | 12,431 |
| Amortization of intangible assets and write-downs | 1, 2 | 15,678 | 11,090 |
| Depreciation of right-of-use assets | 3 | 4,253 | 5,146 |
| Losses (Gains) from sale of fixed assets | 17, 18 | 89 | (752) |
| Change in provisions for risks and charges | 14 | (592) | (996) |
| Financial Income/(Expenses) | 19 | 2,623 | 6,427 |
| Other non-monetary changes | | 2,624 | (3,950) |
| **Cash flow generated (absorbed) from operations before changes in working capital** | | **81,891** | **41,547** |
| Change in trade receivables | 7 | (14,289) | 8,073 |
| Change in final inventories | 8 | (53,274) | 24,432 |
| Change in trade payables | 15 | 39,007 | (5,248) |
| Change in other current assets | 7 | (822) | 8,847 |
| Change in other current liabilities | 15 | 7,920 | (4,735) |
| Change in other non-current assets | 6 | 343 | (162) |
| Change in other non-current liabilities | 5 | 2,216 | (547) |
| **Cash flow generated (absorbed) from operations after changes in working capital** | | **62,992** | **72,207** |
| Change in taxes | | (7,165) | (1,611) |
| Interest paid | | (2,863) | (3,038) |
| Interest collected | | 482 | 557 |
| **Cash flow generated (absorbed) from operations (A)** | | **53,446** | **68,115** |
| Increase in intangible assets | 2 | (16,681) | (21,284) |
| Decrease in intangible assets | 2 | - | 1 |
| Increase in tangible assets | 1 | (10,016) | (21,508) |
| Decrease in tangible assets | 1 | 212 | 120 |
| Cash paid for business acquisition, net of cash acquired | | (34,972) | (1,131) |
| Change in investments and current and non-current financial assets | 5 | 10,072 | 18,644 |

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Cash flow generated (absorbed) from investments (B)** | | **(51,384)** | **(25,158)** |
| Payment of financial liabilities | 11 | (69,171) | (27,034) |
| Taking out new financial liabilities | 11 | 51,027 | - |
| Other changes in financial liabilities | 11 | 1,055 | (437) |
| Payments of financial liabilities for leasing | | (4,450) | (5,224) |
| (Purchase)/sale of treasury shares | 10 | (4,197) | (6,786) |
| Dividend payment | 10 | (9,638) | (17,007) |
| Effect of change in cash and cash equivalents | | 1,942 | (859) |
| **Cash flow generated (absorbed) from financial activity (C)** | | **(33,432)** | **(57,347)** |
| **Net increase (decrease) in available cash (A+B+C)** | | **(31,370)** | **(14,390)** |
| **Net cash and cash equivalents at beginning of period** | | **137,451** | **151,841** |
| **Net cash and cash equivalents at end of period** | | **106,080** | **137,451** |

## Changes in Consolidated Shareholders' Equity

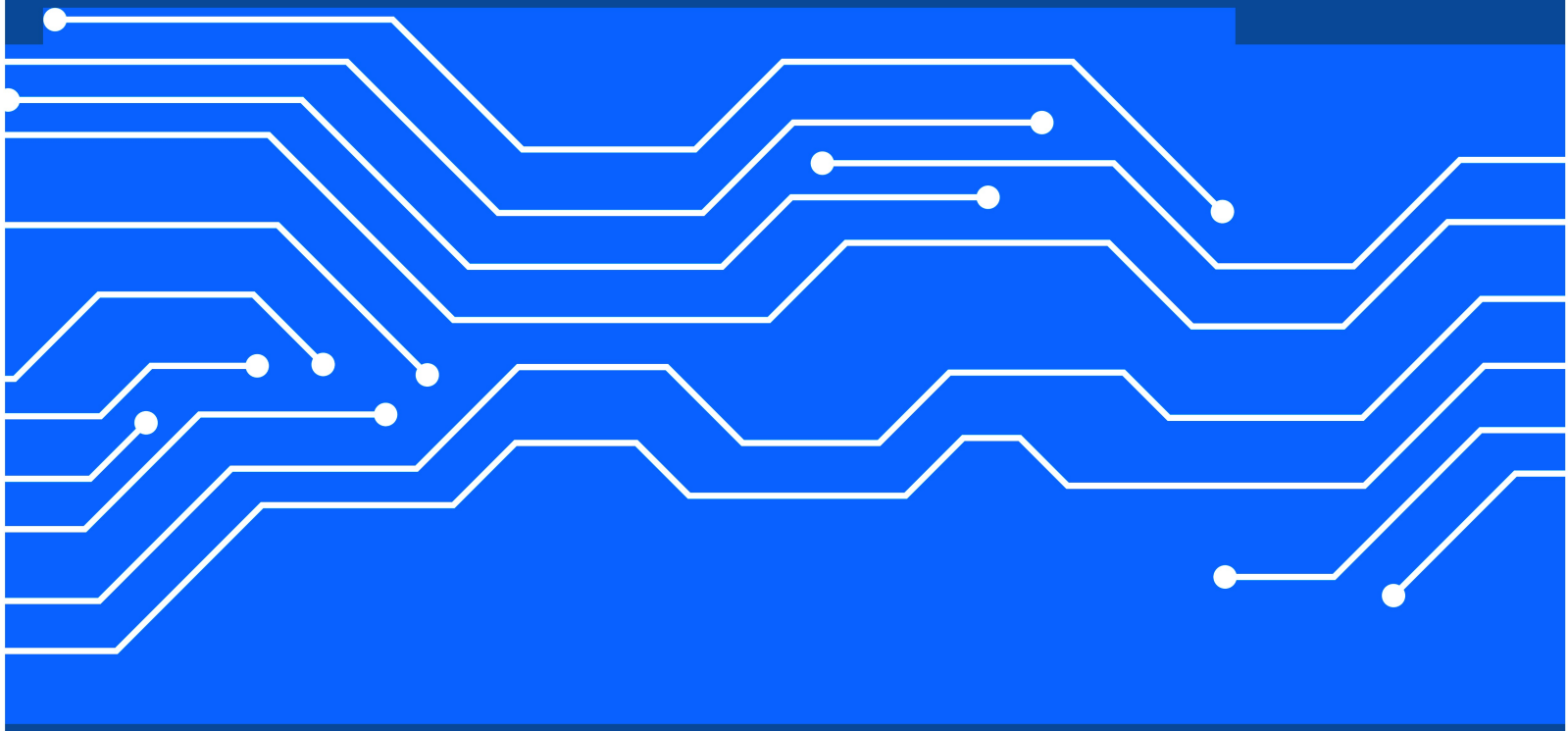
| Description | Share capital | Share premium reserve | Treasury shares | Translation reserve | Other reserves | Retained earnings | |
|---|---|---|---|---|---|---|---|
| **01.01.2021** | **30,392** | **111,779** | **(21,899)** | **2,331** | **6,204** | **225,816** | |
| Allocation of earnings | | | | | | 13,582 | |
| Dividends | | | | | | (9,638) | |
| Treasury shares | | | (4,197) | | | | |
| Share-based incentive plan | | | | | 1,696 | | |
| Other changes | | | | | | (68) | |
| **Profit/(Loss) for the year** | | | | | | | |
| Other components of the Statement of comprehensive income | | | | 20,415 | 3,339 | | |
| **Total comprehensive Profit (Loss)** | | | | **20,415** | **3,339** | | |
| **31.12.2021** | **30,392** | **111,779** | **(26,096)** | **22,746** | **11,239** | **229,692** | |

| Description | Share capital | Share premium reserve | Treasury shares | Translation reserve | Other reserves | Retained earnings | |
|---|---|---|---|---|---|---|---|
| **01.01.2020** | **30,392** | **111,779** | **(15,113)** | **26,550** | **5,756** | **192,885** | |
| Allocation of earnings | | | | | | 50,069 | |
| Dividends | | | | | | (17,007) | |
| Treasury shares | | | (6,786) | | | | |
| Share-based incentive plan | | | | | 1,540 | | |
| Other changes | | | | | 131 | (131) | |
| **Profit/(Loss) for the year** | | | | | | | |
| Other components of the Statement of comprehensive income | | | | (24,219) | (1,223) | | |
| **Total comprehensive Profit (Loss)** | | | | **(24,219)** | **(1,223)** | | |
| **31.12.2020** | **30,392** | **111,779** | **(21,899)** | **2,331** | **6,204** | **225,816** | |

| | Group Profit (Loss) | Group Shareholders' Equity | Profit (Loss) of Minority interests | Minority interest capital and reserve | Shareholders' Equity of Minority interests | Profit (Loss) | Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| | **13,582** | **368,205** | **300** | **1,853** | **2,153** | **13,882** | **370,358** |
| | (13,582) | - | (300) | 300 | - | (13,882) | - |
| | | (9,638) | | | - | - | (9,638) |
| | | (4,197) | | | - | - | (4,197) |
| | | 1,696 | | | - | - | 1,696 |
| | | (68) | | | - | - | (68) |
| | **38,913** | **38,913** | **627** | | **627** | **39,540** | **39,540** |
| | | 23,754 | | 279 | 279 | - | 24,033 |
| | **38,913** | **62,667** | **627** | **279** | **906** | **39,540** | **63,573** |
| | **38,913** | **418,665** | **627** | **2,432** | **3,060** | **39,540** | **421,724** |

| | Group Profit (Loss) | Group Shareholders' Equity | Profit (Loss) of Minority interests | Minority interest capital and reserve | Shareholders' Equity of Minority interests | Profit (Loss) | Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| | **50,069** | **402,318** | **212** | **1,641** | **1,853** | **50,281** | **404,171** |
| | (50,069) | - | (212) | 212 | - | (50,281) | - |
| | | (17,007) | | | - | - | (17,007) |
| | | (6,786) | | | - | - | (6,786) |
| | | 1,540 | | | - | - | 1,540 |
| | | - | | | - | - | - |
| | **13,582** | **13,582** | **300** | | **300** | **13,882** | **13,882** |
| | | (25,442) | | | - | - | (25,442) |
| | **13,582** | **(11,860)** | **300** | **-** | **300** | **13,882** | **(11,560)** |
| | **13,582** | **368,205** | **300** | **1,853** | **2,153** | **13,882** | **370,358** |





# 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 specialized 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 on Euronext STAR Milan of Borsa Italiana S.p.A. and is headquartered 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 December 31, 2021 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as "Group") and its minority interests in associates.

The publication of this Consolidated Annual Financial Report as of December 31, 2021 of the Datalogic Group was authorized by resolution of the Board of Directors dated March 10, 2022.

## 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 Standards 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 05/14/99 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 on December 31, 2020, in particular:

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realized, 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 explanatory for understanding the Group's economic result;
- the Statement of Comprehensive Income presents the components that determine profit/(loss) for the period and the costs and revenues reported directly under shareholders' equity;
- the Statement of Cash Flow is presented using the "indirect method".

The Consolidated Annual Financial Report was prepared based on the draft Financial Statements as of December 31, 2021, 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 derecognized when consolidated.

Changes in equity investments in an investee that do not entail the loss of control are recognized 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 derecognized, while any possible profit or loss will be recognized in the Income Statement. The equity interest possibly maintained must be recognized 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 realized 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 recognized 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 recognized in the Income Statement.
Any contingent consideration, to be recognized, 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 recognized 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 recognized 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 recognized 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 recognized according to the aforesaid acquisition method and the carrying value is increased or decreased to recognize the portion of the profits or losses of the investee that are realized after the acquisition. The goodwill concerning the associate is included in the carrying value of the investment and is not subject to amortization.
The Group's share of associates' post-acquisition profits or losses is recognized in the Income Statement, whereas its post-acquisition share of changes in reserves is recognized in reserves. Cumulative post-acquisition changes are included in the investment's carrying value.
Unrealized profits relating to transactions between the Group and its associates are eliminated in proportion to the Group's interests in such associates. Unrealized 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 recognized 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 year are recognized under comprehensive income in the "Translation reserve", with this reserve being recognized 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 year.
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 for 1 Euro | | | |
|---|---|---|---|---|
| | December 2021 | | December 2020 | |
| | Final exchange change | Average exchange rate for the year | Final exchange change | Average exchange rate for the year |
| US Dollar (USD) | 1.1326 | 1.1827 | 1.2271 | 1.1422 |
| British Pound Sterling (GBP) | 0.8403 | 0.8596 | 0.8990 | 0.8897 |
| Swedish Krona (SEK) | 10.2503 | 10.1465 | 10.0343 | 10.4848 |
| Singapore Dollar (SGD) | 1.5279 | 1.5891 | 1.6218 | 1.5742 |
| Japanese Yen (JPY) | 130.3800 | 129.8767 | 126.4900 | 121.8458 |
| Australian Dollar (AUD) | 1.5615 | 1.5749 | 1.5896 | 1.6549 |
| Hong Kong Dollar (HKD) | 8.8333 | 9.1932 | 9.5142 | 8.8587 |
| Chinese Renminbi (CNY) | 7.1947 | 7.6282 | 8.0225 | 7.8747 |
| Brazilian Real (BRL) | 6.3101 | 6.3779 | 6.3735 | 5.8943 |
| Mexican Peso (MXN) | 23.1438 | 23.9852 | 24.4160 | 24.5194 |
| Hungarian Forint (HUF) | 369.1900 | 358.5161 | 363.8900 | 351.2494 |

## 5) Accounting policies and standards applied

The accounting criteria used to prepare the Group's Consolidated Financial Statements for the year ended December 31, 2021 are described below. The accounting standards described have been consistently applied by all Group entities.

### Tangible assets

Owned tangible assets are initially recognized 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 of January 1, 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 realization value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase are recognized in the asset's carrying value, or are recognized 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 recognized 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 utilization.
Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Group are as follows:

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

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

### Assets held under lease contracts

Assets held by the Group under lease contracts, including operating leases, in accordance with IFRS 16, in force since January 1, 2019, are recorded under assets with a financial payable as a contra-entry. In particular, the 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 was deemed reasonably certain.

In compliance with the provisions of IFRS 16, starting from January 1, 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 recognized, but the lease payments are recognized 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 other financial payables of the Group. At the time of initial recognition, the lease payable is recorded on the basis of the present value of the lease instalments to be paid determined using the implicit interest rate of the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Group); if this rate is not indicated in the contract or easily determinable, the present value is determined using the "incremental borrowing rate", i.e. the incremental interest rate that, in a similar economic context and in order to obtain a sum equal to the value of the right of 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 recognized 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 recognized 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 recognized 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 capitalized 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 recognized in the Income Statement at the time when they are borne.
Development costs have a finite useful life and are capitalized and amortized 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 refer.

### Other intangible assets

Other intangible assets include special intangible assets purchased by the Group, also as part of business combinations, and therefore they were identified and recognized 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 amortized over their presumable useful life (see the next table).

### Depreciation

Intangible assets of finite duration are systematically amortized 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. Amortization starts when the asset is available for use.

The useful life for each category is detailed below:

| Description | Useful Life - years |
|---|---|
| **Goodwill** | Indefinite useful life |
| **Development costs** | 3/5 |
| **Other intangible assets:** | |
| - Software licences | 3/5 |
| - Patents (formerly PSC) | 20 |
| - Patents | 10 |
| - Know-how | 10 |
| - Customer portfolio | 15 |
| - SAP licences | 10 |
| - User licences | Contract duration |

Intangible assets with an indefinite useful life are not amortized 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 amortization 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 realization 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 amortization calculated using the historical cost, if no impairment had been recognized.
Any reinstatements of value are recognized 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 recognized 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 entirely 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 recognized in the financial statements 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 recognized at their fair value, increased by their ancillary charges if the financial assets are not recognized 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 amortized 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 amortized 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 derecognized 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 recognized 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 amortized cost. Expenses are recognized 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 recognized 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 recognized amount, less accumulated amortization.

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 recognized 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 recognized and there is the intention to settle the net remainder, or realize the asset and at the same time settle the liability.

*Financial derivatives*

Derivatives, including embedded derivatives, separate from the main contract, are initially recognized 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 recognized 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 recognized 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 recognized as component of the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year 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 recognized 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 labor, 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 amortization 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 formalized programs 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 programs 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 recognized 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 recognized 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 of 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 materialization 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 recognized 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 recognized 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, realization 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 realization or because it has already communicated its main aspects to interested third parties.

### Share-based incentive plan - Equity-settled payment 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 recognized under labor 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, recognized 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 recognized 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 recognized 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 recognized if it entails the increase in total fair value of the payment plan, or if this change is in any case favorable 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 recognized in the income statement, except when they relate to items entered directly in equity, in which case the tax effect is recognized 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 recognized for tax purposes.

Deferred tax assets are recognized 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. and Datalogic S.r.l. participate in the "national tax consolidation", governed by art. 117 et seq. of the TUIR of Hydra S.p.A., last consolidated 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. Datalogic IP Tech S.r.l., which has not participated in the "national tax consolidation" since 2021, has opted for the transparency tax regime pursuant to art. 115 TUIR for the three-year period 2021-2023, on the basis of which it transfers its total net income or tax loss to the parent companies Datalogic S.p.A and Datalogic S.r.l., both of which hold an equal 50% share capital.

### 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 recognizes 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 recognizes 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 recognizes the revenues by applying the following rules.

*Sale of goods*

Revenues resulted from the sale of equipment are recognized 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, recognizing:

- 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.

As regards contracts related to both the sale of assets and the rendering of services, the Group recognizes 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 recognized 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 equity and 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 recognized (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 recognized (less losses).

*Government grants*

Government grants are recognized - 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 recognized as income in the period in which they become receivable.

*Revenues relating to dividends and interest*

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

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

*Dividends paid out*

Dividends are recognized 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 recognized 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 year. Based on the definition envisaged in the IFRS 8 Standard, an operating segment is a component of an entity:

- that undertakes business activities that generate costs and revenues;
- 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 separate 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, re-

sults, 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 the 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) Accounting standards, amendments and IFRS interpretations applied by the Group from January 1, 2021

The following IFRS international accounting standards, amendments and interpretations have been applied for the first time by the Group as from January 1, 2021:

- on March 31, 2021, the IASB published an amendment called "**Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)**", extending by one year the period of application of the amendment issued in 2020, which provided the lessees with the ability to account for rent reductions related to Covid-19 without having to assess, through contract review, whether the definition of lease modification in IFRS 16 was complied with. Therefore, the lessees who have applied this option in the 2020 financial year, have recognized the effects of the reductions in rent directly in the income statement at the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of April 1, 2021 and early adoption is allowed. The adoption of these amendments had no impact on the Group's consolidated financial statements.
- On August 27, 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 have entered into force on January 1, 2021. The adoption of this amendment had no impact on the Group's consolidated financial statements.

## 7) IFRS accounting standards, amendments and interpretations that, as of December 31, 2021, were endorsed by the European Union but whose application was not yet mandatory and early application was not adopted by the Group

On May 14, 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 leading to changes in the provisions of the principle.

- ***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 depreciation of the machinery used to fulfil the contract obligations).
- 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 January 1, 2022. No significant effects are expected in the Group's financial statements from the adoption of this standard.

- On May 18, 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 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 January 1, 2023, but early application is permitted, only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*.

No significant effects are expected in the Group's financial statements from the adoption of this standard.

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

At the date of this Consolidated Annual Financial Report, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

On January 23, 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 January 1, 2023; early application is however permitted.

- On February 12, 2021, the IASB published two amendments called "***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***" and "***Definition of Accounting Estimates - Amendments to IAS 8***". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments shall apply from January 1, 2023, but earlier application is permitted.

- On May 7, 2021, the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes on certain transactions that may generate assets and liabilities of the same amount, such as leases and dismantling obligations, must be accounted for. The amendments shall apply from January 1, 2023, but earlier application is permitted.

- On December 9, 2021, the IASB published an amendment called ***"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information"***. The amendment is a transition option relating to comparative information about financial assets at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments shall apply from January 1, 2023, together with the application of IFRS 17.

No significant effects are expected on the Group's financial statements from the adoption of these principles and amendments.

## 9) Consolidation area

This Consolidated Annual Financial Report as of December 31, 2021 includes the income statement and balance sheet data of Datalogic S.p.A. and all the companies that it directly or indirectly controls.

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

As of December 31, 2021, there was a change in the consolidation area due to the acquisition, on March 1, 2021, of the entire share capital of M.D. Micro Detectors S.p.A. (which changed its name to Datasensing S.r.l. on 11/22/2021) and its subsidiaries M.D. Micro Detectors Tianjin Co. Ltd. and Micro Detectors Iberica S.A.U.

## 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 characterizing 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 generating units, including a sensitivity analysis, are thoroughly described in Note 2.

### Taxes

Deferred tax assets are recognized where it is likely that there will be in the future a taxed profit that can be used. Relevant estimates performed by the Management are required to determine the amount of tax assets that can be recognized 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 recognized 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 recognized 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 recognized 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 capitalized costs related to projects for the development of products. The initial cost capitalization 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 capitalized, 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 incentive plan - Equity-settled payment 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, recognized 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 recognized 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 centralized 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 and the British pound. **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 ensure full understanding of the impact of the foreign currency exchange risk on the Group's consolidated financial statements, a sensitivity analysis of foreign currency balances to exchange rate fluctuations was carried out. 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 of December 31, 2021:

| USD | Nominal value | Portion exposed to exchange rate risk | 5% | -5% |
|---|---|---|---|---|
| **Exchange rates** | | **1.1326** | **1.1892** | **1.0760** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 106,080 | 27,454 | (1,307) | 1,445 |
| Trade and other receivables | 105,966 | 34,128 | (1,625) | 1,796 |
| Financial assets and loans | 2,207 | 2,207 | (105) | 116 |
| **Financial liabilities** | | | | |
| Loans | 134,347 | 1,317 | 63 | (69) |
| Trade and other payables | 190,566 | 97,061 | 4,622 | (5,108) |
| **Income statement impact, net** | | | **1,647** | **(1,820)** |

As of December 31, 2021, the Group has no financial instruments to hedge changes in foreign currency exchange rates.

### Interest rate risk

The 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 stabilize the negative effects on cash flows subject to changes in interest rates. As of December 31, 2021, the Group 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 analyzed 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 of December 31, 2021:

| Euribor | Nominal value | Portion exposed to interest rate risk | 10bp | -10bp |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 106,080 | 52,641 | 53 | (53) |
| Financial assets and loans | 2,207 | | | |
| **Financial liabilities** | | | | |
| Loans | 134,347 | 18,057 | (18) | 18 |
| **Income statement impact, net** | | | **35** | **(35)** |

| Libor | Nominal value | Portion exposed to interest rate risk | 10bp | -10bp |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 106,080 | 27,454 | 27 | (27) |
| Financial assets and loans | 2,207 | 2,207 | 2 | (2) |
| **Financial liabilities** | | | | |
| Loans | 134,347 | 1,317 | (1) | 1 |
| **Income statement impact, net** | | | **28** | **(28)** |

## 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 of December 31, 2021, factored trade receivables amounted to €33,052 thousand (compared to €30,349 thousand at the end of 2020).

The maximum exposure to credit risk on the balance sheet date is the carrying amount of each class of financial asset presented in Note 5.

## Liquidity risk

The Datalogic Group's liquidity risk is minimized 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 optimizing 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. Centralized negotiation of credit lines and loans, together with the management of the Group's cash resources are aimed at optimizing financing costs.

We also report that, as of December 31, 2021, the Group's liquidity reserve – which includes uncommitted but undrawn credit lines of €165 million – is considered adequate to meet commitments existing as of 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 | 62,888 | 50,318 | |
| Lease financial payables | 4,446 | 9,389 | 3,711 |
| Bank overdrafts | 60 | | |
| Other financial liabilities | 998 | | |
| Payables to factoring companies | 2,537 | | |
| Trade and other payables | 190,566 | 18,286 | |
| **Total** | **261,495** | **77,993** | **3,711** |

## Changes in liabilities resulting from cash flows

The change in financial liabilities is illustrated below with a distinction between the current (C) and non-current (NC) portions.

| Financial liabilities - Loans | Bank borrowings | | Factoring debts | Lease payables | | Other financial liabilities | Bank overdrafts | Total |
|---|---|---|---|---|---|---|---|---|
| | C | NC | C | C | NC | C | C | |
| **01.01.2021** | **52,860** | **77,893** | **1,500** | **3,375** | **5,763** | **-** | **31** | **141,422** |
| New loans | 25,000 | 25,000 | | 3,043 | 8,851 | 998 | 29 | **62,921** |
| Repayments | (69,171) | | | (4,450) | | | | **(73,621)** |
| Transfers | 53,181 | (53,181) | | 2,274 | (2,274) | | | **-** |
| Change Cons. Area | 1,061 | 606 | | 212 | 772 | | | **2,651** |
| Exchange rate effects | | | | 65 | 112 | | | **177** |
| Change Amortization | (43) | | | | | | | **(43)** |
| Other movements | | | 1,037 | (73) | (124) | | | **840** |
| **31.12.2021** | **62,888** | **50,318** | **2,537** | **4,446** | **13,100** | **998** | **60** | **134,347** |

The Group manages capital with the intention of protecting its own continuity and optimizing 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.

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Net indebtedness (A) | 26,060 | (8,218) |
| Shareholders' Equity (B) | 421,724 | 370,358 |
| *Total capital [(A)+(B)]=C* | *447,784* | *362,140* |
| **"Gearing ratio" (A)/(C)** | **5.82%** | **-2.27%** |

## 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 2021, the operating segments are identified 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 increase the efficiency and quality of processes in the areas of Retail, Manufacturing, Transportation & Logistics and Healthcare. The newly acquired M.D. Microdetectors S.p.A. (now Datasensing S.r.l.) and its subsidiaries, which are active in the design, production and sale of industrial sensors, were included in this operating segment;
- **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 of December 31, 2021 and December 31, 2020 are as follows:

| *Segment economic position* | Datalogic Business | Informatics | Adjustments | Total Group 31.12.2021 |
|---|---|---|---|---|
| Revenues | 582,736 | 18,900 | (1,115) | 600,521 |
| EBITDA | 82,953 | 2,776 | (37) | 85,692 |
| *% Revenues* | *14.24%* | *14.69%* | | *14.27%* |
| EBIT | 44,563 | 2,488 | (37) | 47,014 |

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

The **equity information related to the operating segments** as of December 31, 2021 and December 31, 2020 are as follows:

| *Segment financial position* | Datalogic Business | Informatics | Adjustments | Total Group 31.12.2021 |
|---|---|---|---|---|
| Total Assets | 824,658 | 24,891 | (30,683) | 818,866 |
| Total Liabilities | 395,093 | 7,784 | (5,736) | 397,142 |
| Shareholders' Equity | 429,565 | 17,107 | (24,948) | 421,724 |

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

## Business combination

On March 1, 2021, the acquisition of the entire share capital of M.D. Micro Detectors S.p.A. and its subsidiaries from Gruppo Finmasi was completed, through the subsidiary Datalogic S.r.l.
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 following table shows the fair value as of December 31, 2021 of the assets and liabilities of the acquisition, the goodwill deriving from the transaction and the net cash used for the acquisition:

| PPA | Carrying amount | Adjustments | Fair value |
|---|---|---|---|
| Tangible assets | 2,595 | 4,850 | 7,445 |
| Intangible assets | 985 | (153) | 832 |
| Intangible assets - Customer Portfolio | - | 13,491 | 13,491 |
| Intangible assets - Know how | - | 6,110 | 6,110 |
| Right-of-use assets | - | 539 | 539 |
| Other non-current receivables | 342 | - | 342 |
| Inventories | 5,176 | - | 5,176 |
| Trade and other current receivables | 7,312 | - | 7,312 |
| Cash and cash equivalents | 2,028 | - | 2,028 |
| Financial liabilities | (1,667) | (539) | (2,206) |
| Liabilities for defined employee benefits | (469) | (56) | (525) |
| Deferred tax liabilities | - | (7,273) | (7,273) |
| Trade payables | (3,108) | - | (3,108) |
| Other payables | (1,954) | - | (1,954) |
| **Net assets at acquisition date** | **11,240** | **16,970** | **28,210** |
| % pertaining to Group | 100% | - | 100% |
| **Group net assets** | **11,240** | **-** | **28,210** |
| **Acquisition cost** | **37,000** | **-** | **37,000** |
| **Goodwill at acquisition date** | **25,760** | | **8,790** |

| | | | |
|---|---|---|---|
| **Net cash used in acquisition:** | | | |
| Cash and cash equivalents of acquiree | [A] | | 2,028 |
| Payments made to the seller | [B] | | 37,000 |
| **Acquisition cost** | | | **37,000** |
| **Net cash used in acquisition** | **[A]-[B]** | | **34,972** |

The acquisition qualifies as a business combination and, therefore, the Group has applied the purchase method of accounting as required by IFRS 3 revised. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date.

The residual goodwill of the purchase price allocation definitively recognized as of December 31, 2021 amounted to €8,790 thousand.
In particular, it should be noted that, as part of the recognition of the aforementioned acquisition according to the purchase method, the Group Management has identified the know-how and customer portfolio as intangible assets acquired and has taken steps to recognize the company's headquarters at fair value.
The fair value of the know-how and customer portfolio intangible assets was determined respectively using the "Profit Split" method and the "Multi-period Excess Earnings Method" applying a discount rate of 6.3% (corresponding to the value of the WACC specifically calculated by the Group Management plus a premium for the specific risk of the single asset equal to 0.5%). The useful life of the know-how was estimated at ten years while that of the customer portfolio at fifteen years. The fair value measurement of the company's headquarters was prepared on the basis of a specific appraisal drawn up by an independent expert.

# INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## ASSETS

### Note 1. Tangible assets

Tangible fixed assets as of December 31, 2021 amounted to €101,780 thousand. In the financial year, net investments were recorded for €9,715 thousand, of which €7,445 thousand related to acquisitions and €12,825 thousand to depreciation, while the exchange rates were positive for €3,087 thousand. The breakdown of the item as of December 31, 2021 and December 31, 2020 is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Land | 12,524 | 10,066 | 2,458 |
| Buildings | 52,649 | 48,192 | 4,457 |
| Other assets | 32,600 | 32,725 | (125) |
| Assets in progress and payments on account | 4,007 | 3,375 | 632 |
| **Total** | **101,780** | **94,358** | **7,422** |

The increase in the items "Land" and "Buildings", in addition to the recognition of the overall exchange differences of €2,041 thousand, is mainly represented by the change in the consolidation scope, respectively equal to €2,055 thousand and €3,443 thousand as of December 31, 2021.

The "Other assets" item as of December 31, 2021 includes the following categories: industrial equipment and moulds (€12,325 thousand), plant and machinery (€10,055 thousand), office furniture and machines (€6,633 thousand), general plants related to buildings (€2,097 thousand), light constructions (€568 thousand), commercial equipment and *demo rooms* (€571 thousand), maintenance on third-party assets (€310 thousand), and motor vehicles (€41 thousand). The contribution deriving from the acquisition of MD amounted to €1,924 thousand.

The balance of item "Assets in progress and payments on account", equal to €4,007 thousand, is composed primarily of €3,116 thousand for moulds under construction, €668 thousand for equipment and production lines built in house and €109 thousand for improvements to owned buildings.

Details of changes as of December 31, 2021 and December 31, 2020 are as follows:

| | Land | Buildings | Other assets | Assets in progress and payments on account | Total |
|---|---|---|---|---|---|
| Historical cost | 10,066 | 54,793 | 158,173 | 3,375 | 226,407 |
| Accumulated depreciation | | (6,601) | (125,448) | | (132,049) |
| **Net book value as of 01.01.2021** | **10,066** | **48,192** | **32,725** | **3,375** | **94,358** |
| *Increases 31.12.2021* | | | | | |
| Investments | 0 | 532 | 7,227 | 2,257 | 10,016 |
| Change in consolidation area | 2,055 | 5,243 | 16,355 | 23 | 23,676 |
| **Total** | **2,055** | **5,775** | **23,582** | **2,280** | **33,692** |
| *Decreases 31.12.2021* | | | | | |
| Disposals, historical cost | (29) | | (7,548) | | (7,577) |
| Disposals, accumulated depreciation | | | 7,276 | | 7,276 |
| Change in consolidation area | | (1,800) | (14,431) | | (16,231) |
| Depreciation | | (1,127) | (11,698) | | (12,825) |
| **Total** | **(29)** | **(2,927)** | **(26,401)** | | **(29,357)** |
| *Other changes 31.12.2021* | | | | | |
| Incoming transfers at historical cost | | 1 | 12 | (1,726) | (1,713) |
| (Outgoing transfers, accum. depreciation) | | | 1,713 | | 1,713 |
| Exchange diff. in historical cost | 432 | 1,783 | 3,704 | 78 | 5,997 |
| Exchange diff. in accum. depreciation | | (175) | (2,735) | | (2,910) |
| **Total** | **432** | **1,609** | **2,694** | **(1,648)** | **3,087** |
| Historical cost | 12,524 | 62,352 | 163,492 | 4,007 | 242,375 |
| Accumulated depreciation | | (9,703) | (130,892) | | (140,595) |
| **Net book value as of 31.12.2021** | **12,524** | **52,649** | **32,600** | **4,007** | **101,780** |

| | 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 | | (6,098) | (122,978) | | (129,076) |
| **Net book value as of 01.01.2020** | **8,778** | **31,820** | **35,418** | **13,586** | **89,602** |
| *Increases 31.12.2020* | | | | | |
| Investments | 2,172 | 9,696 | 6,829 | 2,811 | 21,508 |
| **Total** | **2,172** | **9,696** | **6,829** | **2,811** | **21,508** |
| *Decreases 31.12.2020* | | | | | |
| Disposals, historical cost | | | (5,336) | | (5,336) |
| Disposals, accum. depreciation | | | 5,142 | | 5,142 |
| Depreciation | | (711) | (11,720) | | (12,431) |
| **Total** | | **(711)** | **(11,914)** | | **(12,625)** |
| *Other changes 31.12.2020* | | | | | |
| Incoming transfers at historical cost | (419) | 9,323 | 3,802 | (12,755) | (49) |
| (Outgoing transfers, accum. depriciation) | | | 49 | | 49 |
| Historical cost of asset sold | | | (376) | | (376) |
| Accumulated depreciation for asset sold | | | 306 | | 306 |
| Exchange diff. in historical cost | (465) | (2,144) | (5,142) | (267) | (8,018) |
| Exchange diff. in accum. depreciation | | 208 | 3,753 | | 3,961 |
| **Total** | **(884)** | **7,387** | **2,392** | **(13,022)** | **(4,127)** |
| Historical cost | 10,066 | 54,793 | 158,173 | 3,375 | 226,407 |
| Accumulated depreciation | | (6,601) | (125,448) | | (132,049) |
| **Net book value as of 31.12.2020** | **10,066** | **48,192** | **32,725** | **3,375** | **94,358** |

## Note 2. Intangible assets

Intangible fixed assets as of December 31, 2021 amounted to €275,128 thousand; net investments for €16,658 thousand, a change in the consolidation scope for €29,246 thousand (which is analyzed in the section "Business Combination" above) and amortization for €15,678 thousand, while exchange rate effects were positive for €14,355 thousand. The breakdown of the item as of December 31, 2021 and December 31, 2020 is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Goodwill | 193,497 | 171,372 | 22,125 |
| Development costs | 21,786 | 22,108 | (322) |
| Other | 39,703 | 24,417 | 15,286 |
| Assets in progress and payments on account | 20,142 | 12,650 | 7,492 |
| **Total** | **275,128** | **230,547** | **44,581** |

Details of changes as of December 31, 2021 and December 31, 2020 are as follows:

| | Goodwill | Development costs | Other | Assets in progress and payments on account | Total |
|---|---|---|---|---|---|
| Historical cost | 171,372 | 45,224 | 144,197 | 12,650 | 373,443 |
| Accumulated amortization | | (23,116) | (119,780) | | (142,896) |
| **Net book value as of 01.01.2021** | **171,372** | **22,108** | **24,417** | **12,650** | **230,547** |
| *Increases 31.12.2021* | | | | | |
| Investments | | 2,554 | 3,152 | 10,952 | 16,658 |
| Change in consolidation area | 8,790 | 2,452 | 21,428 | 5 | 32,675 |
| **Total** | **8,790** | **5,006** | **24,580** | **10,957** | **49,333** |
| *Decreases 31.12.2021* | | | | | |
| Disposals, historical cost | | | (1,148) | | (1,148) |
| Disposals, accum. amortization | | | 1,148 | | 1,148 |
| Change in consolidation area | | (1,648) | (1,781) | | (3,429) |
| Amortization | | (6,886) | (8,792) | | (15,678) |
| **Total** | | **(8,534)** | **(10,573)** | | **(19,107)** |
| *Other changes 31.12.2021* | | | | | |
| Incoming transfers at historical cost | | 3,228 | 237 | (3,465) | |
| (Outgoing transfers, accum. amortization) | | | | | |
| Exchange diff. in historical cost | 13,335 | 597 | 7,516 | | 21,448 |
| Exchange diff. in accum. amortization | | (619) | (6,474) | | (7,093) |
| **Total** | **13,335** | **3,206** | **1,279** | **(3,465)** | **14,355** |
| Historical cost | 193,497 | 54,055 | 175,382 | 20,142 | 443,076 |
| Accumulated amortization | | (32,269) | (135,679) | | (167,948) |
| **Net book value as of 31.12.2021** | **193,497** | **21,786** | **39,703** | **20,142** | **275,128** |

| | 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 amortization | | (20,052) | (119,410) | | (139,462) |
| **Net book value as of 01.01.2020** | **186,126** | **9,927** | **28,430** | **12,114** | **236,597** |
| *Increases 31.12.2020* | | | | | |
| Investments | | 9,063 | 2,446 | 9,775 | 21,284 |
| **Total** | | **9,063** | **2,446** | **9,775** | **21,284** |
| *Decreases 31.12.2020* | | | | | |
| Disposals, historical cost | | | (48) | | (48) |
| Disposals, accum. amortization | | | 47 | | 47 |
| Amortization | | (3,702) | (7,388) | | (11,090) |
| Amortization from acquisitions | | | | | |
| **Total** | | **(3,702)** | **(7,389)** | | **(11,091)** |
| *Other changes 31.12.2020* | | | | | |
| Incoming transfers at historical cost | | 6,871 | 2,368 | (9,239) | |
| (Outgoing transfers, accum. amortization) | | | | | |
| Exchange diff. in historical cost | (14,754) | (689) | (8,409) | | (23,852) |
| Exchange diff. in accum. amortization | | 638 | 6,971 | | 7,609 |
| **Total** | **(14,754)** | **6,820** | **930** | **(9,239)** | **(16,243)** |
| Historical cost | 171,372 | 45,224 | 144,197 | 12,650 | 373,443 |
| Accumulated amortization | | (23,116) | (119,780) | | (142,896) |
| **Net book value as of 31.12.2020** | **171,372** | **22,108** | **24,417** | **12,650** | **230,547** |

## Goodwill

The item "Goodwill", equal to €193,497 thousand, is allocated to the CGUs identified by the Management as illustrated below.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Datalogic CGU | 180,101 | 158,794 | 21,307 |
| Informatics CGU | 13,396 | 12,578 | 818 |
| **Total** | **193,497** | **171,372** | **22,125** |

The change compared to the previous year was due to €13,335 thousand in translation differences and €8,790 thousand in goodwill arising from the first-time consolidation of the MD Group following the final recording of the Purchase Price Allocation (PPA) and included in the Datalogic CGU.

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

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 foreseeable operating performance, based on business strategies and growth indicators in the sector to which the Group belongs and in its reference markets.

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 February 17, 2022.

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 2022 - 2026, 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 5.99% to 6.80% 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:

| | Datalogic CGU | Informatics |
|---|---|---|
| **Goodwill** | **180,101** | **13,396** |
| Weighted average cost of capital (WACC) | 5.99% | 6.80% |
| 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 of December 31, 2021 was higher than the corresponding net invested capital (carrying amount).

Since the value of the market capitalization 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.

*Datalogic CGU*

The recoverable value of the Datalogic CGU was determined based on the calculation of the value in use, in which projected cash flows, arising from the plan drawn up by the Management on the basis of recruitment approved by the Board of Directors, were used. The discount rate before taxes applied to projected cash flows is 5.99% (5.80% in 2020) and cash flows over five years have been estimated based on 1% growth rate (in line with 2020), which is lower than the growth rate expected in reference markets. During testing for impairment, goodwill of Datalogic CGU confirmed its carrying value.

*Informatics CGU*

Goodwill attributed to Informatics CGU results from the acquisition of the investee Informatics Inc. in 2005. The recoverable amount of the Informatics CGU was determined on the basis of the calculation of the value in use, in which the cash flow projections from the plan prepared were estimated by management based on assumptions approved by the Board of Directors. The discount rate before taxes applied to projected cash flows is 6.80% (in 2020 equal to 6.97%) and cash flows over five years have been inferred based on 1% growth rate (in line with 2020), which is lower than the growth rate expected in reference markets. During testing for impairment, goodwill of Informatics CGU 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 and the deterioration of economic conditions, for example due to cyclical conditions, can lead to a reduction in the gross margin, and to a reduction 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 some industry studies. 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 carried out did not identify any indicators of impairment.

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

The **"Development costs"** item, which totalled €21,786 thousand as of December 31, 2021, is composed of product development projects, of which €704 thousand arising from changes in the consolidation scope.

The **"Other"** item, amounting to €39,703 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group and software licences as detailed below:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Patents | 9,056 | 10,275 | (1,219) |
| Know-how | 6,307 | 1,675 | 4,632 |
| Customer portfolio | 12,742 | - | 12,742 |
| Licences | 440 | 1,714 | (1,274) |
| Software | 11,158 | 10,753 | 405 |
| **Total** | **39,703** | **24,417** | **15,286** |

The "Customer Portfolio" and the "Know-How" were recorded following the *purchase price allocation* relating to the acquisition of the MD Group described above for €13,491 thousand and €6,110 thousand, respectively.

The **"Assets in progress and payments on account"** item, equal to €20,142 thousand, is attributable, in the amount of €19,955 thousand, to the capitalization of costs for product development projects that are currently under way.

## Note 3. Right-of-use assets

Net changes of €11,106 thousand were reported during the financial year and depreciation amounted to €4,253 thousand, while the exchange rates were positive by €241 thousand. The breakdown of the item as of December 31, 2021 and December 31, 2020 is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Buildings | 14,989 | 6,716 | 8,273 |
| Vehicles | 1,974 | 2,214 | (240) |
| Office equipment | 175 | 118 | 57 |
| **Total** | **17,138** | **9,048** | **8,090** |

The increase in the item "Buildings", in addition to the change in the consolidation scope for €843 thousand, is a consequence of the renewal of the property lease contracts. Details of changes as of December 31, 2021 and December 31, 2020 are as follows:

| | Buildings | Vehicles | Office equipment | Total |
|---|---|---|---|---|
| Historical cost | 11,787 | 4,313 | 254 | 16,354 |
| Accumulated depreciation | (5,071) | (2,099) | (136) | (7,306) |
| **Net book value as of 01.01.2021** | **6,716** | **2,214** | **118** | **9,048** |
| *Increases 31.12.2021* | | | | |
| Increases due to changes in contracts | 10,937 | 925 | 118 | 11,980 |
| First Adoption | 296 | | | 296 |
| Change in consolidation area | 884 | 112 | | 996 |
| **Total** | **12,117** | **1,037** | **118** | **13,272** |
| *Decreases 31.12.2021* | | | | |
| Decreases in historical cost for changes in contracts | (4,868) | (809) | (70) | (5,747) |
| Decreases in accumulated depreciation for changes in contracts | 3,749 | 766 | 62 | 4,577 |
| Depreciation | (2,966) | (1,231) | (56) | (4,253) |
| **Total** | **(4,085)** | **(1,274)** | **(64)** | **(5,423)** |
| *Other changes 31.12.2021* | | | | |
| Incoming transfers at historical cost | 667 | | | 667 |
| (Outgoing transfers, accum. depreciation) | (667) | | | (667) |
| Exchange diff. in historical cost | 440 | (4) | 7 | 443 |
| Exchange diff. in accum. depreciation | (199) | 1 | (4) | (202) |
| **Total** | **241** | **(3)** | **3** | **241** |
| Historical cost | 20,143 | 4,537 | 309 | 24,989 |
| Accumulated depreciation | (5,154) | (2,563) | (134) | (7,851) |
| **Net book value as of 31.12.2021** | **14,989** | **1,974** | **175** | **17,138** |

| | Buildings | Vehicles | Office equipment | Total |
|---|---|---|---|---|
| Historical cost | 11,186 | 2,982 | 228 | 14,396 |
| Accumulated depreciation | (3,626) | (941) | (76) | (4,643) |
| **Net book value as of 01.01.2020** | **7,560** | **2,041** | **152** | **9,753** |
| *Increases 31.12.2020* | | | | |
| Increases due to changes in contracts | 3,856 | 1,532 | 40 | 5,428 |
| **Total** | **3,856** | **1,532** | **40** | **5,428** |
| *Decreases 31.12.2020* | | | | |
| Decreases in historical cost for changes in contracts | (2,898) | (176) | (4) | (3,078) |
| Decreases in accumulated depreciation for changes in contracts | 2,156 | 128 | 1 | 2,285 |
| Depreciation | (3,782) | (1,295) | (69) | (5,146) |
| **Total** | **(4,524)** | **(1,343)** | **(72)** | **(5,939)** |
| *Other changes 31.12.2020* | | | | |
| Incoming transfers at historical cost | | | | - |
| (Outgoing transfers, accum. depreciation) | | | | - |
| Exchange diff. in historical cost | (295) | (21) | (5) | (321) |
| Exchange diff. in accum. depreciation | 119 | 5 | 3 | 127 |
| **Total** | **(176)** | **(16)** | **(2)** | **(194)** |
| Historical cost | 12,144 | 4,317 | 259 | 16,720 |
| Accumulated depreciation | (5,428) | (2,103) | (141) | (7,672) |
| **Net closing value as of 31.12.2020** | **6,716** | **2,214** | **118** | **9,048** |

## Note 4. Equity investments in associates

The non-controlling interests held by the Group as of December 31, 2021 amounted to €530 thousand (see Annex 2 for details). During the financial year, the equity investment equal to 40% of the share capital in the company Specialvideo S.r.l. was sold for a consideration of €200 thousand, after having collected a dividend of €200 thousand, determining a capital gain of approximately €40 thousand.

## Note 5. Financial assets and liabilities by category

The following table provides a breakdown of "Financial assets and liabilities", formulated according to IFRS 9.

### Financial assets

| | Financial assets at amortized cost | Financial assets at FV through profit and loss | Financial assets at FV through OCI | 31.12.2021 |
|---|---|---|---|---|
| **Non-current financial assets** | **821** | **1,301** | **10,504** | **12,626** |
| Financial assets – Equity investments | | 1,301 | 10,504 | 11,805 |
| Other receivables | 821 | | | 821 |
| **Current financial assets** | **211,225** | **2,207** | **-** | **213,432** |
| Trade receivables | 87,279 | | | 87,279 |
| Other receivables | 17,866 | | | 17,866 |
| Financial assets - Loans | | 2,207 | | 2,207 |
| Cash and cash equivalents | 106,080 | | | 106,080 |
| **Total** | **212,046** | **3,508** | **10,504** | **226,058** |

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

## Financial liabilities

| | Derivatives | Financial liabilities at amortized cost | 31.12.2021 |
|---|---|---|---|
| **Non-current financial liabilities** | **-** | **81,704** | **81,704** |
| Financial payables | - | 63,418 | 63,418 |
| Other current liabilities | - | 18,286 | 18,286 |
| **Current financial liabilities** | **-** | **261,495** | **261,495** |
| Trade payables | - | 139,121 | 139,121 |
| Other current liabilities | - | 51,445 | 51,445 |
| Current financial payables | - | 70,929 | 70,929 |
| **Total** | **-** | **343,199** | **343,199** |

| | Derivatives | Financial liabilities at amortized cost | 31.12.2020 |
|---|---|---|---|
| **Non-current financial liabilities** | **-** | **99,726** | **99,726** |
| Financial payables | - | 83,656 | 83,656 |
| Other current liabilities | - | 16,070 | 16,070 |
| **Current financial liabilities** | **-** | **196,703** | **196,703** |
| Trade payables | - | 97,672 | 97,672 |
| Other current liabilities | - | 42,175 | 42,175 |
| Current financial payables | - | 57,766 | 57,766 |
| **Total** | **-** | **296,429** | **296,429** |

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

### Fair value - hierarchy

All the financial instruments measured at fair value are classified in the three categories defined below:
**Level 1:** market prices;
**Level 2:** valuation techniques (based on observable market data);
**Level 3:** valuation techniques (not based on observable market data).

| Assets measured at fair value | Level 1 | Level 2 | Level 3 | 31.12.2021 |
|---|---|---|---|---|
| Financial assets – Equity investments | 10,381 | - | 1,423 | 11,805 |
| Financial assets - Other | - | - | 2,207 | 2,207 |
| **Total** | **10,381** | **-** | **3,630** | **14,012** |

## Note 6. Financial assets and current financial receivables

The financial assets include the following:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Non-current financial assets | 11,805 | 7,823 | 3,982 |
| Current financial assets | - | 10,152 | (10,152) |
| Current financial receivables | 2,207 | 2,037 | 170 |
| **Total** | **14,012** | **20,012** | **(6,000)** |

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

| | 2021 | 2020 |
|---|---|---|
| **As of January 1** | **7,823** | **9,465** |
| Investments (Divestments) | 537 | 342 |
| Acquisitions | 3 | - |
| Profit/(Losses) recognized in OCI | 3,299 | (1,727) |
| Profit/Losses recognized in the income statement | 83 | - |
| Exchange rate adjustments | 61 | (257) |
| **As of December 31** | **11,805** | **7,823** |

Non-current financial assets amounted to €11,805 thousand and included €10,210 thousand for 1.2% investment in the share capital of the Japanese company Idec Corporation, listed on the Tokyo Stock Exchange, whose change during the year related to exchange rate and fair value adjustments, and the investment in the company Point Mobile Co., Ltd for €207 thousand, and whose valuation as of December 31, 2021 was €171 thousand.

The item "Current financial receivables" amounting to €2,207 thousand consists of the investment in a financial instrument convertible into capital issued by AWM Smart Shelf, a company with registered office in California, specialized 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 behavior, as well as the Retail Analytics Engine (RAE) software for in-store analysis and reporting.

The change in "Current financial assets" compared to December 31, 2020 relates to the liquidation of temporary investments of liquidity.

## Note 7. Trade and other receivables

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Trade receivables | 80,389 | 64,440 | 15,949 |
| Contract assets - Invoices to be issued | 7,105 | 3,068 | 4,037 |
| Bad debt provisions | (2,657) | (2,262) | (395) |
| **Net trade receivables** | **84,837** | **65,246** | **19,591** |
| **Receivables from associates** | **2,435** | **1,310** | **1,125** |
| **Receivables from related parties** | **7** | **7** | **-** |
| **Sub-total - Trade receivables** | **87,279** | **66,563** | **20,716** |
| Other receivables - current accrued income and prepaid expenses | 17,866 | 16,270 | 1,596 |
| Other receivables - non-current accrued income and prepaid expenses | 821 | 1,164 | (343) |
| **Sub-total - Other receivables - accrued income and prepaid expenses** | **18,687** | **17,434** | **1,253** |
| Less: non-current portion | 821 | 1,164 | (343) |
| **Trade and other receivables - current** | **105,145** | **82,833** | **22,312** |

### Trade receivables

"Trade receivables" as of December 31, 2021 amounted to €87,279 thousand, an increase of €20,716 thousand compared to December 31, 2020, of which €6,750 thousand due to the change in the consolidation scope. The recovery in demand and the rapid growth in turnover led to a progressive increase in commercial exposure to customers. As of December 31, 2021, trade receivables factored without recourse amounted to €33,052 thousand (compared to €30,349 thousand as of December 31, 2020). Trade receivables from associates arise from commercial transactions carried out at arm's length conditions.

As of December 31, 2021, the breakdown of the item by maturity terms, compared with the previous year, was as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Not yet due | 78,761 | 59,485 |
| Past due by 30 days | 5,731 | 4,249 |
| Past due by 31 - 90 days | 4,071 | 2,942 |
| Past due by more than 90 days | 1,373 | 832 |
| Bad debt provisions | (2,657) | (2,262) |
| **Total** | **87,279** | **65,246** |

The following table shows the breakdown of trade receivables by currency as of December 31, 2021 and December 31, 2020:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Euro (EUR) | 40,332 | 25,004 |
| US Dollar (USD) | 32,341 | 27,145 |
| British Pound Sterling (GBP) | 2,182 | 2,834 |
| Australian Dollar (AUD) | 1,804 | 1,948 |
| Japanese Yen (JPY) | 1,727 | 1,412 |
| Hungarian Forint (HUF) | 30 | 12 |
| Chinese Renminbi (CNY) | 8,739 | 5,881 |
| Vietnam Dong (VND) | 119 | 154 |
| Brazilian Real (BRL) | - | 855 |
| Swedish Krona (SEK) | 5 | - |
| **Total** | **87,279** | **65,245** |

Customer trade receivables are posted net of bad debt provisions totalling €2,657 thousand (€2,262 thousand as of December 31, 2020). Changes in bad debt provisions during the year were as follows:

| | 2021 | 2020 | Change |
|---|---|---|---|
| **As of January 1** | **2,262** | **1,217** | **1,045** |
| Exchange rate effects | 49 | (32) | 81 |
| Accrual | 573 | 1,334 | (761) |
| Change in consolidation scope | 373 | - | 373 |
| Releases | (600) | (226) | (374) |
| Payments | - | (31) | 31 |
| **As of December 31** | **2,657** | **2,262** | **395** |

## Other receivables - accrued income and prepaid expenses

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Other current receivables | 1,763 | 1,702 | 61 |
| Other non-current receivables | 821 | 1,164 | (343) |
| VAT receivables | 12,632 | 11,324 | 1,308 |
| Accrued income and prepaid expenses | 3,471 | 3,244 | 227 |
| **Total** | **18,687** | **17,434** | **1,253** |

The "VAT credit" equal to €12,632 thousand relates to normal trade operations. The increase is due to the greater volume of exports during the year.

The "Accrued income and prepaid expenses" item is mainly composed of the recognition of insurance contracts and hardware and software licenses. The increase during the year is mainly due to the change in the consolidation scope.

## Note 8. Inventories

Inventories, amounting to €136,721 thousand, showed an increase during the year of €58,450 thousand, of which €5,372 thousand as a result of the change in the consolidation scope. The increase recorded during the year is the result of greater procurement by the Group to deal with the rapid growth in demand after the pandemic crisis in a market context where the supply chain is significantly impacted by shortages of raw materials and components and by capacity constraints in logistics flows.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Raw and ancillary materials and consumables | 83,681 | 37,633 | 46,048 |
| Work in progress and semi-finished products | 19,865 | 15,012 | 4,853 |
| Finished products and goods | 33,175 | 25,626 | 7,549 |
| **Total** | **136,721** | **78,271** | **58,450** |

Inventories are disclosed net of an obsolescence provision totalling €10,777 thousand as of December 31, 2021 (€10,187 thousand as of December 31, 2020). Changes in the obsolescence provision as of December 31, 2021 and December 31, 2020 are reported below:

| | 2021 | 2020 |
|---|---|---|
| **As of January 1** | **10,187** | **10,121** |
| Exchange rate effects | 161 | (335) |
| Accrual | 713 | 3,310 |
| Change in consolidation area | 1,055 | - |
| Releases/Uses | (1,339) | (2,909) |
| **As of December 31** | **10,777** | **10,187** |

## Note 9. Tax payables and receivables

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Tax receivables | 11,443 | 12,004 | (561) |
| *of which to Parent Company* | *1,807* | *641* | *1,166* |
| Tax payables | (12,420) | (7,681) | (4,739) |
| *of which to Parent Company* | *(3,450)* | *(1,700)* | *(1,750)* |
| **Total** | **(977)** | **4,323** | **(5,300)** |

As of December 31, 2021, the net balance of "Tax receivables and payables" was negative and equal to €977 thousand, marking a change of €5,300 thousand compared to December 31, 2020. The change in the year is mainly due to the recognition of higher payables for income taxes, related to the increase reported for the year.

# LIABILITIES AND SHAREHOLDERS' EQUITY

## Note 10. Shareholders' Equity

The composition of the Shareholders' Equity as of December 31, 2021 is shown below.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Share capital | 30,392 | 30,392 | - |
| Share premium reserve | 111,779 | 111,779 | - |
| Treasury shares held in portfolio | (26,096) | (21,899) | (4,197) |
| **Share capital and capital reserves** | **116,075** | **120,272** | **(4,197)** |
| Translation reserve | 22,746 | 2,331 | 20,415 |
| Other reserves | 11,239 | 6,204 | 5,035 |
| Retained earnings | 229,692 | 225,816 | 3,876 |
| **Profit for the year** | **38,913** | **13,582** | **25,331** |
| **Total Group Shareholders' Equity** | **418,665** | **368,205** | **50,460** |
| Profit (Loss) of Minority interests | 627 | 300 | 327 |
| Shareholders' Equity of Minority interests | 2,432 | 1,854 | 578 |
| **Total consolidated Shareholders' Equity** | **421,724** | **370,358** | **51,366** |

## Share capital

Movements in the share capital as of December 31, 2021 and December 31, 2020 are reported below:

| | Number of shares | Share capital | Share cancellation reserve | Treasury shares held | Treasury share reserve | Share premium reserve | Total |
|---|---|---|---|---|---|---|---|
| **01.01.2021** | **56,692,360** | **30,392** | **2,813** | **(21,899)** | **31,382** | **77,584** | **120,272** |
| Purchase of treasury shares | (245,869) | | | (4,192) | 4,191 | (4,191) | (4,192) |
| Purchase/sale expenses | | | | (5) | | | (5) |
| **31.12.2021** | **56,446,491** | **30,392** | **2,813** | **(26,096)** | **35,573** | **73,393** | **116,075** |

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

As of December 31, 2021, the share capital of €30,392 thousand represents the share capital fully subscribed and paid in by the Parent Company Datalogic S.p.A. It comprises a total number of ordinary shares of 58,446,491, of which 2,000,000 are held as treasury shares for a value of €26,096 thousand, for which the outstanding shares as at that date amounted to 56,446,491. The shares have a nominal value of €0.52 each.

### Other Reserves

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

- increase in the translation reserve of €20,415 thousand;
- positive change in financial assets reserve, measured at FVOCI, amounting to €3,259 thousand;
- positive change in the reserve related to the incentive plan with share-based payments for €1,696 thousand;
- positive change in the actuarial gains/(losses) reserve, amounting to €235 thousand;
- negative change in the cash flow hedge reserve, amounting to €155 thousand.

With regard to the change in the share-based incentive plan reserve, it should be noted that said change referred to the plan approved by the Shareholders' Meeting on April 30, 2019. Should present performance targets be achieved, the rights to receive Company's shares were assigned to the beneficiaries by the Directors on June 25, 2019 (grant date).
The above-mentioned increase in Shareholders' Equity was recognized, 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

The "Financial payables" as of December 31, 2021 amounted to €134,347 thousand, recording a decrease of €7,075 thousand as detailed below.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Bank borrowings | 113,206 | 130,753 | (17,547) |
| Lease financial payables | 17,546 | 9,138 | 8,408 |
| Payables to factoring companies | 2,537 | 1,500 | 1,037 |
| Other financial liabilities | 998 | - | 998 |
| Bank overdrafts | 60 | 31 | 29 |
| **Total** | **134,347** | **141,422** | **(7,075)** |

The change in the item "Bank borrowings" reported for the year is due to the change in the consolidation area for €1,667 thousand, as well as to loan repayment and new borrowings or the drawdown of existing credit lines as detailed below.

| | 2021 | 2020 |
|---|---|---|
| **As of January 1** | **130,753** | **157,527** |
| Increases | 50,000 | - |
| Change in consolidation area | 1,667 | - |
| Decreases for borrowing repayments | (69,171) | (27,034) |
| Recalculation of amortized cost | (43) | 260 |
| **As of December 31** | **113,206** | **130,753** |

The increase in "Financial payables for leasing" of € 8,408 thousand refers to the renewal of property lease contracts expiring during the year.

The breakdown of financial payables divided between current and non-current portion is shown below:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Non-current financial payables | 63,418 | 83,656 | (20,238) |
| Current financial payables | 70,929 | 57,766 | 13,163 |
| **Total** | **134,347** | **141,422** | **(7,075)** |

As of December 31, 2021, the Group had credit lines in place for a total of €356.0 million, of which €265.0 million unused, including €100.0 million long-term and €65.0 million short-term. On August 5, the Group signed a new 7-year "Roller-Coaster" loan with a pool of banks for a total of €100 million at a fixed rate, of which €25.0 million have been disbursed as of December 31, 2021.

### Covenants

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

| Financing | Company | Covenants | Frequency | Reference financial statements |
|---|---|---|---|---|
| Club Deal | Datalogic S.p.A. | PFN/EBITDA 2.75 | Half-year | Consolidated |
| RCF | Datalogic S.p.A. | PFN/EBITDA 2.75 | Half-year | Consolidated |
| Roller Coaster | Datalogic S.p.A. | PFN/EBITDA 3.00 | Half-year | Consolidated |

As of December 31, 2021, all covenants were complied with.

## Note 12. Net deferred taxes

Deferred tax assets and deferred tax liabilities result both from positive items already recognized 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 recorded in accordance with the assumptions of the 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 amortization/depreciation schedules of tangible and intangible assets, as well as to fair value measurements of assets as part of business combinations carried out by the Group.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Deferred tax assets | 50,068 | 41,101 | 8,967 |
| Deferred tax liabilities | (25,844) | (16,217) | (9,627) |
| **Net deferred taxes** | **24,224** | **24,884** | **(660)** |

The change in deferred taxes is mainly related to the recognition of deferred tax liabilities with reference to the fair value measurement of tangible and intangible fixed assets acquired as part of the business combination of M.D. Micro Detectors S.p.A. and its subsidiaries, for €7,273 thousand, and to the release of deferred taxes recognized on incomes that had become taxable over the year, represented by gains on exchange rates and dividends from investee companies.

Deferred tax assets include primarily tax assets related to receivables for taxes paid abroad, the recoverability of which is subject to time limits, non-deductible temporary differences and consolidation adjustments. The increase over the previous year is due to the tax effects, amounting to €9,801 thousand, from the derecognition of the capital gains arising from the revaluation of some patents by the subsidiary Datalogic IP Tech S.r.l. pursuant to Article 110, paragraphs 1-7, of Legislative Decree 104/2020 (so-called "August Decree", hereinafter also the "Revaluation Law"), converted with amendments by Law 126/2020, as well as the adjustment of the recoverable value of the credits for taxes paid abroad which the Group Management periodically updates based on the best estimate of prospective profitability by geographic area, in compliance with the local tax laws in force.

The main items that compose deferred tax assets and deferred tax liabilities and changes in them during the year are showed below.

| Deferred tax assets | 31.12.2020 | Provisioned in (released from) Income Statement | Provisioned in (released from) Shareholders' Equity | Foreign exchange differences | 31.12.2021 |
|---|---|---|---|---|---|
| Receivables, foreign taxes | 18,004 | (360) | | 1,396 | **19,040** |
| Foreign exchange gains/(losses) | 576 | 647 | | (15) | **1,208** |
| Differences in amortization/depreciation | 2,298 | 72 | | 138 | **2,508** |
| Asset write-downs | 1,155 | (59) | | 4 | **1,100** |
| Non-deductible temp. diff. | 15,726 | 1,639 | | 1,041 | **18,406** |
| Others | 801 | 104 | 195 | | **1,100** |
| Adjustments | 2,542 | 4,402 | | (238) | **6,706** |
| **Total** | **41,101** | **6,446** | **195** | **2,326** | **50,068** |

| Deferred tax liabilities | 31.12.2020 | Provisioned in (released from) Income Statement | Provisioned in (released from) Shareholders' Equity | Foreign exchange differences | 31.12.2021 |
|---|---|---|---|---|---|
| NOLs | 16 | | | | **16** |
| Foreign exchange gains/(losses) | 1,093 | 1,100 | 43 | | **2,236** |
| Differences in amortization/depreciation | 11,600 | 842 | | 793 | **13,235** |
| IAS Reserves | 315 | | | | **315** |
| Non-deductible temp. diff. | 1,015 | (38) | | 6 | **983** |
| Others | 1,057 | | | | **1,057** |
| Adjustments | 1,120 | (392) | 7,273 | | **8,001** |
| **Total** | **16,217** | **1,512** | **7,316** | **799** | **25,844** |

## Note 13. Post-employment and retirement benefits

The breakdown of changes in the "Post-employment benefits" item as of December 31, 2021 and December 31, 2020 is shown below:

| | 2021 | 2020 |
|---|---|---|
| **As of January 1** | **6,862** | **7,026** |
| Accruals | 2,099 | 1,943 |
| Payments | (1,746) | (1,117) |
| Discounting | (163) | 196 |
| Change in consolidation area | 516 | - |
| Receivable from INPS | (607) | (972) |
| Other movements | 127 | (214) |
| **As of December 31** | **7,088** | **6,862** |

## Note 14. Provisions for risks and charges

As of December 31, 2021, the "Provisions for risks and charges" amounted to €7,798 thousand (€8,227 thousand as of December 31, 2020) and are represented by the best estimate of the contingent liabilities to which the Group is exposed in relation to contractual obligations for product warranties, as well as contingent tax liabilities, labor law and agents' supplementary indemnity nature, as illustrated below.

| | 31.12.2020 | Increases | (Uses) and (Releases) | Change in consolidation area | Foreign exchange differences | 31.12.2021 |
|---|---|---|---|---|---|---|
| Product warranty provision | 7,225 | 26 | (415) | 5 | 3 | 6,844 |
| Other provisions | 1,003 | 275 | (484) | 163 | (3) | 954 |
| **Total** | **8,227** | **301** | **(899)** | **168** | **-** | **7,798** |

The **"Product warranty provision"** covers the estimated cost of repairing products sold up to December 31, 2021 and covered by a warranty period; said provision amounts to €6,844 thousand (of which €3,791 thousand long-term).

The "**Others**" item as of December 31, 2021 amounts to €954 thousand and is composed primarily of provisions made against agents' supplementary indemnity and for contingent liabilities of a fiscal and labor law nature. The use of the year relates to the release of charges set aside at the end of the previous year with reference to a corporate reorganization plan completed in 2021, while the increase reported for the year represents the best estimate of the contingent liabilities to which the Group is exposed in relation to disputes in progress. The Group is also currently involved in some minor disputes, the risk of which has been assessed by the Group's experts as possible, and no allocations were made in relation to them, as provided for by IAS 37.

The breakdown of provisions for risks is shown below, broken down into current and non-current portions:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Provisions for risks and charges, current | 3,484 | 3,852 | (368) |
| Provisions for risks and charges, non-current | 4,314 | 4,375 | (61) |
| **Total** | **7,798** | **8,227** | **(429)** |

## Note 15. Trade payables and other payables, accrued liabilities and deferred income

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Trade payables | 135,427 | 95,455 | 39,973 |
| Contractual liabilities - customer advances | 3,433 | 1,307 | 2,125 |
| **Trade payables** | **138,860** | **96,762** | **42,098** |
| **Payables to associates** | **156** | **194** | **(38)** |
| **Payables to related parties** | **105** | **50** | **55** |
| **Total Trade payables** | **139,121** | **97,006** | **42,115** |
| Other current liabilities | 33,091 | 26,369 | 6,722 |
| Current accrued liabilities and deferred income | 18,354 | 15,806 | 2,548 |
| Non-current accrued liabilities and deferred income | 18,286 | 16,070 | 2,216 |
| **Total Other payables - accrued liabilities and deferred income** | **69,731** | **58,245** | **11,486** |
| Less: non-current portion | 18,286 | 16,070 | 2,216 |
| **Current portion** | **190,566** | **139,181** | **51,385** |

### Trade payables

"Trade payables" amounted to €139,121 thousand and showed an increase compared to the end of the previous year for €42,115 thousand, of which €4,921 thousand due to the change in the consolidation scope and the residual part for the recovery of volumes and greater supplies needed to address the shortage of critical components.

## Other current liabilities

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Payables to employees | 20,402 | 15,177 | 5,225 |
| Payables to pension and social security | 7,028 | 5,808 | 1,220 |
| Other payables | 2,525 | 2,167 | 358 |
| VAT payables | 3,136 | 3,217 | (81) |
| **Total** | **33,091** | **26,369** | **6,722** |

The item "Current liabilities", amounting to €33,091 thousand as of December 31, 2021, is mainly represented by "Payables to employees" for the fixed and variable component of remuneration, for holidays, as well as the related "Payables to pension and social security" for the related social security contributions. The change in the year of payables to personnel and social security institutions equal to €6,445 thousand is composed for €1,164 thousand of the change in the consolidation area and for €5,281 thousand of higher payables for the variable remuneration component and for a greater debt for the holidays at the end of the year 2021.

## Accrued liabilities and deferred income

The item "Accrued liabilities and deferred income", amounting to €36,640 thousand as of December 31, 2021 is mainly composed of deferred revenues related to the Ease of Care multi-year maintenance contracts. The increase for the year of €4,764 thousand (€31,876 thousand as of December 31, 2020) is due to the underwriting of new contracts.

## INFORMATION ON THE INCOME STATEMENT

### Note 16. Revenues

Revenues classified by type are shown in the following table:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Revenues from sale of products | 560,752 | 441,491 | 119,261 |
| Revenues from services | 39,769 | 38,337 | 1,432 |
| **Total Revenues** | **600,521** | **479,828** | **120,693** |

As of December 31, 2021, consolidated net revenues amounted to €600,521 thousand and recorded a growth of 25.2% compared to €479,828 thousand in the previous year. The Group's revenues, classified by recognition method and business segment, are broken down as follows:

| Revenues broken down by recognition method | Datalogic | Informatics | Adjustments | 31.12.2021 |
|---|---|---|---|---|
| Revenues from sale of goods and services - point in time | 533,167 | 13,121 | (1,115) | 545,173 |
| Revenues from sale of goods and services - over the time | 49,569 | 5,779 | | 55,348 |
| **Total** | **582,736** | **18,900** | **(1,115)** | **600,521** |

| Revenues broken down by recognition method | Datalogic | Informatics | Adjustments | 31.12.2020 |
|---|---|---|---|---|
| Revenues from sale of goods and services - point in time | 427,714 | 11,718 | (1,186) | 435,246 |
| Revenues from sale of goods and services - over the time | 39,866 | 4,716 | | 44,582 |
| **Total** | **464,580** | **16,434** | **(1,186)** | **479,828** |

The Group recognizes 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 goods or the rendering of the service. Revenue is recognized over time instead, based on the stage of completion of the contractual obligations, when the service does not create an asset that has an alternative use for the Group and the Group has the right to payment of the completed service until the date in question.

| Revenues broken down by type | Datalogic | Informatics | Adjustments | 31.12.2021 |
|---|---|---|---|---|
| Sale of goods | 549,106 | 12,761 | (1,115) | 560,752 |
| Sale of services | 33,630 | 6,139 | 0 | 39,769 |
| **Total** | **582,736** | **18,900** | **(1,115)** | **600,521** |

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

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

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Cost of goods sold** | **343,498** | **263,205** | **80,293** |
| **Operating expenses** | **214,605** | **202,602** | **12,003** |
| Research and development expenses | 56,208 | 52,134 | 4,074 |
| Distribution expenses | 100,472 | 99,282 | 1,190 |
| General and administrative expenses | 54,861 | 49,162 | 5,699 |
| Other operating expenses | 3,064 | 2,024 | 1,040 |
| **Total** | **558,103** | **465,807** | **92,296** |

### Cost of goods sold

The **Cost of Sales** as of December 31, 2021 was €343,498 thousand and, compared to 2020, rose by 30.5%, with an increase of approximately 2 percentage points as incidence on revenues, from 54.9% in 2020 to 57.2% in 2021. The change from the previous year was affected by both the less favorable sales mix and inflationary phenomena, which gradually increased the cost of procurement of materials and components during the year, also due to transport and logistics costs.

### Operating expenses

**Operating costs** of €214,605 thousand, up €12,003 thousand (+5.9%) on 2020, improved as a percentage of turnover by 6.5%, decreasing from 42.2% to 35.7%, thanks to operational efficiencies of a structural nature achieved in a number of internal reorganization processes aimed at optimizing the sales and research and development structure.

**"Research and development expenses"** as of December 31, 2021 amounted to €56,208 thousand, in line with the previous year, representing 9.4% of turnover (10.9% in the previous year). The performance of the year reflects not only operating efficiencies resulting from the strategy of investment selectivity in a rapidly evolving market context, but also the completion of some development projects in the mobile segment.

**"Distribution expenses"** amounted to €100,402 thousand, a slight increase compared to 2020 (+1.2%). The incidence on turnover improved from 20.7% to 16.7%, in part thanks to the operational efficiencies of the new organization model of the commercial structure completed at the end of 2020, partly as a result of the postponement of trade fairs and events that the pandemic situation has not yet fully allowed to recover.

**"Administrative and general expenses"** amount to €54,861 thousand as of December 31, 2021, improving the incidence on turnover by more than 1 percentage point from 10.3% to 9.1%.

**"Other operating expenses"**, amounting to €3,064 thousand, increased from the previous year and are primarily represented by non-income taxes and duties and other operating costs.

### Breakdown of costs by type

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Material Costs | 308,760 | 181,637 | 127,123 |
| Change in inventories | (55,803) | 19,449 | (75,252) |
| Personnel costs | 171,798 | 156,061 | 15,737 |
| Goods receipt and shipment expenses | 37,745 | 19,610 | 18,135 |
| Amortization, depreciation and write-downs | 32,831 | 28,668 | 4,163 |
| Legal, tax and other advisory consultancies | 7,943 | 6,942 | 1,001 |
| EDP expenses | 6,021 | 5,570 | 451 |
| Consumables and R&D material | 5,821 | 6,131 | (310) |
| Repairs and warranty provision accrual | 4,573 | 2,882 | 1,691 |
| Travel and meetings expenses | 4,304 | 4,201 | 103 |
| Marketing expenses | 3,172 | 3,944 | (772) |
| Royalties | 2,925 | 2,957 | (32) |
| R&D technical consultancies | 2,922 | 3,380 | (458) |
| Utilities | 2,408 | 1,928 | 480 |
| Building expenses | 2,358 | 2,890 | (532) |
| Telephone expenses | 1,948 | 2,526 | (578) |
| Directors' remuneration | 1,824 | 1,091 | 733 |
| Quality certification expenses | 1,721 | 3,736 | (2,015) |
| Commissions | 1,674 | 1,113 | 561 |
| Sundry service costs | 1,641 | 1,601 | 40 |
| Expenses for plant and machinery and other assets | 1,350 | 1,422 | (72) |
| Recruitment Fees | 1,315 | 687 | 628 |
| Vehicle expenses | 1,015 | 850 | 165 |
| Subcontracted work | 943 | 192 | 751 |
| Insurance | 939 | 816 | 123 |
| Audit Fees | 833 | 794 | 39 |
| Entertainment expenses | 581 | 564 | 17 |
| Others | 4,541 | 4,166 | 375 |
| **Total Cost of goods sold and operating costs** | **558,103** | **465,807** | **92,296** |

**Material Costs and the change in inventories** increased by €51,871 thousand (+25.8%) compared to 2020 following the recovery in volumes post pandemic crisis. The incidence on turnover was 42.1% in line with the previous year when it reached 41.9%.

**Personnel costs of** €171,798 thousand (€156,061 thousand in 2020) showed an increase of €15,737 thousand compared to the previous year (+10.1%), but with an incidence on turnover down by 3.9% compared to 2020, from 32.5% to 28.6%.
The change for the year is attributable for €8,409 thousand to the change in the consolidation area and, for the remaining part, to the variable component of remuneration which had been more contained during 2020 due to the pandemic crisis. Moreover, in the year under comparison, the Group had recourse to social safety nets, as well as to the use of vacation entitlements, which are not being used in the current year.

The detailed breakdown of labor costs is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Wages and salaries | 132,877 | 120,044 | 12,833 |
| Social security charges | 26,819 | 23,912 | 2,907 |
| Post-employment benefits | 2,582 | 2,145 | 437 |
| Severance indemnities and similar benefits | 1,805 | 1,721 | 84 |
| Other labor costs | 7,715 | 8,239 | (524) |
| **Total** | **171,798** | **156,061** | **15,737** |

The item "**Amortization, depreciation and write-downs**", amounting to €32,831 thousand, increased by €4,163 thousand, due to increased investment in recent years and to the change in the consolidation area.

"**Goods receipt and shipment expenses**", amounting to €37,745 thousand, increased by €18,135 thousand compared to the previous year; the incidence on turnover increased, standing at 6.3% (4.1% in 2020). The trend is mainly attributable to the higher cost of transport and logistics.

"**Quality Certification Expenses**", amounting to €1,721 thousand, decreased by €2,015 thousand compared to 2020, following the lower number of certifications required in 2021 for the completion of the various product development projects concluded at the end of 2020.

The item "**Repairs and warranty provision accrual**", equal to €4,573 thousand, showed an increase of €1,691 thousand, keeping the incidence on turnover constant.

The item "**Travel and meetings expenses**", for €4,304 thousand, was substantially unchanged from the previous year, as a result of the restrictive measures imposed by the pandemic situation that are still limiting site visits to customers, events and trade fairs.

## Note 18. Other revenues

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Grants to Research and Development expenses | 2,732 | 2,439 | 293 |
| Miscellaneous income and revenues | 1,368 | 1,661 | (293) |
| Rents | 28 | 33 | (5) |
| Income on disposal of fixed assets | 230 | 43 | 187 |
| Contingent assets | 169 | 148 | 21 |
| Others | 69 | 61 | 8 |
| **Total** | **4,596** | **4,385** | **211** |

The item "**Grants to Research and Development expenses**" is attributed for €2,292 thousand to the tax credit for Research and Development activities and for €440 thousand to the portion pertaining to the year of the grants received, in particular as regards the projects Flute and Rossini. The Rossini project (RObot enhanced SenSing, INtelligence and actuation to Improve job quality in manufacturing) funded by the European Union under the Horizon 2020 program, pursuant to the provisions of Law no. 124/2017 Article 1 paragraphs 125-129, issued a grant for €200 thousand in 2021. Datalogic is also the beneficiary of the Flute regional funding for the development of new products and solutions related to machine vision and laser marking aimed at maximum flexibility and ease of installation. The Group has received, as of December 31, 2021, €262 thousand (€148 thousand in 2021) out of €921 thousand as the maximum grant to which it is entitled. The project is funded by the Emilia-Romagna Region with resources from the ERDP (European Regional Development Fund) Regional Operational Program 2014-2020.

## Note 19. Financial income/(expenses)

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Financial income/(expenses) | (1,802) | (1,921) | 119 |
| Foreign exchange differences | (352) | (4,925) | 4,573 |
| Fair Value investments | 169 | 962 | (793) |
| Bank expenses | (1,132) | (867) | (265) |
| Dividends | 299 | 306 | (7) |
| Others | 195 | 18 | 177 |
| **Total Net Financial income/(expenses)** | **(2,623)** | **(6,427)** | **3,804** |

Financial Income/(Expenses) was negative for €2,623 thousand, an improvement of €3,804 thousand compared to a negative result of €6,427 thousand reported the previous year, due primarily to the favorable trend in exchange rate differences.

## Note 20. Taxes

The tax burden of the Group as of December 31, 2021 was €4,851 thousand, with an effective tax rate of 10.9% on the profit before taxes as illustrated below.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Profit/(Loss) before taxes from continuing operations** | **44,391** | **11,980** | **32,411** |
| Income taxes | 7,203 | (1,212) | 8,415 |
| Deferred taxes | (2,352) | (519) | (1,833) |
| **Total Taxes** | **4,851** | **(1,731)** | **6,582** |
| **Tax rate** | **10.9%** | **-14.4%** | **25.4%** |

The reconciliation for 2021 and 2020 of the nominal tax rate and the effective tax rate is shown below:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Profit (loss) before taxes** | **44,391** | | **11,980** | |
| **Nominal tax rate** | **(10,654)** | **-24.0%** | **(2,875)** | **-24.00%** |
| Effects of local taxes | (950) | -2.1% | (143) | -1.20% |
| Effects of intercompany dividend taxation | (1,419) | -3.2% | (399) | -3.30% |
| Cumulative effect of different tax rates applied in foreign countries | (2,872) | -6.5% | 909 | 7.60% |
| Tax effects - previous years | (281) | -0.6% | 1,337 | 11.20% |
| Other effects | 1,288 | 2.9% | 2,902 | 24.20% |
| Patent revaluation benefit | 10,038 | 22.6% | | |
| **Consolidated effective tax rate** | **(4,851)** | **-10.9%** | **1,731** | **14.40%** |

The tax rate as of December 31, 2021, equal to 10.9%, reflects the distribution of the profit of the year among the various geographical areas in which the Group operates. Taxes for 2021 include the increase in deferred tax assets relating to the revaluation of some patents by the subsidiary Datalogic IP Tech S.r.l. as described above. The tax charge for 2020 was positive, primarily due to the tax losses incurred during the year, the effects of taxation on dividends and the benefits obtained from tax reliefs (Patent box).

## Note 21. Earnings/loss per share

### Earnings/loss per share

As required by IAS 33, information on data used to calculate the earning/loss per share is provided below. Basic EPS is calculated by dividing the profit and/or loss for the period, attributable to the shareholders of the Parent Company, by the weighted average number of ordinary shares outstanding during the reference year. 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 (namely the Share Plan), and the Group's net profit is adjusted including foreign exchange effects, net of taxes.

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Profit/(Loss) for the year of the Group | 39,540 | 13,882 |
| Average number of shares (thousands) | 56,483 | 57,729 |
| **Basic earnings/(loss) per share** | **0.70** | **0.24** |
| Profit/(Loss) for the year of the Group | 39,540 | 13,882 |
| Average number of shares (thousands) - Diluted effect | 57,108 | 58,276 |
| **Diluted earnings/(loss) per share** | **0.69** | **0.24** |

## Note 23. Audit fees

Pursuant to article 149-duodecies of the Issuers' Regulation, implementing Legislative Decree 58 of February 24, 1998, the following is the summary schedule of fees pertaining to the year 2021 paid to the independent Auditor.

| | 2021 |
|---|---|
| **Fees for services supplied by the independent Auditor to the Parent Company and to the subsidiaries** | |
| Datalogic S.p.A. - auditing | 173 |
| Italian subsidiaries - auditing | 197 |
| Foreign subsidiaries - auditing | 310 |
| **Total auditing*** | **680** |
| Non-auditing services | 20 |
| **Total** | **700** |

* Fees relating to foreign subsidiaries include €33 thousand for auditing services provided by independent auditors not belonging to the network of the Parent Company's independent auditor (Deloitte & Touche S.p.A.).

The non-auditing services item refers to the limited audit of the consolidated non-financial statement for the year ended December 31, 2021.

## 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 November 4, 2010 (most recently amended on June 23, 2021), available on the Company's website www.datalogic.com. The parent company of the Datalogic Group is Hydra S.p.A.

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

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

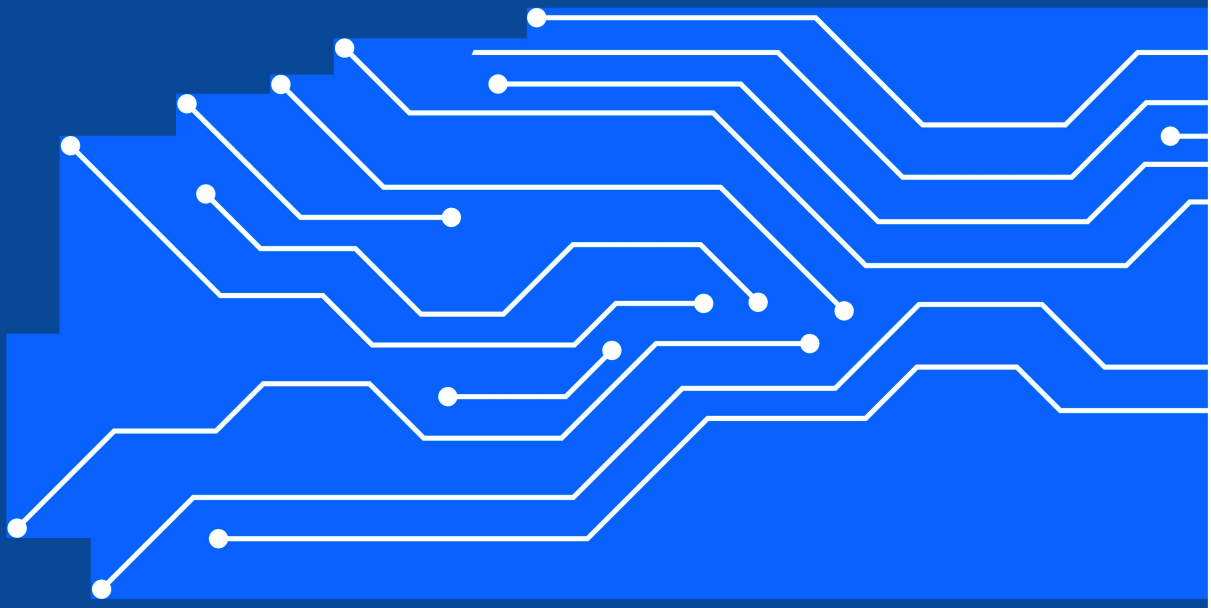
Pursuant to Art. 5, paragraph 8, of the Consob Regulations, it should be noted that, over the period 01.01.2021 – 31.12.2021, the Company's Board of Directors did not approve any transaction of greater importance, as set out by Art. 3, paragraph 1, letter b) of the Consob Regulations, or any transaction with related parties of a lesser importance that had a significant impact on the Group's equity position or profit/(loss).

| | Parent Company | Company controlled by Chairman of B.o.D. | Companies not consolidated on a line-by-line basis | 31.12.2021 |
|---|---|---|---|---|
| Equity investments | - | - | 530 | 530 |
| Trade receivables and other, accrued income, prepaid expenses | - | 7 | 2,435 | 2,442 |
| Receivables pursuant to tax consolidation | 1,807 | - | - | 1,807 |
| Payables pursuant to tax consolidation | 3,450 | - | - | 3,450 |
| Trade payables and other, accrued liabilities, deferred income | - | 103 | 158 | 261 |
| Commercial and service costs | 73 | 1,191 | 471 | 1,735 |
| Revenues and other operating revenues | - | - | 11,417 | 11,417 |
| Other revenues | - | 7 | 183 | 190 |

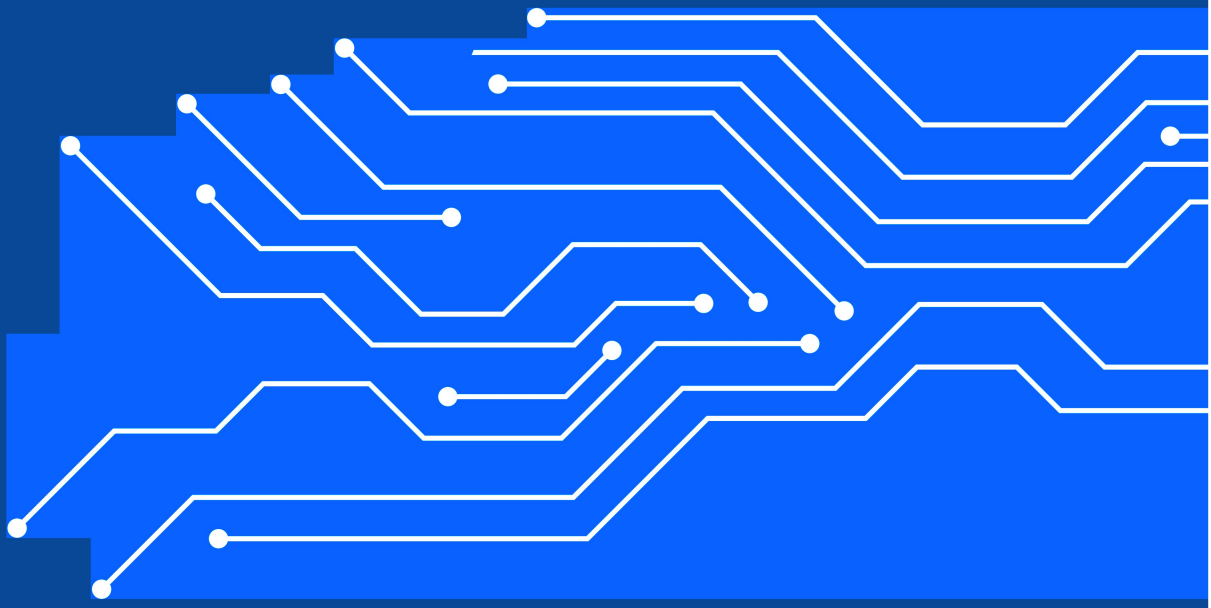
## NUMBER OF EMPLOYEES

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Datalogic | 2,923 | 2,752 | 171 |
| Informatics | 67 | 74 | (7) |
| **Total** | **2,990** | **2,826** | **164** |

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



# Annual Statutory Financial Report December 31, 2021



# Datalogic S.p.A.
# Financial Statements

## Statement of Financial Position

| ASSETS (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **A) Non-current assets (1+2+3+4+5+6+7)** | | **233,555** | **228,691** |
| **1) Tangible assets** | **1** | **20,635** | **21,769** |
| Land | | 2,466 | 2,466 |
| Buildings | | 14,866 | 15,100 |
| Other assets | | 3,303 | 4,203 |
| **2) Intangible assets** | **2** | **8,905** | **8,705** |
| Software | | 8,798 | 8,652 |
| Assets in progress and payments on account | | 107 | 53 |
| **3) Right-of-use assets** | **3** | **813** | **395** |
| **4) Equity investments in subsidiaries and associates** | **4** | **189,812** | **188,936** |
| **5) Non-current financial assets** | **6** | **11,683** | **7,764** |
| **6) Trade and other receivables** | | **184** | **172** |
| **7) Deferred tax assets** | **12** | **1,523** | **950** |
| **B) Current assets (8+9+10+11+12)** | | **329,364** | **340,101** |
| **8) Trade and other receivables** | | **15,860** | **12,386** |
| **Trade receivables** | **7** | **10,519** | **10,166** |
| *of which from subsidiaries* | | *10,497* | *10,145* |
| *of which to related parties* | | *9* | - |
| **Other receivables, accrued income and prepaid expenses** | **7** | **5,341** | **2,220** |
| *of which from subsidiaries* | | *812* | *652* |
| **9) Tax receivables** | **8** | **221** | **197** |
| **10) Current financial assets** | **6** | **-** | **10,152** |
| Other | | - | 10,152 |
| **11) Current financial receivables** | | **259,501** | **236,910** |
| Loans to subsidiaries | 9 | 257,294 | 234,873 |
| Loans to third parties | | 2,207 | 2,037 |
| **12) Cash and cash equivalents** | | **53,782** | **80,456** |
| **Total Assets (A+B)** | | **562,919** | **568,792** |

## Statement of Financial Position

| LIABILITIES (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **A) Total Shareholders' Equity (1+2+3+4+5+6)** | **10** | **348,205** | **349,685** |
| 1) Share capital | | 30,392 | 30,392 |
| 2) Share premium reserve | | 111,779 | 111,779 |
| 3) Treasury shares held in portfolio | | (26,096) | (21,899) |
| 4) Other reserves | | 11,233 | 6,428 |
| 5) Retained earnings | | 213,347 | 203,080 |
| 6) Profit (loss) for the year | | 7,550 | 19,905 |
| **B) Non-current liabilities (7+8+9)** | | **53,662** | **80,383** |
| **7) Non-current financial payables** | **11** | **50,891** | **77,926** |
| **8) Deferred tax liabilities** | **12** | **2,078** | **1,811** |
| **9) Post-employment benefits** | **13** | **693** | **646** |
| **C) Current liabilities (10+11+12+13)** | | **161,052** | **138,724** |
| **10) Trade and other payables** | | **18,726** | **10,279** |
| **Trade payables** | **15** | **6,911** | **6,190** |
| *of which from subsidiaries* | | *147* | *110* |
| *of which to related parties* | | *2* | - |
| **Other payables, accrued liabilities and deferred income** | **15** | **11,815** | **4,089** |
| *of which from subsidiaries* | | *6,783* | *376* |
| *of which to related parties* | | *61* | - |
| **11) Tax payables** | **8** | **2,582** | **2,497** |
| *of which to Parent Company* | | *711* | *1,700* |
| *of which from subsidiaries* | | *961* | - |
| **12) Provisions for risks and charges, current** | **14** | **250** | **-** |
| **13) Current financial payables** | **11** | **139,494** | **125,948** |
| *of which from subsidiaries* | | *87,105* | *73,090* |
| **Total Liabilities (A+B+C)** | | **562,919** | **568,792** |

## Income Statement

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **1) Revenues from services** | **17** | **32,374** | **28,066** |
| **2) Cost of goods sold** | **18** | **1,980** | **1,659** |
| **Gross Operating Margin (1-2)** | | **30,394** | **26,407** |
| **3) Other revenues** | **19** | **857** | **2,109** |
| *of which from subsidiaries* | | *623* | *1,934* |
| *of which to related parties* | | *129* | *63* |
| **4) Research and development expenses** | **18** | **861** | **574** |
| *of which from subsidiaries* | | *190* | - |
| **5) Distribution expenses** | **18** | **1,425** | **1,069** |
| *of which from subsidiaries* | | *167* | - |
| **6) General and administrative expenses** | **18** | **29,175** | **24,910** |
| *of which to Parent Company* | | *73* | - |
| *of which to related parties* | | *69* | *74* |
| *of which from subsidiaries* | | *62* | *485* |
| **7) Other operating expenses** | **18** | **591** | **287** |
| *of which to related parties* | | *(9)* | *(3)* |
| *of which from subsidiaries* | | *(593)* | *(752)* |
| **Total operating costs (4+5+6+7)** | | **32,052** | **26,840** |
| **Operating result** | | **(801)** | **1,676** |
| **8) Financial income** | **20** | **12,675** | **23,641** |
| *of which from subsidiaries* | | *9,719* | *19,558* |
| **9) Financial expenses** | **20** | **4,501** | **6,856** |
| *of which from subsidiaries* | | *96* | *195* |
| **Financial income/(expenses) (8-9)** | | **8,174** | **16,785** |
| **Profit/(Loss) before taxes from continuing operations** | | **7,373** | **18,461** |
| Income taxes | 21 | (177) | (1,443) |
| **Net Profit/(Loss) for the year** | | **7,550** | **19,905** |

# Statement of Comprehensive Income

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Net Profit/(Loss) for the year** | | **7,550** | **19,905** |
| **Other components of the statement of comprehensive income:** | | | |
| | | | |
| **Other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the year:** | | **-** | **-** |
| | | | |
| Profit/(Loss) on derivative financial instruments (cash flow hedge) | 10 | (155) | 188 |
| | | | |
| **Total other components of the statement of comprehensive income which will be subsequently reclassified to profit/(loss) for the year** | | **(155)** | **188** |
| | | | |
| **Other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the year** | | | |
| | | | |
| Actuarial gains (losses) on defined-benefit plans | 10 | 4 | 3 |
| *of which tax effect* | | *(1)* | *(1)* |
| Profit/(Loss) from financial assets at FVOCI | 10 | 3,259 | (1,706) |
| *of which tax effect* | | *(39)* | *21* |
| | | | |
| **Total other components of the statement of comprehensive income which will not be subsequently reclassified to profit/(loss) for the year** | | **3,263** | **(1,703)** |
| | | | |
| **Total profit/(loss) of Comprehensive Income Statement** | | **3,109** | **(1,515)** |
| | | | |
| **Total comprehensive profit/(loss) for the year** | | **10,659** | **18,390** |

## Statement of Cash Flow

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Profit (loss) before taxes** | | **7,373** | **18,462** |
| Amortization of intangible assets | 1, 2 | 2,195 | 1,545 |
| Depreciation of tangible assets | 1, 2 | 1,649 | 1,627 |
| Depreciation of right-of-use assets | 3 | 197 | 193 |
| Change in provisions for risks and charges | 14 | 250 | - |
| Change in employee benefits reserve | 13 | 51 | 16 |
| Net Financial Income/(Expenses) | 20 | (8,174) | (17,308) |
| Provision for the share-based incentive plan | | 820 | 607 |
| Other non-monetary changes | | (183) | 189 |
| **Cash flow generated (absorbed) from operations before changes in working capital** | | **4,178** | **5,331** |
| Change in trade receivables | 7 | (353) | (671) |
| Change in trade payables | 15 | 721 | 422 |
| Change in other current assets | 7 | (452) | 101 |
| Change in other current liabilities | 15 | 5,057 | (5,197) |
| Change in other non-current assets | | (12) | 10 |
| **Cash flow generated (absorbed) from operations after changes in working capital** | | **9,139** | **(4)** |
| Change in taxes | | (107) | 83 |
| Interest paid | | (2,032) | (3,912) |
| Interest collected | | 2,295 | 4,383 |
| **Cash flow generated (absorbed) from operations (A)** | | **9,295** | **549** |
| Increase in intangible assets | 2 | (2,395) | (2,339) |
| Decrease in intangible assets | 2 | - | - |
| Increase in tangible assets | 1 | (515) | (467) |
| Change in non-current financial assets | 4, 5 | (538) | (3,131) |
| Change in financial receivables and other financial assets | 6 | (12,269) | (15,287) |

| (€/000) | Notes | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Cash flow generated (absorbed) from investments (B)** | | **(15,717)** | **(21,224)** |
| Change in financial payables | 11 | (13,944) | (97,788) |
| Payments of financial liabilities for leasing | 11 | (203) | (191) |
| (Purchase)/sale of treasury shares | 10 | (4,197) | (6,786) |
| Dividends collected | | 7,730 | 115,972 |
| Dividends paid | 10 | (9,638) | (17,007) |
| **Cash flow generated (absorbed) from financial activity (C)** | | **(20,252)** | **(5,800)** |
| **Net increase (decrease) in available cash (A+B+C)** | | **(26,674)** | **(26,475)** |
| **Net cash and cash equivalents at beginning of period** | | **80,456** | **106,930** |
| **Net cash and cash equivalents at end of period** | | **53,782** | **80,456** |

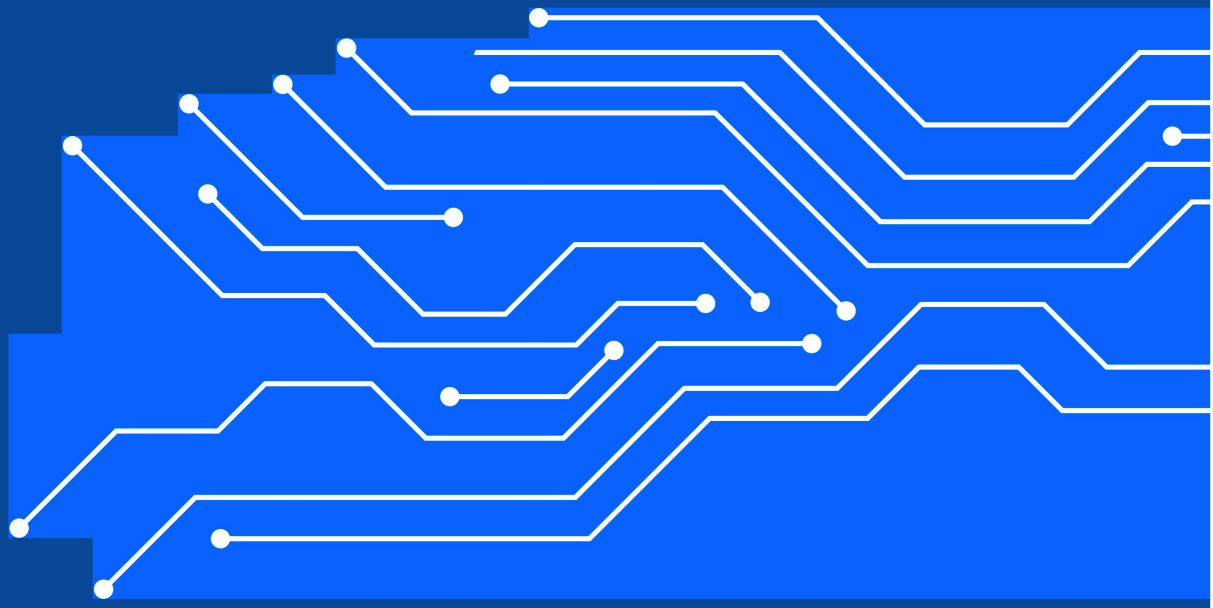
## Changes in Shareholders' Equity

| | Share capital | Share premium reserve | Treasury shares held in portfolio | |
|---|---|---|---|---|
| **01.01.2021** | **30,392** | **111,779** | **(21,899)** | |
| Allocation of earnings | | | | |
| Dividends | | | | |
| Sale/(Purchase) of treasury shares | | | (4,197) | |
| Other changes | | | | |
| Share-based Incentive Plan | | | | |
| **Profit/(loss) as of 31.12.2021** | | | | |
| Other components of the statement of comprehensive income | | | | |
| **Total comprehensive Profit (Loss)** | | | | |
| **31.12.2021** | **30,392** | **111,779** | **(26,096)** | |

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

| | Share capital and reserves | Other reserves | Retained earnings | Profit for the year | Shareholders' Equity |
|---|---|---|---|---|---|
| | **120,272** | **6,428** | **203,080** | **19,905** | **349,685** |
| | | | 19,905 | (19,905) | |
| | | | (9,638) | | (9,638) |
| | (4,197) | | | | (4,197) |
| | | | | | |
| | | 1,696 | | | 1,696 |
| | | | | **7,550** | **7,550** |
| | | 3,109 | | | 3,109 |
| | | **3,109** | | **7,550** | **10,659** |
| | **116,075** | **11,233** | **213,347** | **7,550** | **348,205** |

| | Share capital and reserves | Other reserves | Retained earnings | Profit for the year | 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** |



# Explanatory Notes to the Financial Statements

## General information

Datalogic S.p.A. (the "Company" or the "Parent Company") is a joint-stock company listed on the Euronext STAR Milan of Borsa Italiana S.p.A. and is headquartered 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 specialized 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.

The publication of the Company's Financial Statements as of December 31, 2021 was authorized by resolution of the Board of Directors dated March 10, 2022.

## 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 Standard 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 May 14, 1999 and subsequent amendments.

These Financial Statements were 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 were used in the Financial Statements for the year ended December 31, 2020, in particular:

- current and non-current assets, as well as current and non-current liabilities are disclosed separately in the Statement of Financial Position. Current assets, which include cash and cash equivalents, are those set to be realized, 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 explanatory for comprehension of the Company's business result;
- the Statement of Comprehensive Income presents the components that determine profit/(loss) for the period and the costs and revenues reported directly under shareholders' equity;
- the Statement of Cash Flow is presented using the "indirect method".

The Financial Statements were prepared in compliance with the general criterion of a reliable and true vision of the Company's financial and equity 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 these Financial Statements.

## 3) Accounting policies and standards applied

Below we indicate the policies adopted for preparation of the Company's financial statements as of December 31, 2021.

### Tangible assets

Owned tangible assets are initially recognized 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 of January 1, 2004 (date of first adoption of IFRS) and this value was used as the deemed cost. The cost of buildings is depreciated net of the residual value estimated as the realization value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase are recognized in the asset's carrying value, or are recognized 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 recognized in the income statement in the year in which they are borne.

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

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

The depreciation rates applied by the Company are as follows:

| Asset category | Annual depreciation rates |
|---|---|
| **Property:** | |
| Buildings | 2% - 3.3% |
| **Other assets:** | |
| Plants pertaining to buildings | 8.33% - 10% - 6.67% |
| Lightweight constructions | 6.67% - 4% - 33.3% |
| Production equipment & electronic instruments | 20% - 10% |
| Moulds | 20% |
| Electronic office machinery | 33% - 20% - 10% |
| Office furniture and fittings | 10% - 6.67% - 5% |
| Cars | 25% |
| Freight vehicles | 14% |
| Trade show & exhibition equipment | 11% - 20% |
| Improvements to third-party assets | Contract duration |

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

### Assets held under lease contracts

Assets held by the Company under lease contracts, including operating leases, in accordance with IFRS 16, in force since January 1, 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 January 1, 2019, the Company 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 contact, starting from the commencement date, the Company recognizes an asset (right of use of the asset) under tangible assets as a contra-entry to a corresponding financial liability (lease payable), with the exception of the following cases: (i) short-term lease contracts; (ii) low value lease contracts applied to situations in which the leased asset has a value not exceeding €5 thousand (new value).

For the short-term and low value lease contracts, the financial liabilities related to the leases and corresponding right of use are not recognized, but the lease payments are recognized 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 an amount equal to the value of the right of 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 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 recognized 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 recognized 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 recognized pursuant to requirements set forth by IFRS 15 in relation to changes in the transaction price.

Intangible assets of finite duration are systematically amortized 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. Amortization starts when the asset is available for use.
The useful life for each category is detailed below:

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

The residual values, the useful lives and the amortization 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 recognized 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 realization 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 recognized in the financial statements, impairment losses relating to CGUs are allocated 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 amortization calculated using the historical cost, if no impairment had been recognized. Any reinstatements of value are recognized 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 recognized 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 entirely 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 recognized 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 recognized at their fair value, increased by their ancillary charges if the financial assets are not recognized 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 amortized 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 amortized 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 derecognized 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 undertakes 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 recognized 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.

*Financial liabilities*

Financial liabilities are measured at amortized cost. Expenses are recognized 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 recognized 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 recognized amount, less accumulated amortization.

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 recognized 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 recognized and there is the intention to settle the net remainder, or realize the asset and at the same time settle the liability.

*Financial derivatives*

Derivatives, including embedded derivatives, separate from the main contract, are initially recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

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 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 Company Shareholders' Equity.
Consequently, no profit or loss is entered in the 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 mainly consist of severance indemnities for the Company.

### Defined-contribution plans

Defined-contribution plans are formalized 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 formalized 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 recognized 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 recognized 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 recognized 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 elapse of time is recognized 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 incentive plan – Equity-settled payment 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 recognized under labor 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, recognized 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 or increase in equity investments will be recognized 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 recognized 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 recognized if it entails the increase in total fair value of the payment plan, or if this change is in any case favorable 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 recognized in the Income Statement, except when they relate to items entered directly in equity, in which case the tax effect is recognized 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 recognized for tax purposes.

Deferred tax assets are recognized 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" of Hydra S.p.A., according to which the aggregated taxable income or loss of consolidated companies owned by the parent, is included in a comprehensive taxable

income/loss group to 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. It should also be noted that, starting from this year, the subsidiary Datalogic IP Tech S.r.l. has adhered to the "transparency tax" option (pursuant to Art. 115 et seq. of the TUIR) for the three-year period 2021-2023, transferring its total net income or tax loss to the parent companies Datalogic S.p.A. and Datalogic S.r.l., both of which holders of the equal 50% share capital.

### 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 recognizes 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 recognizes 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;
- it is likely that the consideration in exchange of the services transferred will be received.

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

#### *Rendering of services*

The Company renders services to its subsidiaries. The Company recognizes 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 recognized - 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 recognized as income in the year in which they become receivable.

*Revenues relating to dividends and interest*

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

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

*Dividends paid out*

Dividends are recognized 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 Company shareholders are recognized 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) IFRS accounting standards, amendments and interpretations applied as from January 1, 2021

The following IFRS international accounting standards, amendments and interpretations have been applied for the first time by the Company as from January 1, 2021:

- on March 31, 2021, the IASB published an amendment called "***Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)***", extending by one year the period of application of the amendment issued in 2020, which provided the lessees with the ability to account for rent reductions related to Covid-19 without having to assess, through contract review, whether the definition of lease modification in IFRS 16 was complied with. Therefore, the lessees who have applied this option in the 2020 financial year, have recognized the effects of the reductions in rent directly in the income statement at the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of April 1, 2021 and early adoption is allowed.

- On August 27, 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 have entered into force on January 1, 2021. The adoption of this amendment had no impact on the Company's financial statements.

### 5) IFRS accounting standards, amendments and interpretations that, as of December 31, 2021, were endorsed by the European Union but whose application was not yet mandatory and early application was not adopted by the Company

- On May 14, 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 leading to changes in the provisions of the principle.
  - ***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 depreciation of the machinery used to fulfil the contract obligations).
  - ***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 January 1, 2022. Directors do not expect any significant impacts on the Company's financial statements due to the adoption of these amendments.

- On May 18, 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 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 January 1, 2023, but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

No significant effects are expected in the Company's financial statements from the adoption of this standard.

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

At the date of these Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On January 23, 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 January 1, 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 February 12, 2021, the IASB published two amendments called ***"Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2"*** and ***"Definition of Accounting Estimates - Amendments to IAS 8"***. The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments shall apply from January 1, 2023, but earlier application is permitted. Directors do not expect any significant impacts on the Company's financial statements due to the adoption of these amendments.
- On May 7, 2021, the IASB published an amendment entitled "***Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***". The document clarifies how deferred taxes on certain transactions that may generate assets and liabilities of the same amount, such as leases and dismantling obligations, must be accounted for. The amendments shall apply from January 1, 2023, but earlier application is permitted. Directors do not expect any significant impact on the Company's financial statements due to the adoption of this amendment.
- On December 9, 2021, the IASB published an amendment called ***"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information"***. The amendment is a transition option relating to comparative information about financial assets at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments shall apply from January 1, 2023, together with the application of IFRS 17. Directors do not expect any significant impact on the Company's financial statements due to the adoption of this amendment.

No significant effects are expected on the Company's financial statements from the adoption of these standards and 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 risk to generate 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.

### Taxes

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available in the future against which the deductible temporary difference can be utilized. Relevant estimates performed by the Management are required to determine the amount of tax assets that can be recognized 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 recognized 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 recognized 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 recognized 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 incentive plan - Equity-settled payment 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, recognized in relation to these transactions at the reporting date of each financial year and until the maturity term, are proportionate to the maturity date and the best estimate of the number of equity instruments that will effectively accrue. Evaluation processes and modalities, as well as the determination of the above-mentioned estimates, are based on assumptions that, for their nature, involve the evaluation of Directors.

## Financial risk management

### Risk factors

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

- **market risk,** specifically:
  - foreign currency exchange risk, relating to operations in currency areas other than that of the functional currency;
  - interest rate risk, connected with the Company's level of exposure to financial instruments, generating interest and recognized 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 minimize 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

*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 ensure full understanding of the impact of the foreign currency exchange risk on the Company's financial statements, a sensitivity analysis of foreign currency balances to exchange rate fluctuations was carried out. 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 of December 31, 2021:

| USD | Nominal value | Portion exposed to exchange rate risk | 5% | -5% |
|---|---|---|---|---|
| **Exchange rates** | | **1.1326** | **1.1892** | **1.0760** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 53,782 | 19,180 | (913) | 1,009 |
| Trade and other receivables | 16,044 | 131 | (6) | 7 |
| Financial assets and loans | 259,501 | (9,126) | 435 | (480) |
| **Financial liabilities** | | | | |
| Loans | 190,385 | 21,349 | 1,017 | (1,124) |
| Trade and other payables | 18,726 | 137 | 7 | (7) |
| **Income statement impact, net** | | | **538** | **(595)** |

As of December 31, 2021, the Company has no financial instruments to hedge changes in foreign currency exchange rates.

*Interest rate risk*

The Company 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 stabilize the negative effects on cash flows subject to changes in interest rates. As of December 31, 2021, 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 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 of December 31, 2021:

| Euribor | Nominal value | Portion exposed to interest rate risk | 10bp | -10bp |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 53,782 | 34,601 | 35 | (35) |
| Financial assets and loans | 259,501 | 268,627 | 269 | (269) |
| **Financial liabilities** | | | | |
| Loans | 190,385 | 76,652 | (77) | 77 |
| **Income statement impact, net** | | | **227** | **(227)** |

| Libor | Nominal value | Subject to interest rate risk | 10bp | -10bp |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 53,782 | 19,181 | 19 | (19) |
| Financial assets and loans | 259,501 | (11,333) | (11) | 11 |
| **Financial liabilities** | | | | |
| Loans | 190,385 | 11,278 | (11) | 11 |
| **Income statement impact, net** | | | **(3)** | **3** |

## Credit risk

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

### Liquidity risk

The Company's liquidity risk is minimized by the vigilant management of the central treasury department. Bank indebtedness and liquidity are handled via instruments aimed at optimizing the financial resources, including cash pooling. The Company manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Centralized negotiation of credit lines and loans, together with the management of the Group's cash resources are aimed at optimizing financing costs.

The following table shows financial liabilities by maturity:

| Financial liabilities by maturity | 0 - 1 year | 1 - 5 years | after 5 years | Total |
|---|---|---|---|---|
| Loans | 52,131 | 50,324 | | 102,455 |
| Lease financial payables | 258 | 416 | 151 | 825 |
| Financial payables to Group companies | 87,105 | | | 87,105 |
| Trade and other payables | 18,726 | | | 18,726 |
| **Total** | **158,220** | **50,740** | **151** | **209,111** |

# INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

## ASSETS

### Note 1. Tangible assets

Tangible fixed assets as of December 31, 2021 amounted to €20,635 thousand; net investments to €515 thousand and depreciation to €1,649 thousand were recognized during the year. The breakdown of the item as of December 31, 2021 and December 31, 2020 is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Land | 2,466 | 2,466 | - |
| Buildings | 14,866 | 15,100 | (234) |
| Other assets | 3,303 | 4,203 | (900) |
| **Total** | **20,635** | **21,769** | **(1,134)** |

The item "Other assets" as of December 31, 2021 includes: office furniture and equipment (€2,606 thousand), plant related to buildings (€642 thousand), light constructions (€43 thousand) and motor vehicles (€10 thousand). Expenditure carried out during the year mainly relates to office equipment and refers both to their normal replacement and to upgrades and improvements to the Company's infrastructure.

Details of changes as of December 31, 2021 and December 31, 2020 are as follows:

| | Land | Buildings | Other assets | Total |
|---|---|---|---|---|
| Historical cost | 2,466 | 18,177 | 15,841 | 36,484 |
| Accumulated depreciation | | (3,077) | (11,638) | (14,715) |
| **Net book value as of 01.01.2021** | **2,466** | **15,100** | **4,203** | **21,769** |
| *Increases 31.12.2021* | | | | |
| Investments | | | 519 | 519 |
| **Total** | | | **519** | **519** |
| *Decreases 31.12.2021* | | | | |
| Disposals, historical cost | | | (40) | (40) |
| Disposals, accum. depreciation | | | 36 | 36 |
| Depreciation | | (234) | (1,415) | (1,649) |
| **Total** | | **(234)** | **(1,419)** | **(1,653)** |
| Historical cost | 2,466 | 18,177 | 16,320 | 36,963 |
| Accumulated depreciation | | (3,311) | (13,017) | (16,328) |
| **Net book value as of 31.12.2021** | **2,466** | **14,866** | **3,303** | **20,635** |

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

## Note 2. Intangible assets

Intangible fixed assets as of December 31, 2021 amounted to €8,905 thousand; net investments for €2,395 thousand and amortization for €2,195 thousand were recognized during the year. The breakdown of the item as of December 31, 2021 and December 31, 2020 is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Software | 8,798 | 8,652 | 146 |
| Assets in progress and payments on account | 107 | 53 | 54 |
| **Total** | **8,905** | **8,705** | **200** |

The item **"**Assets in progress and payments on account**"**, equal to €107 thousand, is attributable to the implementation and customization of proprietary software licenses not yet completed.

Details of changes as of December 31, 2021 and December 31, 2020 are as follows:

| | Software | Other | Assets in progress and payments on account | Total |
|---|---|---|---|---|
| Historical cost | 18,053 | 641 | 53 | 18,747 |
| Accumulated amortization | (9,401) | (641) | | (10,042) |
| **Net book value as of 01.01.2021** | **8,652** | | **53** | **8,705** |
| *Increases 31.12.2021* | | | | |
| Investments | 2,303 | | 92 | 2,395 |
| **Total** | **2,303** | | **92** | **2,395** |
| *Decreases 31.12.2021* | | | | |
| Depreciation | (2,195) | | | (2,195) |
| **Total** | **(2,195)** | | | **(2,195)** |
| *Other changes 31.12.2021* | | | | |
| Incoming transfers at historical cost | 38 | | (38) | |
| **Total** | **38** | | **(38)** | |
| Historical cost | 20,394 | 641 | 107 | 21,142 |
| Accumulated amortization | (11,596) | (641) | | (12,237) |
| **Net book value as of 31.12.2021** | **8,798** | | **107** | **8,905** |

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

## Note 3. Right-of-use assets

Net changes for €615 thousand and amortization for €197 thousand were recognized during the year. The breakdown of the item as of December 31, 2021 and December 31, 2020 is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Buildings | 588 | 172 | 416 |
| Vehicles | 225 | 223 | 2 |
| **Total** | **813** | **395** | **418** |

The increase in the item "Buildings" is mainly attributable to the renewal of the property leases.

Details of changes as of December 31, 2021 and December 31, 2020 are as follows:

| | Buildings | Other assets | Total |
|---|---|---|---|
| Historical cost | 327 | 398 | 725 |
| Accumulated depreciation | (155) | (175) | (330) |
| **Net book value as of 01.01.2021** | **172** | **223** | **395** |
| *Increases 31.12.2021* | | | |
| Increases due to changes in contracts | 668 | 108 | 776 |
| **Total** | **668** | **108** | **776** |
| *Decreases 31.12.2021* | | | |
| Decreases due to changes in contracts | (161) | | (161) |
| Depreciation | (91) | (106) | (197) |
| **Total** | **(252)** | **(106)** | **(358)** |
| Historical cost | 732 | 506 | 1,238 |
| Accumulated depreciation | (144) | (281) | (425) |
| **Net book value as of 31.12.2021** | **588** | **225** | **813** |

| | Buildings | Vehicles | Total |
|---|---|---|---|
| Historical cost | 570 | 271 | 841 |
| Accumulated depreciation | (117) | (75) | (192) |
| **Net book value as of 01.01.2020** | **453** | **196** | **649** |
| *Increases 31.12.2020* | | | |
| Increases due to changes in contracts | | 127 | 127 |
| **Total** | | **127** | **127** |
| *Decreases 31.12.2020* | | | |
| Decreases due to changes in contracts | (188) | | (188) |
| Depreciation | (93) | (100) | (193) |
| **Total** | **(281)** | **(100)** | **(381)** |
| Historical cost | 327 | 398 | 725 |
| Accumulated depreciation | (155) | (175) | (330) |
| **Net book value as of 31.12.2020** | **172** | **223** | **395** |

## Note 4. Equity investments in subsidiaries and associates

The equity investments held by the Company as of December 31, 2021 amounted to €189,812 thousand (€188,936 thousand as of December 31, 2020).

| | 31.12.2020 | Increases | 31.12.2021 |
|---|---|---|---|
| Subsidiaries | 188,236 | 876 | 189,112 |
| Associates | 700 | - | 700 |
| **Total** | **188,936** | **876** | **189,812** |

The change of €876 thousand relates to the recognition, in accordance with IFRS 2, of the share-based incentive plan payments related to the rights granted by the Company to employees of the subsidiaries.
The information on the equity investments in subsidiaries and associates are set out in Annex 2. The negative differences between the pro-rata 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 Company's business.

## Note 5. Financial assets and liabilities by category

The following table provides a breakdown of "Financial assets and liabilities", formulated according to IFRS 9.

### Financial assets

| | Financial assets at amortized cost | Financial assets at FV through profit and loss | Financial assets at FV through OCI | 31.12.2021 |
|---|---|---|---|---|
| **Non-current financial assets** | **184** | **1,301** | **10,382** | **11,867** |
| Financial assets - Equity investments | | 1,301 | 10,382 | 11,683 |
| Other receivables | 184 | | | 184 |
| **Current financial assets** | **326,936** | **2,207** | **-** | **329,143** |
| Trade receivables | 10,519 | | | 10,519 |
| Other receivables | 5,341 | | | 5,341 |
| Loans to subsidiaries | 257,294 | | | 257,294 |
| Financial assets - Loans | | 2,207 | | 2,207 |
| Cash and cash equivalents | 53,782 | | | 53,782 |
| **Total** | **327,120** | **3,508** | **10,382** | **341,010** |

| | Financial assets at amortized cost | Financial assets at FV through profit and loss | Financial assets at FV through OCI | 31.12.2020 |
|---|---|---|---|---|
| **Non-current financial assets** | **172** | **888** | **6,876** | **7,936** |
| Financial assets - Equity investments | | 888 | 6,876 | 7,764 |
| Other receivables | 172 | | | 172 |
| **Current financial assets** | **327,715** | **12,189** | **-** | **339,904** |
| Trade receivables | 10,166 | | | 10,166 |
| Other receivables | 2,220 | | | 2,220 |
| Financial assets - Other | | 10,152 | | 10,152 |
| Loans to subsidiaries | 234,873 | | | 234,873 |
| Financial assets - Loans | | 2,037 | | 2,037 |
| Cash and cash equivalents | 80,456 | | | 80,456 |
| **Total** | **327,887** | **13,077** | **6,876** | **347,840** |

## Financial liabilities

| | Derivatives | Financial liabilities at amortized cost | 31.12.2021 |
|---|---|---|---|
| **Non-current financial liabilities** | **-** | **50,891** | **50,891** |
| Non-current financial payables | - | 50,891 | 50,891 |
| **Current financial liabilities** | **-** | **158,220** | **158,220** |
| Trade payables | - | 6,911 | 6,911 |
| Other payables | - | 11,815 | 11,815 |
| Current financial payables | - | 139,494 | 139,494 |
| **Total** | **-** | **209,111** | **209,111** |

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

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).

| Assets measured at fair value | Level 1 | Level 2 | Level 3 | 31.12.2021 |
|---|---|---|---|---|
| Financial assets - Equity investments | 10,382 | - | 1,301 | 11,683 |
| Financial assets - Other | - | - | 2,207 | 2,207 |
| **Total Assets measured at fair value** | **10,382** | **-** | **3,508** | **13,890** |

## Note 6. Financial assets and Loans

Financial assets and Loans include the following:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Non-current financial assets | 11,683 | 7,764 | 3,918 |
| Current financial assets | - | 10,152 | (10,152) |
| Loans | 2,207 | 2,037 | (170) |
| **Total** | **13,890** | **19,953** | **(6,063)** |

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

| | 2021 | 2020 | Change |
|---|---|---|---|
| **As of January 1** | **7,764** | **9,465** | **(1,701)** |
| Investments/Divestments | 537 | 283 | 254 |
| Gains/(Losses) recognized in OCI | 3,299 | (1,728) | 5,027 |
| Gains/losses recognized in the Income Statement | 83 | (256) | 339 |
| **As of December 31** | **11,683** | **7,764** | **3,919** |

"Non-current financial assets" are represented by the investment in 1.2% of the share capital of the Japanese company Idec Corporation listed on the Tokyo Stock Exchange, whose change relates to exchange rate adjustments and fair value for the year, as well as the investment in the Mandarin III fund, whose change relates to

movements and fair value adjustments for the year. During the year, an investment was also made in Point Mobile Co., Ltd. for €207 thousand, whose valuation as of December 31, 2021 was €171 thousand.

"Current financial assets", consisting of temporary investments of company liquidity, were divested during the first quarter. The fair value adjustment before this operation amounted to €105 thousand.

"Loans to third parties" refer to the investment in a financial instrument, convertible into capital, made by the company AWM Smart Shelf, and amounting to €2,207 thousand.

## Note 7. Trade and other receivables

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Trade receivables** | **10,519** | **10,166** | **353** |
| *of which from subsidiaries* | *10,497* | *10,145* | *352* |
| *of which to related parties* | *9* | *-* | *9* |
| **Other receivables - accrued income and prepaid expenses** | **5,341** | **2,220** | **3,121** |
| *of which from subsidiaries* | *812* | *652* | *160* |
| **Total** | **15,860** | **12,386** | **3,474** |

### Trade receivables

Trade receivables as of December 31, 2021 amounted to €10,519 thousand and mainly included trade relationships for intercompany services provided to subsidiaries at arm's length. As of December 31, 2021, the breakdown of the item by maturity terms, compared with the same period of the previous year, was as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Not yet due | 10,346 | 9,659 |
| Past due by 30 days | - | 20 |
| Past due by 31 - 90 days | 9 | 21 |
| Past due by more than 90 days | 164 | 466 |
| **Total** | **10,519** | **10,166** |

The following table shows the breakdown of trade receivables by currency as of December 31, 2021 and December 31, 2020:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Euro (EUR) | 10,338 | 10,037 |
| US Dollar (USD) | 124 | 72 |
| British Pound Sterling (GBP) | 5 | 4 |
| Japanese Yen (JPY) | 51 | 53 |
| Romanian Leu (RON) | 1 | - |
| **Total** | **10,519** | **10,166** |

### Other receivables - accrued income and prepaid expenses

The details of the "Other receivables - accrued income and prepaid expenses" item are shown below.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Other current receivables | 1,160 | 942 | 218 |
| *of which from subsidiaries* | *812* | *652* | *160* |
| Other non-current receivables | 184 | 172 | 12 |
| VAT receivables | 2,672 | 3 | 2,669 |
| Accrued income and prepaid expenses | 1,508 | 1,275 | 233 |
| **Total** | **5,525** | **2,392** | **3,133** |

The item "Other current receivables" from subsidiaries comprises €598 thousand for VAT receivables from the companies that are part of the Group VAT scope of consolidation.

The "Accrued income and prepaid expenses" item is mainly composed of the recognition of insurance contracts and hardware and software licenses. The increase in the year is mainly attributable to the acquisition of software licenses in particular with reference to the area related to the security of information systems.

## Note 8. Tax payables and receivables

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Tax receivables | 221 | 197 | 24 |
| Tax payables | (2,582) | (2,497) | (85) |
| *of which to Parent Company* | *(711)* | *(1,700)* | *989* |
| *of which from subsidiaries* | *(961)* | - | *(961)* |
| **Total** | **(2,361)** | **(2,300)** | **(61)** |

As of December 31, 2021, the net balance of "Tax receivables and payables" was negative and equal to €2,361 thousand, marking a change of €61 thousand compared to December 31, 2020, when the net balance was a debit for €2,300 thousand. This item includes the IRES payable to the parent company Hydra S.p.A. arising from the tax consolidation procedure, in the amount of €711 thousand, and the tax payable to the subsidiary adhering to the "Tax transparency" regime, pursuant to Articles 115 et seq. of the TUIR, in the amount of €961 thousand.

## Note 9. Loans to subsidiaries

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Loans to subsidiaries | 182,500 | 145,500 | 37,000 |
| Financial receivables for cash pooling | 74,794 | 89,373 | (14,579) |
| **Total** | **257,294** | **234,873** | **22,421** |

As of December 31, 2021, the item "Loans to subsidiaries" amounted to €257,294 thousand (€234,873 thousand as of December 31, 2020); the change in the year is primarily due to the granting of a new loan to a subsidiary, in addition to the change in short-term financial receivables due from subsidiaries under the cash pooling agreement. 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 composition of the Shareholders' Equity as of December 31, 2021 is shown below:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Share capital | 30,392 | 30,392 | - |
| Share premium reserve | 111,779 | 111,779 | - |
| Treasury shares held in portfolio | (26,096) | (21,899) | (4,197) |
| **Share capital and capital reserves** | **116,075** | **120,272** | **(4,197)** |
| **Other reserves** | **11,233** | **6,428** | **4,805** |
| **Retained earnings** | **213,347** | **203,080** | **10,267** |
| **Profit for the year** | **7,550** | **19,905** | **(12,355)** |
| **Total** | **348,205** | **349,685** | **(1,480)** |

#### Share capital

Changes in the share capital as of December 31, 2021 and December 31, 2020 are shown below:

| | Number of shares | Share capital | Share cancellation reserve | Treasury shares held in portfolio | Treasury share reserve | Share premium reserve | Total |
|---|---|---|---|---|---|---|---|
| **01.01.2021** | **56,692,360** | **30,392** | **2,813** | **(21,899)** | **31,382** | **77,584** | **120,272** |
| Purchase of treasury shares | (245,869) | | | (4,192) | 4,191 | (4,191) | (4,192) |
| Purchase/sale expenses | | | | (5) | | | (5) |
| **31.12.2021** | **56,446,491** | **30,392** | **2,813** | **(26,096)** | **35,573** | **73,393** | **116,075** |

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

As of December 31, 2021, the share capital amounted to €30,392 thousand, representing the share capital, entirely subscribed and paid. It is made up of a total number of ordinary shares amounting to 58,446,491, of which 2,000,000 are held as treasury shares for a countervalue of €26,096 thousand, therefore the outstanding shares at this date are 56,446,491. In addition, 416,165 shares were allocated to the share-based incentive plan payments. The shares have a nominal value of €0.52 each.

### Other Reserves

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

- positive change in financial assets reserve, measured at FVOCI, amounting to €3,259 thousand;
- positive change in the reserve related to the incentive plan with share-based payments for €1,696 thousand;
- positive change in the actuarial gains/(losses) reserve, amounting to €4 thousand;
- negative change in the cash flow hedge reserve, amounting to €155 thousand.

Regarding the change in the incentive plan with share-based payments reserve, it should be noted that said change referred to the plan approved by the Shareholders' Meeting on April 30, 2019. Should present performance targets be achieved, the rights to receive Company's shares were assigned to the beneficiaries by the Directors on June 25, 2019 (grant date). The above-mentioned increase in Shareholders' Equity was recognized, 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

The "Financial payables" as of December 31, 2021 amounted to €190,385 thousand, recording a decrease of €13,489 thousand as detailed below.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Bank borrowings | 102,455 | 130,376 | (27,921) |
| Financial payables to the subsidiaries (cash pooling) | 87,105 | 73,090 | 14,015 |
| Lease financial payables | 825 | 408 | 417 |
| **Total** | **190,385** | **203,874** | **(13,489)** |

Financial payables are apportioned by maturity date as follows:

| | 0 - 1 year | 1 - 5 years | > 5 years | 31.12.2021 |
|---|---|---|---|---|
| Bank borrowings | 52,131 | 50,324 | - | 102,455 |
| Financial payables (cash pooling) | 87,105 | - | - | 87,105 |
| Lease financial payables | 258 | 416 | 151 | 825 |
| **Total** | **139,494** | **50,740** | **151** | **190,385** |

Bank borrowings as of December 31, 2021, for a total of €102,455 thousand, were taken out at a fixed rate. The change in the year is due to loan repayment and new borrowings or the drawdown of existing lines as detailed below.

| | 2021 | 2020 |
|---|---|---|
| **As of January 1** | **130,376** | **156,956** |
| Increases | 40,000 | - |
| Decreases for borrowing repayments | (67,878) | (26,834) |
| Recalculation of amortized cost | (43) | 254 |
| **As of December 31** | **102,455** | **130,376** |

On August 5, the Group signed a new 7-year "Roller-Coaster" loan with a pool of banks for a total of €100 million at a fixed rate, of which €25.0 million have been disbursed as of December 31, 2021.

### Covenants

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

| Financing | Company | Covenants | Frequency | Reference financial statements |
|---|---|---|---|---|
| Club Deal | Datalogic S.p.A. | PFN/EBITDA 2.75 | Half-year | Consolidated |
| RCF | Datalogic S.p.A. | PFN/EBITDA 2.75 | Half-year | Consolidated |
| Roller Coaster | Datalogic S.p.A. | PFN/EBITDA 3.00 | Half-year | Consolidated |

As of December 31, 2021, all covenants were complied with.

## Note 12. Net deferred taxes

The net balance of prepaid tax assets and deferred tax liabilities was negative and amounted to €555 thousand as of December 31, 2021 (negative for €861 thousand as of December 31, 2020).

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Deferred tax assets | 1,523 | 950 | 573 |
| Deferred tax liabilities | (2,078) | (1,811) | (267) |
| **Net deferred taxes** | **(555)** | **(861)** | **306** |

Prepaid tax assets and deferred tax liabilities derive both from positive components already posted to the income statement, the taxation of which is deferred in application of current tax regulations, and from temporary differences between the value of the assets and liabilities posted to the financial statements and their relative value for tax purposes. Deferred tax assets are recorded in accordance with the assumptions of the future recoverability

of the temporary differences from which they originated, i.e. on the basis of strategic plans of an economic and tax nature.

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

| Prepaid taxes | 31.12.2020 | Provisioned in (released from) Income Statement | 31.12.2021 |
|---|---|---|---|
| Foreign exchange gains/(losses) | 306 | 278 | 584 |
| Differences on amortization/depreciation | 246 | 6 | 252 |
| Allocations to provisions | 270 | 223 | 493 |
| Other | 129 | 66 | 195 |
| **Total** | **950** | **573** | **1,523** |

| Deferred taxes | 31.12.2020 | Provisioned in (released from) Income Statement | Provisioned in (released from) Shareholders' Equity | 31.12.2021 |
|---|---|---|---|---|
| Foreign exchange gains/(losses) | 365 | | | 365 |
| Differences on amortization/depreciation | 1,391 | | | 1,391 |
| Allocations to provisions | (109) | 224 | 43 | 158 |
| Other | 164 | | | 164 |
| **Total** | **1,811** | **224** | **43** | **2,078** |

## Note 13. Post-employment and retirement benefits

The breakdown of changes in the "Post-employment benefits" item as of December 31, 2021 and December 31, 2020 is shown below:

| | 2021 | 2020 | Change |
|---|---|---|---|
| **As of January 1** | **646** | **633** | **13** |
| Amount allocated in the period | 297 | 265 | 32 |
| Payments | (226) | (68) | (158) |
| Receivables from INPS | (149) | (184) | 35 |
| Discounting | (4) | 4 | (8) |
| Other movements | 129 | (4) | 133 |
| **As of December 31** | **693** | **646** | **47** |

## Note 14. Provisions for current risks and charges

"Provisions for current risks and charges" as of December 31, 2021 amounted to €250 thousand and are represented by the best estimate of potential liabilities to which the Company is exposed as a result of outstanding disputes, whose risk assessment carried out by the consultants employed by the Company is considered probable.

## Note 15. Trade payables and other payables, accrued liabilities and deferred income

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Trade payables** | **6,911** | **6,190** | **721** |
| *of which from subsidiaries* | *147* | *110* | *37* |
| *of which to related parties* | *2* | *-* | *2* |
| **Other current liabilities** | **11,313** | **3,624** | **7,689** |
| *of which from subsidiaries* | *6,783* | *376* | *6,407* |
| *of which to related parties* | *61* | *-* | *61* |
| **Current accrued liabilities and deferred income** | **502** | **465** | **37** |

### Trade payables

"Trade payables" amounted to €6,911 thousand, up €721 thousand compared to the end of the previous year, and refer to commercial transactions.

### Other current liabilities

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Payables to employee | 2,342 | 1,442 | 900 |
| Payables to pension and social security | 1,390 | 1,122 | 268 |
| Other payables | 7,581 | 1,060 | 6,521 |
| **Total** | **11,313** | **3,624** | **7,689** |

The item "Other current payables", amounting to €11,313 thousand as of December 31, 2021, is described below:

- "Payables to employees" for the fixed and variable component of remuneration, for holidays, as well as the related "Payables to pension and social security" concerning social security contributions. The change, during the year, of payables to personnel and social security institutions increased due to the variable component;
- "Other payables" primarily regard payables due to Group companies participating in the "Consolidated VAT regime", which rose during the year due to the greater volume of business generated by investee companies participating in the regime.

## Note 16. Net financial position

As of December 31, 2021, the Net Financial Debt/(Net Financial Position) is broken down as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| A. Cash | 53,782 | 80,456 |
| B. Cash equivalents | - | - |
| C. Other current financial assets | 259,501 | 247,062 |
| **D. Cash and cash equivalents (A) + (B) + (C)** | **313,283** | **327,518** |
| E. Current financial debt | 87,363 | 73,289 |
| *E1. of which lease payables* | *258* | *199* |
| F. Current portion of non-current financial debt | 52,131 | 52,659 |
| **G. Current financial debt (E) + (F)** | **139,494** | **125,948** |
| **H. Current Net Financial Debt (Financial Position) (G) - (D)** | **173,789** | **201,570** |
| I. Non-current financial debt | 50,891 | 77,926 |
| *I1. of which lease payables* | *567* | *209* |
| J. Debt instruments | - | - |
| *K. Trade and other payables* | - | - |
| **L. Non-current financial Debt (I) + (J) + (K)** | **50,891** | **77,926** |
| **M. Net Financial Debt/(Net Financial Position) (H) + (L)** | **122,898** | **123,644** |

The **Net Financial Position** as of December 31, 2021 amounted to €122,898 thousand, substantially in line with the previous year (equal to €123,644 thousand), marking a negative change of €746 thousand.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Net Financial Position (Net Financial Debt) at the beginning of the year** | **123,644** | **37,046** | **86,598** |
| Adjusted EBITDA | 6,395 | 6,203 | 192 |
| Change in net trade working capital | 5,024 | (5,358) | 10,382 |
| Other changes in net working capital | (2,350) | (1,345) | (1,005) |
| Net investments | (3,866) | (5,614) | 1,749 |
| Change in taxes | (107) | 62 | (169) |
| Net financial income (expenses) | 263 | 471 | (208) |
| Dividends collected | 7,730 | 115,972 | (108,242) |
| Dividend distribution | (9,638) | (17,007) | 7,369 |
| Sale (Purchase) of treasury shares | (4,197) | (6,786) | 2,589 |
| **Change in Net Financial Position** | **(746)** | **86,598** | **(87,344)** |
| **Net Financial Position (Net Financial Debt) at the end of the year** | **122,898** | **123,644** | **(746)** |

As of December 31, 2021, the Company had credit lines for €308 million, of which €230 million unused and of which €200 million in the long term and €30 million in the short term.

Indirect debt subject to conditions as of December 31, 2021 is represented exclusively by the provision for Group employee severance indemnity, amounting to €693 thousand.

## INFORMATION ON THE INCOME STATEMENT

### Note 17. Revenues

The Company's revenues of €32,374 thousand consist of royalties charged to subsidiaries for use of the Datalogic trademark and of invoices issued for intercompany services. The increase of €4,308 thousand compared to the previous year (+15.4%) is attributable to the higher volumes of turnover generated by the subsidiaries.

### Note 18. Cost of goods sold and operating expenses

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Cost of goods sold** | **1,980** | **1,659** | **321** |
| **Operating expenses** | **32,052** | **26,840** | **5,212** |
| Research and development expenses | 861 | 574 | 287 |
| Distribution expenses | 1,425 | 1,069 | 356 |
| General and administrative expenses | 29,175 | 24,910 | 4,265 |
| Other operating expenses | 591 | 287 | 304 |
| **Total** | **34,032** | **28,499** | **5,533** |

The cost of sales amounted to €1,980 thousand, an increase compared to the previous year by €321 thousand (+19.3%). Operating costs amounted to €32,052 thousand and recorded an increase of 19.4% compared to the previous year. The breakdown of "Other operating expenses" is as follows:

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Non-income taxes | 586 | 268 | 318 |
| Others | 5 | 19 | (14) |
| **Total** | **591** | **287** | **304** |

### Breakdown of costs by type

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

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Personnel costs | 15,566 | 12,641 | 2,925 |
| Software maintenance and assistance | 4,467 | 4,266 | 201 |
| Amortization, Depreciation | 4,024 | 3,349 | 675 |
| Technical, legal and tax advisory consultancies | 3,991 | 3,429 | 562 |
| Directors' remuneration | 1,752 | 1,019 | 733 |
| Utilities and telephone subscriptions | 1,083 | 1,244 | (161) |
| Recruitment fees | 428 | 281 | 147 |
| Service costs rendered by subsidiary | 400 | 468 | (68) |
| Stock exchange costs and membership fees | 384 | 390 | (6) |
| Rental and building maintenance | 277 | 259 | 18 |
| Audit Fees | 204 | 187 | 17 |
| Insurance expenses | 154 | 175 | (21) |
| Advertising and Marketing | 103 | 75 | 28 |
| Vehicle leasing and maintenance | 93 | 84 | 9 |
| Meeting expenses | 83 | 1 | 82 |
| Travel and lodging expenses | 70 | 101 | (31) |
| Board of Statutory Auditors' remuneration | 68 | 77 | (9) |
| Expenses for personnel training | 66 | 5 | 61 |
| Patents | 39 | 10 | 29 |
| Entertainment expenses | 30 | 39 | (9) |
| Other costs | 750 | 399 | 351 |
| **Total Cost of goods sold and operating costs** | **34,032** | **28,499** | **5,533** |

Compared to the previous year, the increase in personnel costs, as well as the higher variable remuneration paid to the Directors, should be noted. The higher costs for depreciation incurred during the year are mainly attributable to the greater investments made at the end of 2020.

"Personnel costs", amounting to €15,566 thousand (€12,641 thousand in the previous year), increased by €2,925 thousand compared to the previous year (+23.1%). The change in the year is attributable to the variable component of the remuneration. Furthermore, in the comparative year, the Company had resorted to social safety nets which it will not benefit from in 2021.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Wages and salaries | 11,406 | 9,339 | 2,067 |
| Social security charges | 2,934 | 2,378 | 556 |
| Post-employment benefits | 298 | 267 | 31 |
| Severance indemnities and similar benefits | 368 | 310 | 58 |
| Other costs | 560 | 348 | 212 |
| **Total** | **15,566** | **12,641** | **2,925** |

## Note 19. Other revenues

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Rents | 627 | 632 | (5) |
| Others | 230 | 1,477 | (1,247) |
| **Total** | **857** | **2,109** | **(1,252)** |

The item "Other revenues" recorded an overall negative change of €1,252 thousand: this change is due to services rendered to investee companies in the previous year, relating to the sale of an indirectly invested company.

## Note 20. Financial income/(expenses)

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Financial income/(expenses) | 367 | 436 | (69) |
| Foreign exchange differences | (89) | (1,034) | 945 |
| Fair Value investments | 178 | 73 | 105 |
| Bank expenses | (199) | (83) | (116) |
| Dividends | 7,730 | 17,348 | (9,618) |
| Others | 187 | 46 | 141 |
| **Total Net Financial income/(expenses)** | **8,174** | **16,785** | **(8,611)** |

The item Financial Income/(Expenses) was positive for €8,174 thousand, it was €16,785 thousand as of December 31, 2020. The change for the year is due to lower dividends received from investee companies.

## Note 21. Taxes

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| **Profit (loss) before taxes** | **7,373** | **18,461** | **(11,088)** |
| Income taxes | (170) | 72 | (242) |
| Deferred taxes | 347 | (1,515) | 1,862 |
| **Total Taxes** | **177** | **(1,443)** | **1,620** |
| **Tax rate** | **2.4%** | **-7.8%** | **10.2%** |

The average tax rate is 2.4% (-7.8% as of December 31, 2020). The reconciliation for 2021 and 2020 of the nominal tax rate and the effective rate used in the Financial Statements is shown below:

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| **Profit (loss) before taxes** | **7,373** | | **18,461** | |
| **Nominal tax rate** | **(1,769)** | **-24.0%** | **(4,431)** | **-24.0%** |
| Effects of local taxes | (137) | -1.9% | (198) | -1.1% |
| Effects of intercompany dividend taxation | 1,762 | 23.9% | 3,955 | 21.4% |
| Patent Box fiscal benefit | - | 0.0% | 1,473 | 8.0% |
| Tax effects - previous years | 239 | 3.2% | 341 | 1.8% |
| Other effects | 82 | 1.1% | 303 | 1.6% |
| **Effective tax rate** | **177** | **2.4%** | **1,443** | **7.8%** |

The change in the tax rate for the year, in addition to the different contribution of the tax effects relating to the taxation of dividends from investee companies, is affected by the lower tax benefits relating to tax measures in support of technological innovation ("Patent Box").

## Note 22. Audit fees

Pursuant to article 149-duodecies of the Issuers' Regulation, implementing Legislative Decree 58 of February 24, 1998, the following is the summary schedule of fees pertaining to the year 2021 provided by the auditing firm and divided in auditing and other services:

| | 2021 |
|---|---|
| Datalogic S.p.A. - auditing | 173 |
| **Total auditing** | **173** |
| Non-auditing services | 20 |
| **Total** | **193** |

The non-auditing services item refers to the limited audit of the consolidated non-financial statement for the year ended December 31, 2021.

## Note 23. Remuneration paid to Directors and Statutory Auditors

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

## RELATED-PARTY TRANSACTIONS

For the definition of "Related parties" see both IAS 24, approved by EC Regulation no. 1725/2003, and the Procedure for Transactions with Related Parties approved by the Board of Directors on November 4, 2010 (most re-cently amended on June 23, 2021), available on the Company's website www.datalogic.com. The Company's par-ent company is Hydra S.p.A. Transactions with related parties are carried out in the ordinary course of business and at normal market 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 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 2021, 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 equity position or profit/(loss).

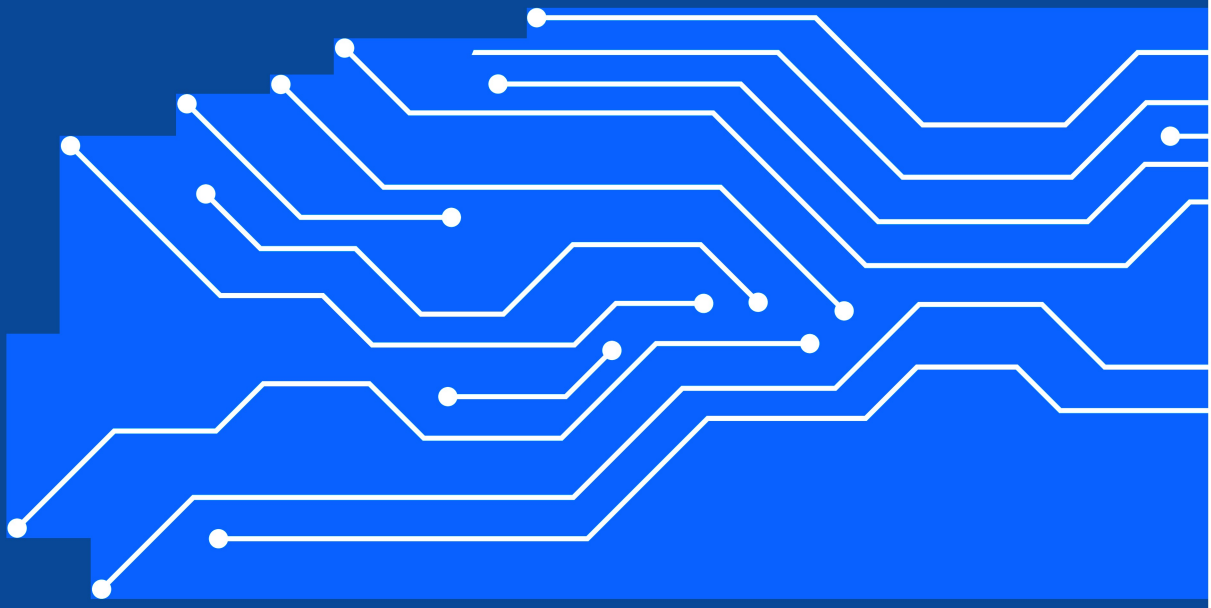
| | Hydra S.p.A. | Hydra Immobiliare S.n.c. | Datalogic S.r.l. | Subsidiaries of Datalogic S.r.l. | Solution Net Systems Inc. | Real Estate Group Companies | Informatics Holdings Inc. | Datalogic Ip Tech S.r.l. | 31.12.2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Receivables** | **-** | **-** | **236,814** | **30,838** | **9** | **20** | **58** | **873** | **268,612** |
| Trade receivables | | | 9,900 | 286 | 9 | 20 | 58 | 233 | 10,506 |
| Consolidated VAT receivables | | | | | | | | 598 | 598 |
| Other receivables | | | 172 | | | | | 42 | 214 |
| Financial receivables for cash pooling | | | 44,242 | 30,552 | | | | | 74,794 |
| Loans to subsidiaries | | | 182,500 | | | | | | 182,500 |
| **Payables** | **711** | **2** | **62,204** | **18,550** | **61** | **2,016** | **5,812** | **6,414** | **95,770** |
| Payables pursuant to tax consolidation | 711 | | | | | | | 961 | 1,672 |
| Payables pursuant to VAT tax consolidation | | | 6,579 | | | | | | 6,579 |
| Other payables | | | 204 | | 61 | | | | 265 |
| Trade payables | | 2 | 138 | 4 | | | 3 | 2 | 149 |
| Financial payables for cash pooling | | | 55,283 | 18,546 | | 2,016 | 5,809 | 5,451 | 87,105 |
| **Costs** | **73** | **69** | **67** | **(110)** | **(9)** | **2** | **(29)** | **(8)** | **55** |
| Operating costs | 73 | 69 | 401 | 18 | | | | | 561 |
| Other operating expenses | | | (410) | (138) | (9) | | (32) | (13) | (602) |
| Financial expenses | | | 76 | 10 | | 2 | 3 | 5 | 96 |
| **Revenues** | **-** | **-** | **41,635** | **183** | **129** | **80** | **-** | **818** | **42,845** |
| Revenues and other operating revenues | | | 31,545 | | | 80 | | 749 | 32,374 |
| Other revenues | | | 565 | | 129 | | | 58 | 752 |
| Financial income | | | 9,525 | 183 | | | | 11 | 9,719 |

## 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 €7,549,936 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 €0.30 per share, for a total maximum amount of €17,533,947, drawing €7,549,936 from the income for the year and the remaining €9,984,011 from the reserve for previous years' income, with coupon detachment on May 23, 2022 (record date May 24, 2022) and payment starting from May 25, 2022.

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 May 14, 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 February 24, 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 2021.

2. The assessment on the adequacy of the administrative and accounting procedures for the formation of the consolidated financial statements as of December 31, 2021 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), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of July 19, 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), March 10, 2022

CEO

Valentina Volta

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

# Annex 1b

## Certification for the Financial Statements, pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 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 February 24, 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 2021.

2. The assessment on the adequacy of the administrative and accounting procedures for the formation of the financial statements as of December 31, 2021 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), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of July 19, 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), March 10, 2022

CEO

Valentina Volta

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

# Annex 2

## Consolidation Area

The Consolidated Annual Financial Statements include the interim reports of the Parent Company and the companies that are directly and/or indirectly controlled by the Parent Company or on which the latter has a significant influence. 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 of December 31, 2021, consolidated on a line-by-line basis, are disclosed hereunder:

| Company | Registered office | Share capital | | Total Shareholders' Equity (€/000) | Net Profit (loss) for the year (€/000) | % Ownership |
|---|---|---|---|---|---|---|
| Datalogic S.p.A. | Bologna - Italy | € | 30,392,175 | 348,205 | 7,550 | |
| Datalogic Real Estate France Sas | Courtabeuf Cedex - France | € | 2,227,500 | 3,834 | 67 | 100% |
| Datalogic Real Estate UK Ltd. | Redbourn - United Kingdom of Great Britain | GBP | 3,500,000 | 4,759 | 49 | 100% |
| Datalogic IP Tech S.r.l. | Bologna - Italy | € | 65,677 | 37,475 | 11,394 | 100% |
| Informatics Holdings, Inc. | Plano, Texas - USA | USD | 1,568 | 16,860 | 1,653 | 100% |
| Wasp Barcode Technologies Ltd. | Redbourn - United Kingdom of Great Britain | GBP | 0 | 246 | 17 | 100% |
| Datalogic (Shenzhen) Industrial Automation Co. Ltd. | Shenzhen - China | CNY | 2,136,696 | 4,550 | 657 | 100% |
| Datalogic Hungary Kft | Balatonboglar - Hungary | HUF | 3,000,000 | 1,588 | (650) | 100% |
| Datalogic S.r.l. | Bologna - Italy | € | 10,000,000 | 169,231 | 27,077 | 100% |
| Datalogic Slovakia S.r.o. | Trnava - Slovakia | € | 66,388 | 4,445 | 2,921 | 100% |
| Datalogic USA Inc. | Eugene, OR - USA | USD | 100 | 223,965 | (450) | 100% |
| Datalogic do Brazil Comercio de Equipamentos e Automacao Ltda. | Sao Paulo - Brazil | BRL | 20,257,000 | 292 | 203 | 100% |
| Datalogic Technologia de Mexico S.r.l. | Colonia Cuauhtemoc - Mexico | MXN | 0 | (350) | (27) | 100% |
| Datalogic Scanning Eastern Europe GmbH | Langen - Germany | € | 25,000 | 3,957 | 78 | 100% |
| Datalogic Australia Pty Ltd. | Mount Waverley (Melbourne) - Australia | AUD | 3,188,120 | 1,277 | 187 | 100% |
| Datalogic Vietnam LLC | Vietnam | USD | 3,000,000 | 21,186 | 7,064 | 100% |
| Datalogic Singapore Asia Pacific Pte Ltd. | Singapore | SGD | 3 | 2,904 | 756 | 100% |
| Datasensing S.r.l. | Modena - Italy | € | 2,000,000 | 13,102 | 2,016 | 100% |
| M.D. Micro Detectors (Tianjin) CO., Ltd. | Tianjin - China | CNY | 13,933,697 | 1,299 | 295 | 100% |
| Micro Detectors Ibérica,S.A.U. | Barcelona - Spain | € | 120,000 | 1,166 | 235 | 100% |
| Datalogic Japan Co., Ltd. | Tokyo - Japan | JPY | 9,900,000 | 76 | 0 | 100% |
| Suzhou Mobydata Smart System Co. Ltd. | Suzhou, JiangSu - China | CNY | 161,224 | 6,139 | 1,281 | 51% |

The following companies were consolidated using the equity method as of December 31, 2021:

| Company | Registered office | Share capital | | Total Shareholders' Equity (€/000) | Net Profit (loss) for the year (€/000) | % Ownership |
|---|---|---|---|---|---|---|
| Datasensor GmbH (*) | Otterfing - Germany | € | 150,000 | 12 | 10 | 30% |
| CAEN RFID S.r.l. (***) | Viareggio LU - Italy | € | 150,000 | 870 | (233) | 20% |
| R4I S.r.l. (***) | Benevento - Italy | € | 131,250 | 387 | (43) | 20% |
| Datalogic Automation AB (**) | Malmö - Sweden | SEK | 100,000 | 1,374 | 517 | 20% |

(*) data as of December 31, 2019
(**) data as of June 30, 2021
(***) data as of December 31, 2020

# Annex 3

## Restatement of Segment Disclosure

As envisaged by the International Accounting Standards on segment reporting, in the event of a reorganization of the business segments, the comparative periods are restated to allow a like-for-like comparison. Below are the restated results for 2020 following the reorganization of the commercial function launched in the first quarter and finalized in the fourth quarter of 2020, within which some methods for the allocation of revenues to business sectors were partially redefined, aimed at ensuring coverage of the various types of end-user and partner customers.

## Revenues by business segment

| | 31.12.2020 Reported | Restatement | 31.12.2020 Restated |
|---|---|---|---|
| Retail | 198,257 | (34) | 198,223 |
| Manufacturing | 110,737 | 1,013 | 111,750 |
| Transportation & Logistics | 53,857 | (67) | 53,790 |
| Healthcare | 17,211 | (760) | 16,451 |
| Channel | 84,518 | (152) | 84,366 |
| **Total Revenues** | **464,580** | | **464,580** |

As part of the reorganization 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 Industry, 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 ratio 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 of December 31, 2021, compared with December 31, 2020.

| | 31.12.2021 | | 31.12.2020 | | Change |
|---|---|---|---|---|---|
| **Adjusted EBITDA** | **85,692** | **14.27%** | **58,324** | **12.16%** | **27,368** |
| Cost of goods sold | 567 | 0.09% | 3,325 | 0.69% | (2,758) |
| Research and Development expenses | 925 | 0.15% | 95 | 0.02% | 830 |
| Distribution expenses | 907 | 0.15% | 4,268 | 0.89% | (3,361) |
| General and administrative expenses | 3,371 | 0.56% | 3,524 | 0.73% | (153) |
| Other (expenses) and income | 97 | 0.02% | 37 | 0.01% | 60 |
| **Non-recurring costs, revenues and write-downs** | **5,867** | **0.98%** | **11,249** | **2.34%** | **(5,382)** |
| **EBITDA** | **79,825** | **13.29%** | **47,075** | **9.81%** | **32,750** |

Non-recurring costs and revenues are shown hereunder.

| | 31.12.2021 | 31.12.2020 | Change |
|---|---|---|---|
| Covid-19 | - | 3,802 | (3,802) |
| Reorganization | 5,025 | 6,528 | (1,504) |
| Other | 842 | 919 | (77) |
| **Total** | **5,867** | **11,249** | **(5,382)** |

Non-recurring costs and revenues refer to income and charges recognized and incurred in relation to some reorganization processes targeted at the optimization of the sales structure, of the industrial footprint and the offices, as well as "M&A" and "Post M&A Integration" activities. These processes involved an assessment of the organizational structures, 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.

# Annex 5

## List of equity investments in subsidiaries and affiliates as of December 31, 2021

| Company | Registered office | | Share capital in local currency | Shareholders' Equity^ | Pro-rata Shareholders' Equity^ | Profit/loss for the period^ | % owned | Carrying value^ | Difference |
|---|---|---|---|---|---|---|---|---|---|
| Informatics Holdings, Inc. | Plano (Texas) - USA | USD | 1,568,000 | 17,107 | 17,107 | 1,670 | 100% | 11,011 | 6,096 |
| Datalogic S.r.l. | Bologna - Italy | EUR | 10,000,000 | 169,231 | 169,231 | 27,077 | 100% | 152,418 | 16,813 |
| Datalogic Real Estate France Sas | Courtabeuf Cedex – France | EUR | 2,227,500 | 3,834 | 3,834 | 67 | 100% | 3,919 | (85) |
| Datalogic Real Estate UK Ltd. | Redbourn - United Kingdom | GBP | 3,500,000 | 4,759 | 4,759 | 49 | 100% | 3,668 | 1,091 |
| Datalogic IP Tech S.r.l. | Bologna - Italy | EUR | 65,677 | 37,475 | 18,738 | 11,394 | 50% | 18,096 | 642 |
| **Total subsidiaries** | | | | | | | | **189,112** | **24,557** |
| CAEN RFID S.r.l* | Viareggio Lu - Italy | EUR | 150,000 | 870 | 174 | (233) | 20% | 550 | (376) |
| R4I S.r.l.* | Benevento - Italy | EUR | 131,250 | 387 | 77 | (43) | 20% | 150 | (73) |
| **Total associates** | | | | | | | | **700** | **(449)** |
| Nomisma S.p.A.* | Bologna - Italy | EUR | 6,963,500 | 9,819 | 7 | 582 | 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 | 843 | 0 | 11 | 0% | 52 | (52) |
| IDEC Corporation | Osaka - Japan | YEN | | | | | 0.3% | 10,210 | |
| Mandarin III | Luxembourg | EUR | | | | | | 1,232 | n.a. |
| Point Mobile | South Korea | KRW | | | | | 1.2% | 171 | n.a. |
| **Total other companies** | | | | | | | | **11,683** | **(57)** |

(*) as of 31.12.2020
^ amounts in thousands of Euro as of 31.12.2021

# Annex 6a

## Report on the Audit of the Consolidated Financial Statements 2021

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

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, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the consolidated statement of 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, 2021 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

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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.

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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.<br><br>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.<br><br>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.<br><br>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:<br><br>• 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;<br><br>• analysis of the reasonableness of Managements' main assumptions used to estimate the adjustments to revenues;<br><br>• performance of analytical and substantive procedures in order to verify the accuracy and completeness of the data used by Management;<br><br>• 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;<br><br>• performance of analytical review procedures comparing historical data related to actual returns and discounts and the estimates made by Management. |

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## 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.

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- 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.

Deloitte.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of Datalogic S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

**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, 2021, 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, 2021 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, 2021 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.

Deloitte.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 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 29, 2022

*As disclosed by the Directors, the accompanying consolidated financial statements of Datalogic S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

# Annex 6b

## Report on the Audit of the Financial Statements 2021

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

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, 2021, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flow 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, 2021 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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.

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Deloitte.

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.

Deloitte.

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.

**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 on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of Datalogic S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

**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, 2021, including their consistency with the related financial statements and their compliance with the law.

Deloitte.

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, 2021 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 structureare consistent with the financial statements of Datalogic S.p.A. as at December 31, 2021 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 29, 2022

*As disclosed by the Directors, the accompanying financial statements of Datalogic S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

# Annex 7

## Statutory Auditors Report

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF DATALOGIC S.P.A. PURSUANT TO ART. 153 OF ITALIAN LEGISLATIVE DECREE 58/1998 AND ART. 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

To our Shareholders,

during the financial year ending December 31, 2021, 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 April 6, 2001 no. DEM/1025564, as amended with communication of April 4, 2003 no. DEM/3021582 and communication of April 7, 2006 no. DEM/6031329.

Introduction

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of April 30, 2019 and its term of office will end with the approval of the financial statements as at December 31, 2021.

The Board of Directors currently in office was appointed by the Shareholders' Meeting of April 29, 2021 and its term of office ends with the approval of the financial statements as at December 31, 2023.

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 April 30, 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 December 31, 2027.

In 2021, the following were held:

- 7 meetings of the Board of Statutory Auditors;
- 9 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 2022, up to the date of this report, the following were held:

- 3 meetings of the Board of Statutory Auditors;
- 2 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 Corporate Governance Code and formally endorsed by Datalogic are implemented in practice;
- the adequacy of the instructions provided to subsidiaries in relation to disclosure requirements of inside 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) no. 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) 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.

In the financial year 2021, the COVID-19 pandemic continued, with better health management than in the financial year 2020 thanks to the spread of vaccines. Worldwide, in 2021, restrictive measures were also implemented to contain infection, which affected national economies to a lesser extent than in 2020. In this context, the Company continued to ensure the effectiveness of 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 2021 and up to approval of the 2021 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 Directors' 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 represent 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;
- 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 March 12, 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 test carried out in view of the approval of the 2021 Annual Financial Report and the methods adopted, checking to ensure compliance with the Consob recommendations, including in procedural terms;
- analysed the 2021 Annual Financial Report, the Report on corporate governance and the ownership structure prepared in accordance with article 123-bis of the Consolidated Law on Finance, finding compliance of those reports with the applicable 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 April 6, 2001 as amended are provided below.

1. With reference to operations of greater strategic, economic, financial or equity significance 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. In this regard, in particular, the Board of Auditors took note of the acquisition of the entire share capital of M.D. Microdetectors S.p.A. (now Datasensing S.r.l.) by Datalogic S.r.l. on February 26, 2021.
2. During the year 2021 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 2021 Annual Financial Report regarding intergroup transactions and transactions with related parties is adequate.
5. On March 29, 2022, 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 December 31, 2021 (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 March 29, 2022, 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 December 31, 2021 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 Italian Civil Code in 2021.
10. No petitions were submitted to the Board of Statutory Auditors in 2021.
11. On February 12, 2021, the Company received a communication from Consob pursuant to article 115 of the Consolidated Law on Finance (TUF), requesting the Company to provide the following information: (i) the criteria adopted to determine the value of goodwill for the purposes of the impairment test carried out as at December 31, 2019, (ii) an update of the recoverability analysis on the goodwill recognised at June 30, 2020; (iii) update information referring to the relevance of the forecasts contained in the business plan used for the purposes of verifying the recoverability of the assets recognised in the financial statements; (iv) the accounting, in accordance with IFRS 15, of the item "revenues" recognised in the consolidated financial statements as at December 31, 2019 and in the half-yearly financial report at June 30, 2020; (v) update information and any initiatives under study in relation to the Company's financial situation, also in light of the evolution of the uncertainties related to the ongoing health emergency and the related repercussions on the group's revenues. On February 26, 2021, the Company sent Consob a note providing all the information requested.
12. 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 2021 the subsidiaries Datalogic S.r.l. and Datalogic Ip Tech S.r.l. engaged the company Deloitte & Touche S.p.A. to only carry out additional tasks regarding the certification of R&D costs for insignificant amounts.
13. In 2021 and after the end of the financial year, up to the date of this report, the Company awarded only one additional assignment of a legal nature to Deloitte Legal, a company belonging to the network linked to the independent auditor Deloitte & Touche S.p.A.
14. In 2021, 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 favourable opinions on:

- the proposal to allocate the overall maximum remuneration of the members of the Board of Directors decided by the Shareholders' Meeting of April 29, 2021;
- the variable remuneration of the Chairperson and the CEO, also in accordance with article 2389 of the Italian 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 proposal to submit the guidelines of the "Datalogic S.p.A. Performance Shares Plan 2022 - 2024" to the Shareholders' Meeting of April 29, 2022;
- 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 Corporate Governance Code 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 2021 financial year, in accordance with the "*Rules of conduct 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 updating of the composition diversity policy applicable to the Company's administrative, management and control bodies;

– the updating of the Procedure for Transactions with Related Parties.

Please refer to the introduction in relation to the frequency and number of meetings of the corporate bodies.

15. 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 opinions – produced internally.
16. 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.
17. 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.
18. 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.

19. 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 5 times in 2021.
20. 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.
21. 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 2021, of the administrative and accounting procedures for the formation of the separate and consolidated financial statements.
22. 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.
23. 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.

24. 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.
25. The Company adheres to the principles and recommendations of the Corporate Governance Code with particular reference to companies with concentrated ownership, other than "large" companies.
26. The Board of Directors established a single committee (Control, Risks, Remuneration and Appointments Committee) comprising three non-executive and independent Directors. 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.
27. The Board of Directors carried out a self-assessment for 2021, engaging the Chair of the Control, Risks, Remuneration and Appointments Committee to carry out the process and draw up a report, which was submitted to the Board on February 11, 2021. All the Directors gave a positive assessment of the size, composition and functioning of the Board and the governance structure of the group.
28. 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.
29. 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 web site of Consob to the extent provided for under article 144-quaterdecies of the Issuers' Regulation.

30. The Board of Statutory Auditors expresses its positive assessment of the Corporate Governance System of the Company.
31. 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.
32. The Board of Statutory Auditors, having acknowledged the results of the financial statements as at December 31, 2021, 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, March 29, 2022

For the Board of Statutory Auditors
The Chair
Mr Salvatore Marco Fiorenza

**Datalogic Headquarters**
Via Candini, 2
40012 Lippo di Calderara di Reno
(BO) - Italy
Tel. +39 051 3147011
Fax +39 051 3147205

**www.datalogic.com**

