

DATA MODUL

QUARTERLY REPORT
AS OF MARCH 31, 2020



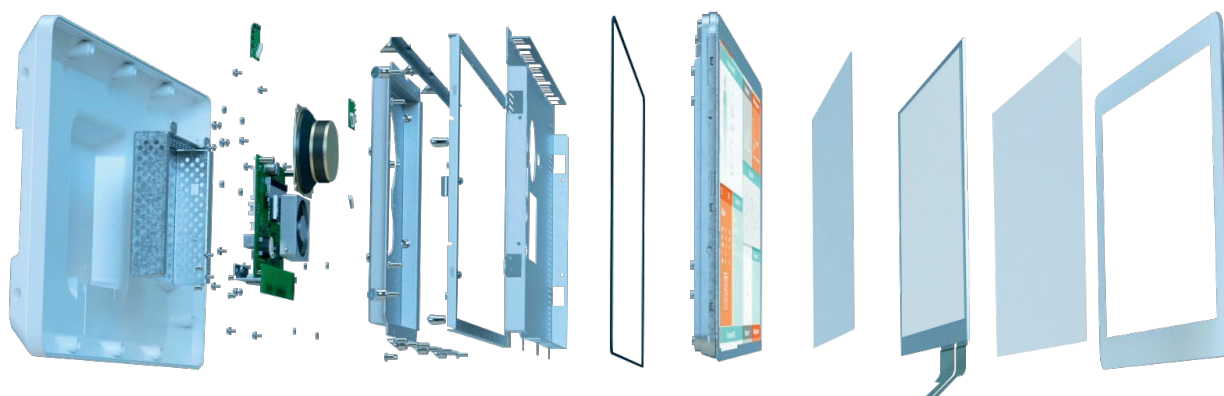
Dear Shareholders,

For the first quarter of 2020 DATA MODUL recorded lower revenue and earnings than for Q1 of last year due to supply problems and the high level of uncertainty created by the ongoing COVID-19 pandemic.

Orders received fell 20.5% year-on-year to 56.3 million euros (previous year: 70.8 million euros). Revenue fell to 45.5 million euros in the first quarter of 2020, down 28.3% versus the figure for the first three months of 2019 (previous year: 63.5 million euros).

In line with the slowing of business, EBIT for Q1 2020 declined to 3.2 million euros (previous year: 5.1 million euros) for an EBIT margin of 6.9% (previous year: 8.0%). Net income for the quarter ended March 31, 2020 was 44.5% lower year-over-year at 1.9 million euros (previous year: 3.4 million euros).

DATA MODUL has already implemented an array of cost reduction measures in response to the troubled ongoing situation while taking steps in parallel to ensure liquidity and prioritize investments.



INTERIM GROUP MANAGEMENT REPORT

1. General economic conditions

A new strain of corona virus has unleashed huge and unprecedented challenges as it spreads throughout the world. Far-reaching health policy measures have been taken to contain the pandemic which have nearly brought public and social life to a standstill. The global economy is facing a recession. Economic analysts forecast global GDP to decline 2% in 2020 due to the Covid-19 pandemic. The tremendous economic impact of the pandemic is now reflected in the latest financial market data and corporate estimates. Effects are being felt across nearly all countries and industries, and the worldwide spread of the virus has not yet even reached its peak. Economic decline can only be halted by relaxing the public health restrictions, allowing social and economic life to normalize. Supported by monetary and fiscal policy, the economic recovery process that can then commence, likely leading to above-average GDP growth. While this extraordinary situation persists however, the level of uncertainty regarding the future remains very high.

In their spring reports, leading economic research institutes have forecasted a serious 4.2 percent recession for Germany for the year 2020. Given the many unknown factors, this forecast is subject to significant risk of further downside. The ifo business climate index has plummeted to a historic low of 74.3 percent following the sharpest fall ever recorded in April.

Amidst a difficult global economic environment, DATA MODUL will be taking all steps possible in tackling the huge challenges posed by the crisis.

2. Corporate Results¹⁾

in KEUR	01/01 - 03/31/2020	01/01 - 03/31/2019	Change
Total revenue	45,514	63,509	-28.3%
Displays	30,864	37,498	-17.7%
Systems	14,650	26,011	-43.7%
Orders received	56,298	70,771	-20.5%
EBIT ²⁾	3,157	5,082	-37.9%
EBIT margin ³⁾	6.9%	8.0%	-13.8%
Net income for the period	1,908	3,439	-44.5%
Capital expenditure ⁴⁾	908	1,666	-45.5%
Employees ⁵⁾	447	507	-11.8%
Earnings per share (in euros)	0.54	0.98	-44.5%
Outstanding shares – Basic	3,526,182	3,526,182	0.0%

1) Fewer key performance indicators were referenced than in the previous year.

2) **EBIT:** Earnings before interest and taxes

3) **EBIT margin:** Ratio of EBIT to sales

4) **Capital expenditure:** Capital expenditures on intangible assets and property, plant and equipment

5) **Employees:** Number of employees as of the reporting date

3. Business performance

DATA MODUL recorded revenue of 45,514 thousand euros for the first three months of this year (previous year: 63,509 thousand euros), down 28.3% versus the same quarter last year. The Displays business segment recorded revenue of 30,864 thousand euros for the first quarter (previous year: 37,498 thousand euros), while the Systems business segment recorded revenue of 14,650 thousand euros (previous year: 26,011 thousand euros). Orders received fell 20.5% for the Group versus the same quarter last year to 56,298 thousand euros (previous year: 70,771 thousand euros). The Company's strategy to enhance its international orientation continues to yield successes, reflected in an increased export rate of 50.3% for the first three months of 2020 (previous year: 48.0%).

4. Earnings

DATA MODUL recorded lower revenue across nearly all industries and regions for Q1 2020 due to the challenging economic environment created by the coronavirus epidemic. EBIT for the first three months of this year came to only 3,157 thousand euros (previous year: 5,082 thousand euros), for lower EBIT margin of 6.9% (previous year: 8.0%). The Displays business segment recorded EBIT of 2,251 thousand euros for the three-month period (previous year: 2,202 thousand euros), while the Systems business segment recorded EBIT of 906 thousand euros (previous year: 2,880 thousand euros). Thus the net income for the period ended March 31, 2020 fell by 44.5% year-on-year to 1,908 thousand euros (previous year: 3,439 thousand euros), for earnings per share of 0.54 euros (previous year: 0.98 euros). Earnings for the first three months of 2020 were positively affected by the movement of the EUR-USD currency pair.

5. Balance sheet

The balance sheet total increased by 6,983 thousand euros since calendar year-end 2019 to 154,563 thousand euros (December 31, 2019: 147,580 thousand euros). The increase in assets was mainly due to rising inventories and other current assets despite declining cash and cash equivalents. On the liabilities and equity side, the increased balance sheet total resulted primarily from higher trade payables and the net income for the first quarter of 2020 being added to equity.

Cash flow from operating activities was -4,748 thousand euros as of March 31, 2020 (previous year: -7,596 thousand euros). This mainly reflects the increases in trade payables and inventories. Investments in intangible assets and property, plant and equipment in the first three months of 2020 resulted in cash flow from investing activities of -908 thousand euros (previous year: -1,744 thousand euros). Cash flow from financing activities in the first quarter of 2020 came to -389 thousand euros (previous year: -252 thousand euros). At the reporting date the Group held 20,416 thousand euros in cash and cash equivalents (December 31, 2019: 26,421 thousand euros).

As of March 31, 2020 DATA MODUL had an equity ratio of 65.6% (December 31, 2019: 67.5%). The Group thus remains very solid financially, with sufficient liquidity.

6. Capital expenditure

Capital expenditure to invest in intangible assets and property, plant and equipment totaled 908 thousand euros for the first three months of 2020 (previous year: 1,666 thousand euros). A large part of this investment was made to expand production and logistics capacity at the company locations in Weikersheim (Germany), Lublin (Poland) and Shanghai (China). Over the remainder of the current fiscal year we are planning capital expenditures for our Munich location and our production and logistics sites in Weikersheim (Germany), Lublin (Poland), and Shanghai (China), and will continue investing in research and development to ensure we remain competitive.

7. Employees

As of March 31, 2020, the number of Group employees was 447 (previous year: 507).

8. Opportunities and risks

In fiscal year 2020, DATA MODUL will stay focused on growth in its core Displays and Systems business segments. Our business is subject to sustained risks, including developments affecting the global economy, the massive impact of public health measures to contain the corona pandemic, exchange rate movements, rising commodity and energy prices and uncertainties regarding customer ordering behavior. We are aware of these risks and carefully monitor their impact on our business operations. Currently, there are no apparent going-concern risks for the DATA MODUL Group. No significant changes have occurred vis-a-vis the information provided in the Risks and Opportunities section of the 2019 Annual Report.

9. Subsequent events

We are not aware of any significant events occurring after the reporting date of March 31, 2020 which would have had a major influence or impact on the Company's earnings or balance sheet.

10. Forecast

The statements made in the following regarding the future business results of DATA MODUL Group and assumptions regarding market and industry trends deemed material in relation thereto are based on opinions which we believe are realistic at this time given the information available. However, these assumptions and assessments are subject to uncertainty and involve an inevitable risk that projected developments may not actually occur, with respect to either their direction or extent. A particularly important unknown factor in the present corona pandemic is the timing of the lifting of public health restrictions imposed to flatten the new infection curve, rendering it impossible to make reliable corporate estimates.

The global economy is undergoing the worst recession seen since the Second World War. Nearly all countries around the world have taken action to contain the corona pandemic in ways that have dramatically impacted their economies, and the extent of the damage is still unknown. Extensive measures to avert a worldwide depression have been implemented on a number of levels, but the consensus is that reducing the number of new infections is the top priority. If the pandemic is brought under control in the second quarter, the huge monetary and fiscal stimulus packages rolled out will likely boost economies throughout the second half of the year.

After rolling through Asia and Europe, the corona virus has now reached the United States, where it is unfolding with full force. In the American “hire and fire” business culture, the economic impact is manifesting extremely quickly.

The euro zone is about to slide into a deep recession, with Italy and Spain among the countries to feel the worst of it. In response, the ECB has rolled out the Pandemic Emergency Purchase Program (PEPP) – an asset purchasing scheme designed to shore up the finances of countries and corporations. Analysts are projecting the euro zone economy to contract by 4.5% in 2020.

Germany too will undergo a severe recession, thus the government has unveiled an unprecedented stimulus package to set the stage for economic recovery to commence as soon as the highly restrictive public health restrictions are lifted. The further change in infection numbers is not reliably predictable, thus it likewise remains unknown when these measures will start showing impact and stimulating recovery.

The corona pandemic underway and the response measures taken have caused substantial deterioration in the economic environment for DATA MODUL and the business sector in general. The Group is prepared to make it through difficult economic times, including this crisis, and will continue systematically executing on our long-term strategy. Barring a worsening of the corona crisis, the Executive Board anticipates that fiscal year 2020 will be satisfactory ultimately given the current orders situation, contingent upon a rebound recovery materializing in the second half of the year thanks to the billion-euro economic stimulus measures rolled out.

11. Related party disclosures

Per a disclosure dated April 11, 2017, Arrow Central Europe Holding Munich GmbH, Neu-Isenburg (hereinafter: “Arrow”), holds approximately 69.2% of voting rights in DATA MODUL AG. The trade relationships with the Arrow Group involve purchases and sales at arm’s length.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2020

ASSETS	03/31/2020	12/31/2019
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,887	3,001
Property, plant and equipment	19,232	19,353
Right-of-use assets	13,627	14,424
Capitalized costs to fulfil a contract	4,713	3,813
Deferred tax assets	699	534
Total non-current assets	43,577	43,544
Current assets		
Inventories	52,372	41,512
Trade accounts receivable Including write-downs (2020: 55; 2019: 76)	28,348	27,907
Contract assets	4,112	4,096
Tax receivables	2,356	2,369
Other current assets	2,953	1,291
Other current financial assets	429	440
Cash and cash equivalents	20,416	26,421
Total current assets	110,986	104,036
Total assets	154,563	147,580

All figures in KEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	03/31/2020	12/31/2019
Shareholders' equity		
Share Capital: no-par-value bearer shares (authorized: KEUR 5,289; shares issued and outstanding: 3,526,182 as of 3/31/2020 and 12/31/2019)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	65,902	63,994
Other reserves	822	907
Total shareholders' equity	101,422	99,599
Non-current liabilities		
Pensions and non-current personnel liabilities	1,600	1,600
Non-current provisions	230	242
Non-current contract liabilities	2,360	1,861
Non-current lease liabilities	13,671	14,045
Deferred tax liabilities	1,099	911
Total non-current liabilities	18,960	18,659
Current liabilities		
Trade accounts payable	15,655	9,206
Current contract liabilities	511	606
Current lease liabilities	2,265	2,103
Taxes payable	734	2,603
Current provisions	1,805	1,743
Liabilities due to financial institutions	4,241	4,200
Other current liabilities	8,193	7,917
Other current financial liabilities	777	944
Total current liabilities	34,181	29,322
Total liabilities	53,141	47,981
Total liabilities and shareholders' equity	154,563	147,580

All figures in KEUR

CONSOLIDATED STATEMENT OF INCOME

	01/01 – 03/31/2020	01/01 – 3/31/2019
Revenue	45,514	63,509
Cost of sales	(34,984)	(49,001)
Gross margin	10,530	14,508
Research and development expenses	(1,296)	(1,633)
Selling and general administrative expenses	(6,077)	(7,793)
Earnings before interest and taxes (EBIT)	3,157	5,082
Interest income	10	1
Interest expense	(146)	(67)
Earnings before taxes for the period	3,021	5,016
Income tax expense	(1,113)	(1,577)
Net income for the period	1,908	3,439
Earnings per share – basic	0.54	0.98
Earnings per share – diluted	0.54	0.98
Weighted average number of shares outstanding – basic	3,526,182	3,526,182
Weighted average number of shares outstanding – diluted	3,526,182	3,526,182

All figures in KEUR except earnings per share and weighted average shares outstanding.

CONSOLIDATED STATEMENT OF CASH FLOWS

	01/01 – 03/31/2020	01/01 – 3/31/2019
Cash flows from operating activities		
Net income for the period	1,908	3,439
<i>Non-cash expenses and income:</i>		
Income tax expense	1,125	1,577
Depreciation, amortization and impairments	1,468	1,050
Provisions for bad debts	(22)	(4)
Gain from disposals of fixed assets	35	(3)
Net interest	137	66
Other non-cash expenses and income	406	3
Change in:		
Inventories	(10,860)	(7,677)
Trade receivables and contract assets	(434)	(3,099)
Other assets	(1,566)	(1,088)
Trade accounts payable	6,448	665
Other liabilities and contract liabilities	(573)	(684)
Income taxes paid	(2,820)	(1,841)
Cash flows from operating activities	(4,748)	(7,596)
Cash flows from investing activities		
Proceeds from disposals of fixed assets	0	3
Capital expenditures with capitalizable development cost	(101)	(259)
Capital expenditures on other intangible assets, property, plant and equipment and right-of-use assets	(807)	(1,488)
Cash flows from investing activities	(908)	(1,744)
Cash flows from financing activities		
Cash inflows (+) / outflows (-) from current financial liabilities	41	0
Outflows for the redemption portion of lease liabilities	(353)	(185)
Interest received (+) / paid (-) (net)	(60)	(67)
Other financing activities	(17)	0
Cash flows from financing activities	(389)	(252)
Effects of exchange rate movements on cash & cash equivalents	40	(11)
Net change in cash and cash equivalents	(6,005)	(9,603)
Cash and cash equivalents at beginning of the fiscal year	26,421	24,956
Cash and cash equivalents at end of the quarter	20,416	15,354

All figures in KEUR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital stock No. of shares	Capital stock Amount	Capital reserves	Retained earnings	Other reserves	Total
BALANCE AS OF 1/1/2019	3,526,182	10,579	24,119	58,556	752	94,006
Initial application effects of IFRS 16				(582)		(582)
AS OF 1/1/2019 adjusted	3,526,182	10,579	24,119	57,974	752	93,424
Net income for the period				3,439		3,439
Foreign currency translation					184	184
BALANCE AS OF 3/31/2019	3,526,182	10,579	24,119	61,413	936	97,047
BALANCE AS OF 1/1/2020	3,526,182	10,579	24,119	63,994	907	99,599
Net income for the period				1,908		1,908
Foreign currency translation					(85)	(85)
BALANCE AS OF 3/31/2020	3,526,182	10,579	24,119	65,902	822	101,422

All figures in KEUR except number of shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01/01 – 03/31/2020	01/01 – 03/31/2019
Net income for the period	1,908	3,439
<i>Other comprehensive income (loss) to be reclassified in the statement of income in subsequent reporting periods</i>		
Adjustments from currency translation of foreign subsidiary results	(85)	184
Comprehensive income after tax	1,823	3,623

All figures in KEUR

NOTES TO THE FINANCIAL STATEMENTS

Principles for preparation of the accounts

The abbreviated consolidated interim financial statements and Group interim management report do not contain all information and disclosures required for preparing consolidated financial statements, and are thus to be interpreted in context with the consolidated financial statements and Group management report dated December 31, 2019.

The same recognition and measurement methods applied to prepare the consolidated financial statements dated December 31, 2019 were applied in preparing this consolidated quarterly report dated March 31, 2020. These interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Reporting. The IFRS standards newly adopted in fiscal year 2020 had no material effect on our balance sheet or earnings. These interim consolidated financial statements and the interim Group management report have not been audited in accordance with Sec. 317 German Commercial Code (HGB), nor have they been audited by a financial accounting firm.

The consolidated quarterly report is prepared in euros (EUR). For presentation purposes, the euro amounts are rounded to thousands of euros (KEUR). For computation purposes, the tables and notes may include deviations from the accurately calculated amounts due to rounding.

Disclaimer

The current consolidated quarterly report contains certain forward-looking statements based on currently discernible and available information as well as assumptions and forecasts made by DATA MODUL management. These are mainly for information purposes and may be identified by terminology such as "believe", "expect", "forecast", "intend", "predict", "plan", "estimate" and/or "strive for". Accordingly, such statements only pertain to the circumstances as of the time of their publication. Various known and unknown risks, uncertainties and other factors may cause the actual results, financial position, business trends or performance of the Company to substantially deviate from the forecast given herein. DATA MODUL assumes no obligation to continue supporting forward-looking statements made, nor to revise such statements in light of events or developments. The Company shall not be liable and offers no guarantee, express or implied, for the updatedness, correctness or completeness of disclosed data and information.

FINANCIAL CALENDAR 2020

Annual Shareholders' Meeting	May 12, 2020
Half-Year Report as of June 30, 2020	August 7, 2020
Quarterly Report as of September 30, 2020	November 6, 2020