

DATA MODUL

QUARTERLY REPORT
AS OF MARCH 31, 2018

Integration support

Embedded Systems

Human Machine Interface

OEM Solutions

Optical Bonding EMC tests

Custom designs

Information Systems

Climatic test

On-site service

Front glass

Visual Solution Provider

Made in Germany

easyTOUCH

Qualification & Approvals

Industrial Automation Certification Quality Management

Logistics Modular product concept

Panel PCs Firmware

Research & Development Baseboards

Open Frame Monitors Construction Installation

Obsolescence Management

Project Management

LCD Controller PCAP

Mechanical design

Clean Room

Software

Computer-on-Module

Production

Monitor Solutions

Digital Signage

Touch Solutions

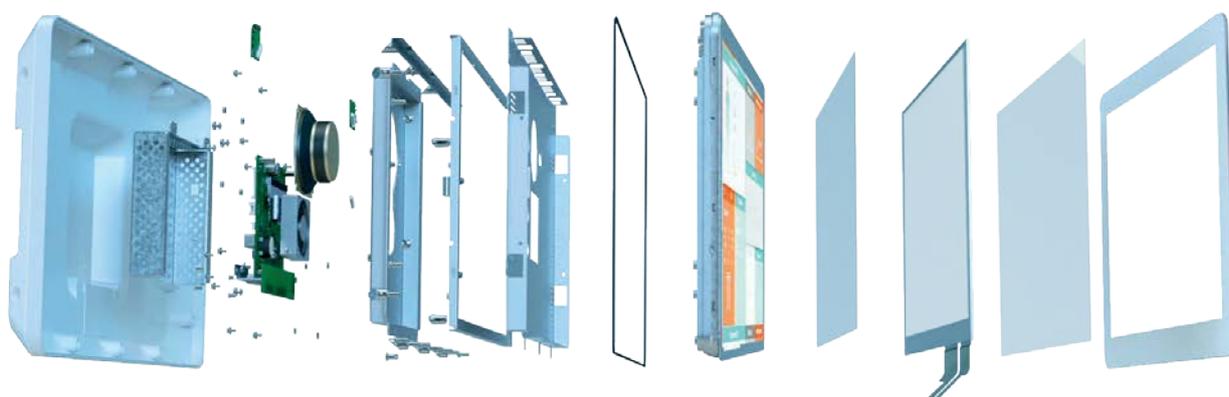


Dear Shareholders,

After a modest start to 2018 DATA MODUL regained some momentum in the course of the first quarter, though the outstanding result for Q1 of last year proved unrepeatable.

Orders received in the first quarter of 2018 were 7.5% higher at 69.2 million euros than in the first quarter of 2017 (previous year: 64.4 million euros). Revenue was thus in line with the excellent result for the first quarter of 2017 at 57.5 million euros (previous year: 58.0 million euros). EBIT for the first quarter of 2018 fell 27.3% year-over-year to 4.0 million euros due to negative currency effects and higher personnel expenses (previous year: 5.5 million euros). Accordingly, net profit for the period January to March 2018 was down 22.8% year-over-year to 2.9 million euros (previous year: 3.7 million euros).

We nonetheless foresee 2018 turning out to be a good fiscal year for the company in view of strong orders in the first quarter and a principally favorable economic environment.



INTERIM GROUP MANAGEMENT REPORT

1. General economic conditions

For the first time since the financial crisis unfolded in 2007, the global economy is in recovery, with all major economies in sync. The current high level of survey-based sentiment indicators for consumer and corporate spending across many national economies suggests that the global recovery will continue. Despite the favorable growth outlook however, certain economic risks have recently increased. The election result in Italy, uncertain outcome of Brexit negotiations in combination and above all the protectionist measures announced by United States are fueling anxieties. The infrastructure spending program announced by President Trump involving 1 trillion US dollars in public and private investment will stimulate US economic growth however. The euro area economy continues to robustly expand as well. The ECB's expansionary monetary policy during an expansive economic cycle is exacerbating a tight capacity situation in the German economy. High production capacity utilization as Germany surges toward the upper limit of its GDP growth potential will lead to labor shortages which can be expected to decelerate the rate of growth. Business climate indicators in Germany have declined somewhat from a very high level at the start of the year in the midst of a solid economic upswing. US trade policy and the strong euro are the chief factors weighing on the mood of German exporters. In view of the continuing robustness of economic data and favorable forecasts for our primary markets, we continue to see favorable conditions for DATA MODUL in fiscal year 2018.

2. Corporate Results

in kEUR	1/1 - 3/31/2018	1/1 - 3/31/2017	Change
Total revenue	57,487	58,039	-1.0%
Displays	29,248	32,123	-8.9%
Systems	28,239	25,916	9.0%
Orders received	69,157	64,350	7.5%
Order backlog	118,474	108,525	9.2%
EBIT ¹⁾	4,003	5,507	-27.3%
EBIT margin ²⁾	7.0%	9.5%	-26.3%
Net profit for the period	2,845	3,685	-22.8%
Capital expenditure ³⁾	751	505	48.7%
Number of employees ⁴⁾	416	400	4.0%
Earnings per share (in euros)	0.81	1.05	-22.9%
Outstanding shares – Basic	3,526,182	3,526,182	0.0%

1) EBIT: Earnings before interest and taxes

2) EBIT margin: ratio of EBIT to sales

3) Investments: Capital expenditures on intangible assets and property, plant and equipment

4) Employees: Number of employees as of the reporting date

3. Business performance

For the first three months of this year DATA MODUL recorded revenue of 57,487 thousand euros, down slightly year-over-year by 1.0% (previous year: 58,039 thousand euros). The Displays business segment recorded sales of 29,248 thousand euros in the first quarter (previous year: 32,123 thousand euros), and the Systems business segment recorded sales of 28,239 thousand euros (previous year: 25,916 thousand euros). Orders received rose 7.5% for the Group versus Q1 last year to 69,157 thousand euros (previous year: 64,350 thousand euros), as order backlog rose 9.2% to 118,474 thousand euros (previous year: 108,525 thousand euros). In view of these figures, we anticipate sales to remain strong in fiscal year 2018. The Company's strategy to enhance its international orientation continues to yield successes, reflected in a largely unchanged export rate of 50.2% for the first three months of 2018 (previous year: 50.4%).

4. Earnings

For the period January 1 through March 31, 2018, DATA MODUL recorded EBIT of 4,003 thousand euros (previous year: 5,507 thousand euros), representing a year-over-year decrease of 27.3%. The Displays business segment recorded EBIT of 2,171 thousand euros for the nine-months period (previous year: 3,032 thousand euros), while the Systems business segment recorded EBIT of 1,832 thousand euros (previous year: 2,475 thousand euros). This resulted in EBIT margin narrowing to 7.0% (previous year: 9.5%). DATA MODUL thus recorded a net profit for the period ended March 31, 2018 of 2,845 thousand euros (previous year: 3,685 thousand euros), falling 22.8% year-on-year for earnings per share of 0.81 euros (previous year: 1.05 euros). The result for the first three months of 2018 was impacted by negative currency effects and an increase in personnel costs versus Q1 last year.

5. Financial position

The balance sheet total has increased by 3,605 thousand euros since calendar year-end to 114,457 thousand euros (December 31, 2017: 110,852 thousand euros). On the assets side, this increase is principally due to higher trade accounts receivable and inventories, reflecting our strong order intake. On the liabilities side, the increase in total assets was mainly due to the increase in equity resulting from net income for Q1 2018 and higher trade payables.

Cash flow from operating activities as of March 31, 2018 came to -6,223 thousand euros (previous year: -4,213 thousand euros). This was mainly due to increased inventories, accounts receivable and other assets and liabilities. Investments in intangible assets and property, plant and equipment in the first three months of 2018 resulted in cash flow from investing activities of -751 thousand euros (previous year: -505 thousand euros). Cash flow from operating activities in the first quarter of 2018 came to 1 thousand euros (previous year: 3,000 thousand euros). At the reporting date the Group had 13,246 thousand euros in cash and cash equivalents (December 31, 2017: 20,217 thousand euros).

At March 31, 2018 DATA MODUL had an equity ratio of 72.3% (December 31, 2017: 71.8%). The Group thus remains very solid financially, with sufficient liquidity.

Initial application of the new revenue recognition rules per IFRS 15 relating to revenue from customer-specific consignment stock items with an existing purchase obligation and use of the cumulative method for contract assets per IFRS 15 C3 (b) required an one-time adjustment to inventories and deferred tax liabilities, the amount of which was included in other reserves. This resulted in an increase of 3,099 thousand euros in contract assets, an increase of 224 thousand euros in deferred tax liabilities and a decrease of 2,406 thousand euros in inventories as of January 1, 2018. In consequence, a net adjustment of 469 thousand euros was recorded in other reserves.

6. Capital expenditure

Capital expenditures during the first three months of 2018 totaled 751 thousand euros (previous year: 505 thousand euros). A major part of this investment went to expanding production and logistics capacity at the Weikersheim site. Over the remainder of the current fiscal year we are planning capital expenditures for our Munich location and our production and logistics center in Weikersheim, and will continue investing in research and development to ensure remain competitive.

7. Employees

As of March 31, 2018, the number of Group employees was 416 (previous year: 400).

8. Opportunities and risks

In fiscal year 2018, DATA MODUL will remain focused on growth in its core Displays and Systems business segments. Global economic trends, exchange rate movements, rising commodity and energy prices and uncertainties regarding customer ordering behavior constitute risks which may have a lasting impact on our business. 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 in the information on risks and rewards published in the 2017 Annual Report.

9. Subsequent events

We are not aware of any significant events occurring after the reporting date of December 31, 2017 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 carry the inevitable risk that projected developments may not actually occur, with respect to either their direction or extent.

The global economy remains solidly on track for growth, with the expansionary trend forecast to remain in place. In its latest forecasts released in January 2018, the International Monetary Fund (IMF) again upwardly revised its growth projections for the global economy for the current year by 0.2 percentage points to 3.9% for 2018. The IMF projects 2019 to be a strong year as well, forecasting growth of 3.9%.

For the United States IMF economists see a stimulus effect resulting from the tax reform bill signed by US President Donald Trump, forecasting 2.7% growth. The boost will however increase the country's trade deficit and cause strengthening of the dollar.

The IMF has adjusted its growth forecast for the Chinese economy this year from 6.5% up to 6.6%. This slightly improved outlook is in line with accelerating global growth.

The euro area economy continues to expand, with rising domestic demand and exports buoyed by favorable general conditions and attractive borrowing terms for businesses combined with subsiding political risks. The IMF has upwardly revised its forecasts for Germany, Italy and France, but not Spain against the backdrop of the declining growth tied to the Catalanian independence issue.

Germany saw the dynamic economic expansion underway continue throughout the first quarter of 2018, thus the country's gross domestic product forecast has been raised by 0.5 percentage points to 2.3% for this year from the level last forecast in October 2017. In addition to favorable exporting conditions, the stable upturn

is being driven by a highly expansive monetary policy creating exceptional financing conditions, in combination with fiscal policy stimuli.

The Shape 2020 strategy program is aimed at further strengthening DATA MODUL's global competitiveness. We aim for balanced sales growth in Europe, the US and China, with Germany naturally forming the backbone of the Group's business. The DATA MODUL Group will thus find growth opportunities in 2018 arising from the overall economic situation and from new products developed to market-readiness, despite fierce competition.

In view of strong order flow and the mainly positive economic environment, the DATA MODUL Executive Board expects that 2018 will be a good fiscal year for the company.

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, 2018

ASSETS	3/31/2018	12/31/2017
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	3,257	3,064
Property, plant and equipment	12,888	12,982
Deferred tax assets	185	186
Total non-current assets	18,749	18,651
Current assets		
Inventories	46,888	42,758
Trade accounts receivable net of allowance for doubtful accounts (2018: 196; 2017: 184)	31,358	27,137
Contract assets	2,524	0
Other current assets	1,365	1,719
Other current financial assets	327	370
Cash and cash equivalents	13,246	20,217
Total current assets	95,708	92,201
Total assets	114,457	110,852

All figures in kEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	3/31/2018	12/31/2017
Shareholders' equity		
Capital stock no-par bearer shares (approved: kEUR 5,289; shares issued and outstanding: 3,526,182 as of 3/31/2018 and 12/31/2017)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	49,381	46,536
Other reserves	(1,287)	(1,663)
Total shareholders' equity	82,792	79,571
Non-current liabilities		
Pensions and non-current personnel liabilities	1,615	1,615
Non-current provisions	407	405
Other non-current liabilities	930	949
Deferred tax liabilities	1,048	797
Total non-current liabilities	4,000	3,766
Current liabilities		
Trade accounts payable	15,112	13,702
Taxes payable	1,422	1,618
Current provisions	1,403	1,298
Liabilities due to financial institutions	4,200	4,200
Other current liabilities	4,612	5,874
Other current financial liabilities	916	823
Total current liabilities	27,665	27,515
Total liabilities	31,665	31,281
Total liabilities and shareholders' equity	114,457	110,852

All figures in kEUR

CONSOLIDATED STATEMENT OF INCOME

	1/1 – 3/31/2018	1/1 – 3/31/2017
Revenue	57,487	58,039
Cost of sales	(45,659)	(44,394)
Gross margin	11,828	13,645
Research and development expenses	(1,365)	(1,670)
Selling and general administrative expenses	(6,460)	(6,468)
Earnings before interest and taxes (EBIT)	4,003	5,507
Interest income	0	1
Interest expense	(18)	(12)
Earnings before taxes for the period	3,985	5,496
Income tax expense	(1,140)	(1,811)
Net profit for the period	2,845	3,685
Earnings per share – basic	0.81	1.05
Earnings per share – diluted	0.81	1.05
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 of shares outstanding.

CONSOLIDATED STATEMENT OF CASH FLOWS

	1/1 – 3/31/2018	1/1 – 3/31/2017
Cash flows from operating activities		
Net profit for the period	2,845	3,685
<i>Non-cash expenses and income</i>		
Income tax expense	1,139	1,832
Depreciation, amortization and impairments	647	577
Provisions for bad debts	12	0
Net interest	19	11
Other non-cash expenses and income	(1)	0
<i>Non-cash change in deferred taxes recorded directly in equity</i>	224	0
<i>Change from:</i>		
Trade accounts receivable, increase (-) / decrease (+)	(4,233)	(7,726)
Inventories, increase (-) / decrease (+)	(4,130)	(2,573)
Trade accounts payable, increase (+) / decrease (-)	1,412	1,984
Other assets and liabilities, increase (+) / decrease (-)	(3,084)	(971)
Income taxes paid	(1,054)	(1,021)
Interest received (+) / paid (-) (net)	(19)	(11)
Cash flows from operating activities	(6,223)	(4,213)
Cash flows from investing activities		
Capital expenditures with capitalizable development cost	(288)	(126)
Capital expenditures on other intangible assets and property, plant and equipment	(463)	(379)
Cash flows from investing activities	(751)	(505)
Cash flows from financing activities		
Cash inflows (+) / outflows (-) from current financial liabilities	0	3,000
Other financing activities	1	0
Cash flows from financing activities	1	3,000
Effects of exchange rate movements on cash & cash equivalents	1	(1)
Net change in cash and cash equivalents	(6,972)	(1,719)
Cash and cash equivalents at beginning of the fiscal year	20,217	17,193
Cash and cash equivalents at end of the quarter	13,246	15,474

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 1/1/2017	3,526,182	10,579	24,119	36,390	(1,061)	70,027
Net profit for the period				3,685		3,685
Foreign currency translation					(37)	(37)
BALANCE AS OF 3/31/2017	3,526,182	10,579	24,119	40,075	(1,098)	73,675
BALANCE AS OF 1/1/2018	3,526,182	10,579	24,119	46,536	(1,663)	79,571
Net profit for the period				2,845		2,845
Other comprehensive income (loss)					469	469
Foreign currency translation					(93)	(93)
BALANCE AS OF 3/31/2018	3,526,182	10,579	24,119	49,381	(1,287)	82,792

All figures in kEUR except number of shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1/1 – 3/31/2018	1/1 – 3/31/2017
Net profit for the period	2,845	3,685
<i>Other comprehensive income (loss) to be reclassified and reported in profit or loss in subsequent reporting periods</i>		
Adjustments from currency translation of foreign subsidiary results	-93	-37
<i>Other comprehensive income (loss) not to be reclassified and reported in profit or loss in subsequent reporting periods</i>		
Net effect of first-time application of IFRS 15 recorded directly in equity	693	
Deferred taxes recorded in equity	-224	0
Comprehensive income after tax	3,221	3,648

All figures in kEUR

NOTES TO THE FINANCIAL STATEMENTS

Principles for preparation of the accounts

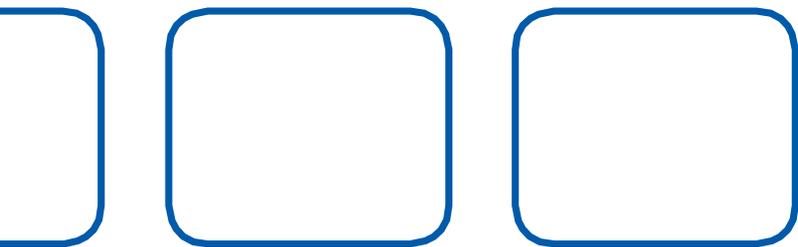
The abbreviated consolidated interim financial statements and Group interim management report do not contain all information and disclosures required for preparing consolidated financial statements, and are thus to be interpreted in context with the consolidated financial statements and Group management report dated December 31, 2017.

The same recognition and measurement methods applied to prepare the 2017 consolidated financial statements were applied in preparing this consolidated quarterly report dated March 31, 2018. These interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Reporting. The IFRS standards newly adopted in fiscal year 2018 had effects on our balance sheet and earnings, as outlined. 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 2018

Annual Shareholders' Meeting	May 8, 2018
Half-Year Financial Report as of June 30, 2018	August 10, 2018
Quarterly Report as of September 30, 2018	November 9, 2018