

DATA MODUL

QUARTERLY REPORT AS OF
SEPTEMBER 30, 2017

OEM Solutions

Software

Integration support
Quality Management

Open Frame Monitors

LCD Controller

Logistics

Made in Germany

Computer-on-Module
Mechanical design

Embedded Systems

Project Management

Display

Qualification & Approvals

Modular product concept

Certification

Baseboards
Climatic test

Front glass

Firmware

Touch Solutions

Industrial Automation

Clean room



Installation
Custom designs
Production

SYSTEMS

EMC tests

Panel PCs

Optical Bonding

Construction

PCAP

BOARDS

System solutions

On-site service

Information Systems

Obsolescence Management

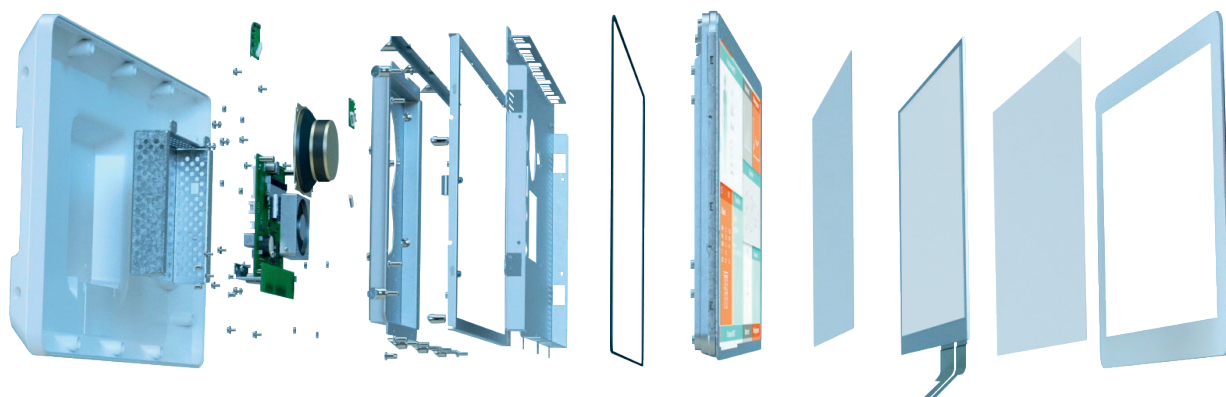
VISUAL SOLUTION PROVIDER

Research & Development Human Machine Interface

Dear Shareholders,

DATA MODUL recorded strong results for the third quarter of 2017, with key performance indicators up versus the same quarter last year.

Orders received in the third quarter of 2017 were 9.4% higher at 55.4 million euros than in the third quarter of 2016 (previous year: 50.6 million euros). For the nine months year-to-date, orders received thus total 190.1 million euros, up 25.6% versus the previous-year figure (previous year: 151.3 million euros). Sales increased 9.1% year-over-year to 52.6 million euros for the quarter (previous year: 48.2 million euros). Accordingly, sales for the nine months year-to-date are up 10.9% to 164.5 million euros (previous year: 148.3 million euros), EBIT for the third quarter rose 4.7% to 3.4 million euros despite increased negative currency effects and higher transaction costs (previous year: 3.2 million euros). EBIT for the nine months year-to-date are up 12.5% to 12.4 million euros (previous year: 11.0 million euros). Net profit for the period January to September is 8.9% higher year-over-year at 8.4 million euros (previous year: 7.7 million euros).



INTERIM GROUP MANAGEMENT REPORT

1. General economic conditions

The global economic expansion accelerated over the course of the year, and global sentiment indicators are pointing toward a further slight improvement. Upbeat predictions for the US economy proved accurate in the second quarter, with the country's fundamentally strong labor market, rising corporate spending and sentiment indicators suggesting that growth would continue throughout the second half of the year. The euro area economy continues to robustly expand. Rising domestic demand in the euro area supported by the monetary policy of the European Central Bank was a chief driver of economic growth in the second quarter. Hard economic data from the first two quarters of this year and favorable sentiment indicators are signaling that the upturn in the German economy will remain solid.

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 2017.

2. Corporate Results

in kEUR	7/01 - 9/30/2017	7/01 - 9/30/2016	Change	1/01 - 9/30/2017	1/01 - 9/30/2016	Change
Total sales	52,627	48,229	9.1%	164,513	148,280	10.9%
Displays	29,751	27,038	10.0%	92,174	85,570	7.7%
Systems	22,876	21,191	8.0%	72,339	62,710	15.4%
Orders received	55,363	50,590	9.4%	190,090	151,347	25.6%
Order backlog	121,925	104,063	17.2%	121,925	104,063	17.2%
EBIT ¹⁾	3,369	3,218	4.7%	12,408	11,030	12.5%
EBIT margin ²⁾	6.4%	6.7%	-4.1%	7.5%	7.4%	1.4%
Net profit for the period	2,302	2,125	8.3%	8,367	7,680	8.9%
Capital expenditure ³⁾	494	1,119	-55.9%	2,937	3,411	-13.9%
Employees ⁴⁾	404	401	0.7%	404	401	0.7%
Earnings per share (in euros)	0.65	0.60	8.3%	2.37	2.18	8.9%
Outstanding shares	3,526,182	3,526,182	0.0%	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 nine months year-to-date DATA MODUL recorded sales of 164,513 thousand euros, a year-over-year increase of 10.9% (previous year: 148,280 thousand euros). That figure includes sales of 52,627 thousand euros in the third quarter of 2017, representing a year-over-year increase of 9.1% (previous year: 48,229 thousand euros).

The Displays business segment recorded sales of 29,751 thousand euros in the third quarter (previous year: 27,038 thousand euros), while the Systems business segment recorded sales of 22,876 thousand euros (previous year: 21,191 thousand euros). Orders received increased 9.4% for the Group year-over-year to 55,363 thousand euros (previous year: 50,590 thousand euros), as order backlog rose 17.2% to 121,925 thousand euros (previous year: 104,063 thousand euros). In view of these figures, we anticipate sales to remain strong in the fourth quarter of 2017 and for the fiscal year 2018. The Company's strategy to enhance its international orientation continues to yield successes, reflected in an increased export rate of 50.1% for the first nine months of 2017 (previous year: 45.0%).

4. Earnings

For the period January 1 through September 30, 2017, DATA MODUL recorded EBIT of 12,408 thousand euros (previous year: 11,030 thousand euros), representing a year-over-year increase of 12.5%. The Displays business segment recorded EBIT of 6,829 thousand euros for the nine-months period (previous year: 7,168 thousand euros), while the Systems business segment recorded EBIT of 5,579 thousand euros (previous year: 3,862 thousand euros). This resulted in EBIT margin widening to 7.5% (previous year: 7.4%). DATA MODUL thus recorded a net profit for the period ended September 30, 2017 of 8,367 thousand euros (previous year: 7,680 thousand euros), up 8.9% year-on-year for earnings per share of 2.37 euros (previous year: 2.18 euros). The net profit for the nine-month period of 2017 reflects the effect of negative currency movements and high transaction costs.

5. Financial position

The balance sheet total has increased by 7,762 thousand euros since calendar year-end to 110,803 thousand euros (December 31, 2016: 103,041 thousand euros). On the assets side, this rise is principally due to higher trade accounts receivable and inventories in consequence of strong business. On the liabilities and equity side, the increase in total assets was mainly due to the increase in equity resulting from net profit for the first three quarters of 2017 and to increased liabilities due to financial institutions and tax liabilities.

Cash flow from operating activities as of September 30, 2017 came to -4,453 thousand euros (previous year: -422 thousand euros). This was mainly due to increased inventories and trade receivables in connection with higher sales. Investments in intangible assets and property, plant and equipment in the first nine months of 2017 resulted in cash flow from investing activities of -2,931 thousand euros (previous year: -3,396 thousand euros). Cash flow from financing activities, which included short-term credit taken out with banks and the dividend distribution for fiscal year 2016, was 1,853 thousand euros at the nine months mark (previous year: -1,923 thousand euros). At the reporting date the Group had 11,639 thousand euros in cash and cash equivalents (December 31, 2016: 17,193 thousand euros).

At the end of Q3 2017 DATA MODUL had an equity ratio of 69.9% (December 31, 2016: 68.0%).

The Group thus remains very solid financially, with sufficient liquidity.

6. Capital expenditure

Capital expenditures during the first nine months of 2017 totaled 2,937 thousand euros (previous year: 3,411 thousand euros). A major part of this investment went to the purchase of land and a building for 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 September 30, 2017, the number of Group employees was 404 (previous year: 401).

8. Opportunities and risks

In fiscal year 2017, DATA MODUL will remain focused on growth in its core Displays and Systems businesses. 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 2016 Annual Report.

9. Subsequent events

We are not aware of any significant events occurring after the reporting date of September 30, 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 October 2017, the International Monetary Fund (IMF) upwardly revised its growth projections for the global economy for this and next year by 0.1 percentage point to 3.6% for 2017 and 3.7% for 2018.

The recovery of the US economy has gained further momentum after a relatively weak first quarter. In its October forecast the IMF projected a 2.2% rise in gross domestic product for 2017. Uncertainties regarding the extent and timing of announced fiscal stimulus measures are outweighed by a fundamentally sound labor market, increased corporate spending and positive sentiment indicators.

For the current year the IMF has forecast 6.8% growth for the Chinese economy. This slightly improved outlook is due to a better-than-expected first half and rising domestic demand.

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 recent autumn projections of the Germany federal government show an expectation for the economic recovery seen in the first half to dynamically continue. The spring GDP projection for 2017 was upwardly revised by 0.5 percentage points to 2.0%. According to the Federal Ministry of Economics, the upturn is becoming broader-based, due in particular to global demand for industrial products. A favorable business climate for industrial producers and a robust labor market indicate that vigorous expansion will continue.

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 2017 arising from the overall economic situation and from new products developed to market-readiness, despite fierce competition.

In view of the stable business growth in the nine months year-to-date and the predominately positive economic environment, the DATA MODUL Executive Board expects good results for fiscal year 2017.

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.

On April 11, 2017, Arrow Central Europe Holding Munich GmbH—an indirect subsidiary of Arrow Electronics, Inc., Centennial, USA and the controlling shareholder of DATA MODUL AG—announced that Arrow had concluded a control and profit transfer agreement with Arrow as controlling entity and DATA MODUL AG as dependent entity.

On October 2, 2017, Arrow notified DATA MODUL AG that until further notice Arrow no longer intends to pursue conclusion of the control and profit transfer agreement. Arrow intends to consider all strategic options regarding its stake in DATA MODUL AG.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2017

ASSETS	9/30/2017	12/31/2016
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,720	2,494
Property, plant and equipment	12,517	11,562
Deferred tax assets	127	127
Total non-current assets	17,783	16,602
Current assets		
Inventories	50,122	44,030
Trade accounts receivable net of allowance for doubtful accounts (2017: 157; 2016: 157)	29,734	23,039
Other current assets	1,309	1,817
Other current financial assets	216	360
Cash and cash equivalents	11,639	17,193
Total current assets	93,020	86,439
Total assets	110,803	103,041

All figures in kEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	9/30/2017	12/31/2016
Shareholders' equity		
Capital stock no-par bearer shares (approved: kEUR 5,289; shares issued and outstanding: 3,526,182 as of 9/30/2017 and 12/31/2016)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	44,334	36,390
Other reserves	-1,615	-1,061
Total shareholders' equity	77,417	70,027
Non-current liabilities		
Pensions and non-current personnel liabilities	1,558	1,579
Non-current provisions	399	384
Other non-current liabilities	1,042	1,469
Deferred tax liabilities	719	679
Total non-current liabilities	3,718	4,111
Current liabilities		
Trade accounts payable	13,640	14,215
Taxes payable	2,430	1,308
Current provisions	1,761	2,437
Liabilities due to financial institutions	5,300	3,000
Other current liabilities	5,692	7,094
Other current financial liabilities	846	849
Total current liabilities	29,669	28,903
Total liabilities	33,387	33,014
Total liabilities and shareholders' equity	110,803	103,041

All figures in kEUR

CONSOLIDATED STATEMENT OF INCOME

	7/01 – 9/30/2017	7/01 – 9/30/2016	1/01 – 9/30/2017	1/01 – 9/30/2016
Sales revenue	52,627	48,229	164,513	148,280
Cost of sales	-41,609	-37,647	-127,756	-113,872
Gross margin	11,018	10,582	36,757	34,408
Research and development expenses	-1,220	-1,380	-4,502	-4,512
Selling and general administrative expenses	-6,429	-5,984	-19,847	-18,866
Earnings before interest and taxes (EBIT)	3,369	3,218	12,408	11,030
Interest income	0	7	1	8
Interest expense	-34	-13	-62	-47
Earnings before taxes for the period	3,335	3,212	12,347	10,991
Income tax expense	-1,033	-1,087	-3,980	-3,311
Net profit for the period	2,302	2,125	8,367	7,680
Earnings per share – basic	0.65	0.60	2.37	2.18
Earnings per share – diluted	0.65	0.60	2.37	2.18
Weighted average number of shares outstanding – basic	3,526,182	3,526,182	3,526,182	3,526,182
Weighted average number of shares outstanding – diluted	3,526,182	3,526,182	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

	1/01 – 9/30/2017	1/01 – 9/30/2016
Cash flows from operating activities		
Net profit for the period	8,367	7,680
<i>Non-cash expenses and income</i>		
Income tax expense	4,002	3,312
Depreciation, amortization and impairment	1,732	1,442
Provisions for bad debts	1	119
Gain from disposals of fixed assets	-6	-13
Net interest	61	39
Other non-cash expenses and income	0	-4
<i>Change from:</i>		
Trade accounts receivable, increase (-) / decrease (+)	-6,695	-6,686
Inventories, increase (-) / decrease (+)	-6,092	-8,130
Trade accounts payable, increase (+) / decrease (-)	-576	-3,040
Other assets and liabilities, increase (+) / decrease (-)	-2,776	2,784
Income taxes paid	-2,532	-3,959
Interest received (+) / paid (-) (net)	61	-46
Cash flows from operating activities	-4,453	-422
Cash flows from investing activities		
Proceeds from disposals of fixed assets	6	14
Capital expenditures with capitalizable development costs	-363	-591
Capital expenditures on other intangible assets and property, plant and equipment	-2,574	-2,819
Cash flows from investing activities	-2,931	-3,396
Cash flows from financing activities		
Cash inflows (+) / outflows (-) from current financial liabilities	2,300	-1,500
Dividend paid	-423	-423
Other financing activities	-24	0
Cash flows from financing activities	1,853	-1,923
Effects of exchange rate movements on cash & cash equivalents	-23	-81
Net change in cash and cash equivalents	-5,554	-5,822
Cash and cash equivalents at beginning of the fiscal year	17,193	19,334
Cash and cash equivalents at end of the quarter	11,639	13,512

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 1/1/2016	3,526,182	10,579	24,119	26,633	-1,085	60,246
Net profit for the period				7,680		7,680
Dividend				-423		-423
Foreign currency translation adjustments					-203	-203
BALANCE AS OF 9/30/2016	3,526,182	10,579	24,119	33,890	-1,288	67,300
BALANCE AS OF 1/1/2017	3,526,182	10,579	24,119	36,390	-1,061	70,027
Net profit for the period				8,367		8,367
Dividend				-423		-423
Other comprehensive income (loss)					-21	-21
Foreign currency translation adjustments					-533	-533
BALANCE AS OF 9/30/2017	3,526,182	10,579	24,119	44,334	-1,615	77,417

All figures in kEUR except number of shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7/01 – 9/30/2017	7/01 – 9/30/2016	1/01 – 9/30/2017	1/01 – 9/30/2016
Net profit for the period	2,302	2,125	8,367	7,680
<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	-149	-74	-533	-203
<i>Other comprehensive income (loss) not to be reclassified and reported in profit or loss in subsequent reporting periods</i>				
Deferred taxes recorded in equity	0	0	-21	0
Comprehensive income after tax	2,153	2,051	7,813	7,477

All figures in kEUR

NOTES TO THE FINANCIAL STATEMENTS

Principles for preparation of the accounts

The abbreviated consolidated interim financial statements and interim Group 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, 2016.

The same recognition and measurement methods applied to prepare the 2016 consolidated financial statements were applied in preparing this consolidated quarterly report dated September 30, 2017. These interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Reporting. The IFRS standards newly adopted in fiscal year 2017 had no 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.



DATA MODUL Aktiengesellschaft

Landsberger Str. 322

80687 Munich

Tel. +49 (0)89 560 17-0

Fax +49 (0)89 560 17-119

www.data-modul.com

FINANCIAL CALENDAR FOR 2018

Annual Report 2017	March 2018
Annual Accounts Press Conference	March 2018
Quarterly Report as of March 31, 2018	May 2018
Half-Year Financial Report as of June 30, 2018	August 2018
Quarterly Report as of September 30, 2018	November 2018