

DATA MODUL

QUARTERLY REPORT
AS OF MARCH 31, 2017

OEM Solutions

Software

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

Industrial Automation

Clean room

Firmware

Front glass

Touch Solutions

easyTOUCH

PCAP

BOARDS

System solutions

On-site service

Information Systems

Obsolescence Management

Installation
Custom designs
Production

SYSTEMS

EMC tests

Panel PCs

Optical Bonding
Construction

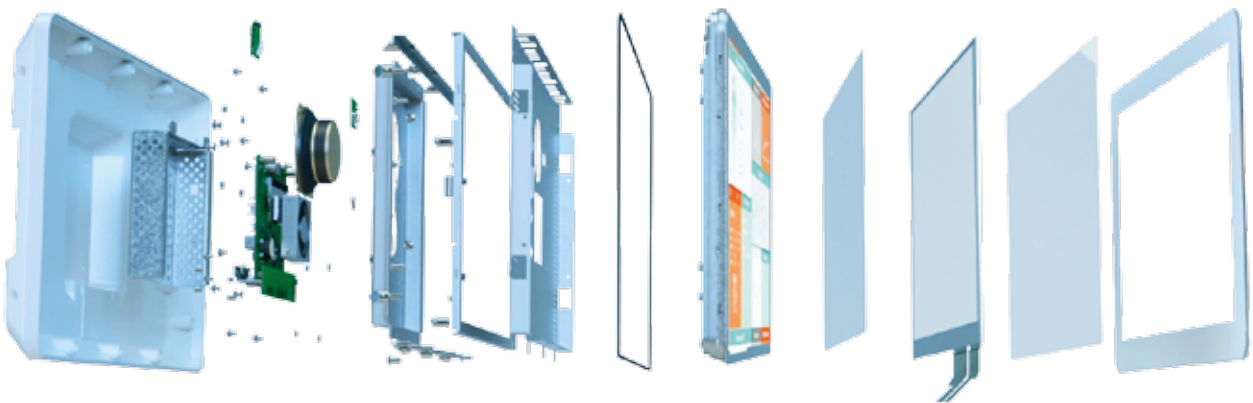
VISUAL SOLUTION PROVIDER

Research & Development Human Machine Interface

Dear Shareholders,

DATA MODUL is off to a superb start in fiscal year 2017, having surpassed the very good results for the first quarter of last year. New orders reached a quarterly record of 64.3 million euros, up 22.9% versus the previous-year Q1 mark of 52.4 million euros. Sales are up 16.5% year-over-year to 58.0 million euros for the quarter (previous year: 49.8 million euros). A 36.6% surge in EBIT to 5.5 million euros (previous year: 4.0 million euros) comes as a particularly gratifying result. For the period DATA MODUL recorded net income of 3.7 million euros on this strong performance (previous year: 3.0 million euros).

In view of this outstanding start to the new fiscal year we are very confident of reaching our targets for 2017, as the benefits are manifesting of the systematic implementation of measures connected with the “Shape 2020” corporate strategy program.



GROUP INTERIM REPORT

1. General economic conditions

The economies of the US, Europe and China relevant to our business gained momentum in over the course of 2016, leading to the substantial growth in the world economy seen in the spring of 2017, despite geopolitical uncertainties of potential impact. The world's stock markets have responded to this development with enthusiasm.

Fiscal policy measures will likely have less international economic impact this year than last, although central banks are loosening monetary policy. In mid-March the US Federal Reserve raised the country's base rate and has indicated that further hikes may be made in 2017, but the ECB sees no reason at this time to raise interest rates in the euro area.

Political factors have are currently no longer the chief hindrance to economic growth, although major political decisions will be made in 2017 coming after the UK vote to exit the European Union and the 2016 US presidential election.

In view of robust economic data and positive forecasts for our primary markets, we continue to see favorable conditions for DATA MODUL for fiscal year 2017.

2. Corporate Results

KEUR	1/1 - 3/31/2017	1/1 - 3/31/2016	Change
Total sales	58,039	49,839	16.5%
Displays	32,123	30,726	4.5%
Systems	25,916	19,113	35.6%
Orders received	64,350	52,375	22.9%
Order backlog	108,525	102,434	5.9%
EBIT	5,507	4,031	36.6%
EBIT margin	9.5%	8.1%	17.3%
Net profit for the period	3,685	2,991	23.2%
Capital expenditure	505	720	-29.9%
Employees	400	384	4.2%
Dividend per share (in euros)	1.05	0.85	23.5%
Outstanding shares – Basic	3,526,182	3,526,182	0.0%

3. Business performance

In the first three months of the DATA MODUL generated sales of 58,039 thousand euros (previous year: 49,839 thousand euros) for an increase of 16.5% versus last year's first quarter. The Displays business segment recorded Q1 sales of 32,123 thousand euros (previous year: 30,726 thousand euros) while the Systems business segment recorded sales of 25,916 thousand euros (previous year: 19,113 thousand euros). New orders rose 22.9% for the Group versus Q1 last year to 64,350 thousand euros (previous year: 52,375 thousand euros), as order backlog rose 5.9% to 108,525 thousand euros (previous year: 102,434 thousand euros). The Company's strategy to enhance its international orientation continues to yield successes, reflected in an increased export rate of 50.4% for the first three months of 2017 (previous year: 43.4%).

4. Profitability

For the period January 1 through March 31, 2017 DATA MODUL recorded EBIT of 5,507 thousand euros (previous year: 4,031 thousand euros), an increase of 36.6%. The Displays division recorded EBIT of 3,032 thousand euros (previous year: 2,817 thousand euros), while the Systems division recorded EBIT of 2,475 thousand euros (previous year: 1,214 thousand euros). This resulted in a significant widening of EBIT margin to 9.5% (previous year: 8.1%). Net profit for the period thus improved by 23.2% versus the same quarter last year, rising to 3,685 thousand euros (previous year: 2,991 thousand euros), yielding earnings per share of 1.05 euros (previous year: 0.85 euros).

5. Financial position

The balance sheet total has increased by 7,721 thousand euros since the date December 31, 2016 to 110,762 thousand euros (December 31, 2016: 103,041 thousand euros). On the assets side, this increase is principally due to higher trade accounts receivable and inventories, reflecting our strong business results. On the liabilities side, the increase in total assets was mainly due to the increase in equity resulting from net income for Q1 2017 and higher trade payables and liabilities due to financial institutions.

Cash flows from operating activities as of March 31, 2017 came to -4,213 thousand euros (previous year: -5,680 thousand euros). This was mainly due to increased inventories and trade receivables in connection with higher sales. Taking out short-term loans from banks generated cash flow from financing activities of 3,000 thousand euros (previous year: -1,000 thousand euros). At the reporting date the Group had 15,474 thousand euros in cash and cash equivalents (December 31, 2016: 17,193 thousand euros).

At the end of Q1 2017 DATA MODUL had an equity ratio of 66.5% (December 31, 2016: 68.0%). The Group thus remains very solid financially, with sufficient liquidity.

6. Capital expenditure

As of March 31, 2017 capital expenditures totaled 505 thousand euros (previous year: 720 thousand euros). In the current fiscal year we plan to invest in fixed assets at our Munich location and our production and logistics center in Weikersheim. To ensure we maintain our competitiveness, we will continue investing in research and development.

7. Employees

As of March 31, 2017, the Group had 400 employees, as compared to 384 in the same quarter last year, of which 51 staff (previous year: 55) were employed by DATA MODUL companies located outside Germany.

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 March 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 prospects for the global economy brightened going into 2017, a successful start confirmed by the latest mood and economic data. The global economic climate, as gauged by the Ifo Institute for Economic Research, improved in the first quarter as global industrial production significantly increased overall, and the IHS Markit global purchasing managers index remains at a high level. Also, in an outlook paper published in April 2017 the International Monetary Fund (IMF) forecast 3.5% growth in global economic output for 2017 and 3.6% for 2018.

The paper outlines great expectations for economic performance by the US—our most important foreign market—the IMF projecting 2.3% growth in 2017. Very positive sentiment indicators, a solid labor market and rising corporate spending are buoying the economy despite some uncertainty regarding the real-economy effects of US policy shifts.

China recorded another year of more moderate growth, and for 2017 we expect this relatively new market for us to benefit from economic growth, even though political intervention by the Chinese government is in part responsible for such growth.

The euro area remains in economic recovery, and the European economy is solidly on track for growth. Also, the level of political uncertainty in the euro area is now somewhat lower, although it remains to be seen how much European economic activity will be negatively impacted by the Brexit process.

In Germany, our primary market, the economy got off to a good start in 2017. The German mechanical and industrial engineering industries saw a surge in new orders starting out the year, as opposed to a slight decrease one year ago. Employment remains in a positive trend in 2017, boosting consumer spending.

The “Shape 2020” strategy program is aimed at further strengthening DATA MODUL's global competitiveness. We aim for balanced growth in Europe and the US, with Germany naturally forming the backbone of the Group. 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. The DATA MODUL Executive Board anticipates that fiscal 2017 will turn out to be an outstanding year in view of the continuing general health of the economic environment.

11. Related party disclosures

Per a disclosure dated April 11, 2017, ARROW Central Europe Holding Munich GmbH, Neu-Isenburg, 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, 2017

ASSETS	3/31/2017	12/31/2016
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,567	2,494
Property, plant and equipment	11,415	11,562
Deferred tax assets	126	127
Total non-current assets	16,527	16,602
Current assets		
Inventories	46,603	44,030
Trade accounts receivable net of allowance for doubtful accounts (2017: 157; 2016: 157)	30,766	23,039
Other current assets	1,126	1,817
Other current financial assets	266	360
Cash and cash equivalents	15,474	17,193
Total current assets	94,235	86,439
Total assets	110,762	103,041

All figures in kEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	3/31/2017	12/31/2016
Shareholders' equity		
Capital stock no-par value bearer shares (authorized: kEUR 5,289; shares issued and outstanding: 3,526,182 as of 3/31/2017 and 12/31/2016)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	40,075	36,390
Other reserves	-1,098	-1,061
Total shareholders' equity	73,675	70,027
Non-current liabilities		
Pensions and non-current personnel liabilities	1,574	1,579
Non-current provisions	391	384
Other non-current liabilities	1,116	1,469
Deferred tax liabilities	695	679
Total non-current liabilities	3,776	4,111
Current liabilities		
Trade accounts payable	16,199	14,215
Taxes payable	1,764	1,308
Current provisions	2,691	2,437
Liabilities due to financial institutions	6,000	3,000
Other current liabilities	5,959	7,094
Other current financial liabilities	698	849
Total current liabilities	33,311	28,903
Total liabilities	37,087	33,014
Total liabilities and shareholders' equity	110,762	103,041

All figures in kEUR

CONSOLIDATED STATEMENT OF INCOME

	01/01 – 3/31/2017	01/01 – 3/31/2016
Sales revenue	58,039	49,839
Cost of sales	-44,394	-38,055
Gross margin	13,645	11,784
Research and development expenses	-1,670	-1,446
Selling and general administrative expenses	-6,468	-6,307
Earnings before interest and taxes (EBIT)	5,507	4,031
Interest income	1	0
Interest expense	-12	-19
Earnings before taxes for the period	5,496	4,012
Income tax expense	-1,811	-1,021
Net income for the period	3,685	2,991
Earnings per share – basic	1.05	0.85
Earnings per share – diluted	1.05	0.85
Weighted average of shares outstanding – basic	3,526,182	3,526,182
Weighted average 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 – 3/31/2017	01/01 – 3/31/2016
Cash flows from operating activities		
Net income for the period	3,685	2,991
<i>Non-cash expenses and income</i>		
Income tax expense	1,832	1,021
Depreciation, amortization and impairment	577	493
Provisions for bad debts	0	-32
Gain from disposals of fixed assets	0	-7
Net interest	11	19
<i>Changes:</i>		
Trade accounts receivable, increase (-) / decrease (+)	-7,726	-4,482
Inventories, increase (-) / decrease (+)	-2,573	-3,362
Trade accounts payable, increase (+) / decrease (-)	1,984	-1,668
Other assets and liabilities, increase (+) / decrease (-)	-971	184
Income taxes paid	-1,021	-818
Interest received (+) / paid (-) (net)	-11	-19
Cash flows from operating activities	-4,213	-5,680
Cash flows from investing activities		
Proceeds from disposals of fixed assets	0	7
Capital expenditures on capitalized development costs	-126	-181
Capital expenditures on other intangible assets and property, plant and equipment	-379	-539
Cash flows from investing activities	-505	-713
Cash flows from financing activities		
Cash inflows (+) / outflows (-) from current financial liabilities	3,000	-1,000
Cash flows from financing activities	3,000	-1,000
Effects of exchange rate movements on cash & cash equivalents	-1	9
Net change in cash and cash equivalents	-1,719	-7,384
Cash and cash equivalents at beginning of the fiscal year	17,193	19,334
Cash and cash equivalents at end of the quarter	15,474	11,950

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 income for the period				2,991		2,991
Foreign currency translation adjustments					-201	-201
BALANCE AS OF 3/31/2016	3,526,182	10,579	24,119	29,624	-1,286	63,036
BALANCE AS OF 1/1/2017	3,526,182	10,579	24,119	36,390	-1,061	70,027
Net income for the period				3,685		3,685
Foreign currency translation adjustments					-37	-37
BALANCE AS OF 3/31/2017	3,526,182	10,579	24,119	40,075	-1,098	73,675

All figures in kEUR except number of shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01/01 – 3/31/2017	01/01 – 3/31/2016
Net income for the period	3,685	2,991
<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	-37	-201
Comprehensive income after tax	3,648	2,790

All figures in kEUR

NOTES TO THE FINANCIAL STATEMENTS

Principles for preparation of the accounts

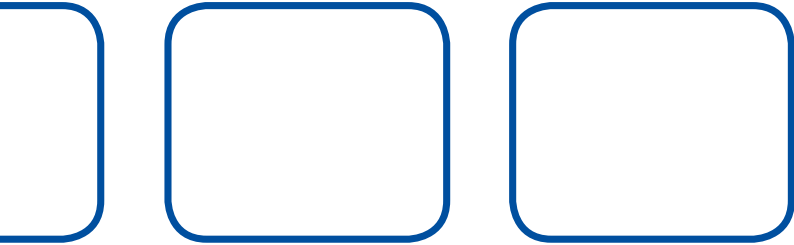
The abbreviated consolidated interim accounts for Q1 2017 do not contain all information and disclosures required in preparing consolidated financial statements, and are thus to be interpreted in context with the consolidated financial statements dated December 31, 2016.

The recognition and measurement methods applied to the consolidated quarterly financial statements as of December 31, 2016 remain unchanged, and were applied in preparing these abbreviated consolidated quarterly accounts. This Interim Group Report has 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 accounts and the interim 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 quarterly report is prepared in euros (EUR). For presentation purposes, the euro amounts are rounded to thousands of euros (kEUR). Due to rounding, figures in tables and reference notes may differ from the precise official accounting values.

Disclaimer

The current consolidated quarterly financial statements contain 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.



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FINANCIAL CALENDAR FOR 2017

Annual Shareholders' Meeting

May 11, 2017

Half-yearly Financial report as of June 30, 2017

August 11, 2017

Quarterly report as of September 30, 2017

November 10, 2017