

DATA MODUL

QUARTERLY REPORT
AS OF SEPTEMBER 30, 2020



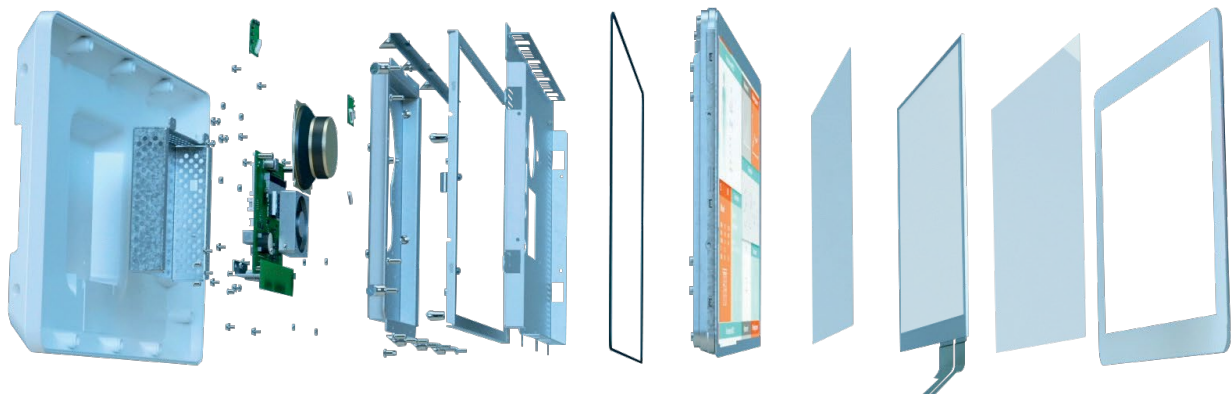
Dear Shareholders,

The measures recently taken by DATA MODUL AG in connection with the COVID-19 pandemic have yielded cost savings enabling the company to record substantially higher the EBIT for the third quarter of 2020 than for the same period in the previous year.

Orders received in the third quarter of 2020 totaled 43.4 million euros in value, coming in 6.3% lower on the same quarter of the previous year (previous year: 46.3 million euros). Orders received in the first nine months of the year were 15.2% lower versus the same period in 2019 at 143.9 million euros (previous year: 169.7 million euros). Revenue for the quarter was 10.6% higher versus the third quarter of 2019 at 49.0 million euros (previous year: 44.3 million euros). Revenue of 138.3 million euros recorded for the nine-months period is 13.0% lower year-over-year (previous year: 159.0 million euros).

EBIT rose to 2.8 million euros for the third quarter of 2020 (previous year: -0.4 million euros) for an EBIT margin of 5.6% (previous year: -1.0%), reflecting increasing revenue and the cost-cutting measures implemented in connection with the COVID-19 pandemic. As of the reporting date, EBIT had decreased 9.5% to 7.7 million euros (previous year: 8.5 million euros), widening EBIT margin to 5.5% (previous year: 5.3%). Net income for the third quarter of 2020 increased to 1.7 million euros year-over-year (previous year: -0.4 million euros). Net income for the period ending September 30, 2020 was 12.7% lower year-over-year at 4.9 million euros (previous year: 5.6 million euros).

The course of the pandemic has brought risks which continue to create major economic uncertainty. DATA MODUL believes however that by continuing to systematically execute on its long-term strategy program the company will be able to surmount difficult economic conditions and successfully emerge from the crisis.



INTERIM GROUP MANAGEMENT REPORT

1. General economic conditions

The corona crisis plunged the global economy abruptly and starkly into recession, but the rebound in sentiment indicators seen in the third quarter was similarly dramatic. Economic activity ramped back up as the public health measures taken around the world were lifted, giving rein to pent-up consumer demand. A historic surge in GDP growth is thus expected for the third quarter, and catch-up effects will likely continue to be seen in future quarters. Most countries, however, will not be returning to their pre-crisis levels any sooner than 2023. For many analysts, the base scenario is that a medical solution for COVID-19 will be found in 2021. Yet there is definite downside risk for the economy, including inflation, should that scenario fail to materialize. Fears of infection numbers going back up and restrictions being reimposed have been amplified by the pending US elections in the fall and ongoing Brexit negotiations. Economists are forecasting a 4.7 percent decline in global GDP for 2020.

Germany too is facing rising infection numbers, which are primarily impacting the service sector as conditions continue to normalize in manufacturing. Further impact is expected from the government's fiscal and monetary policy stimulus measures, but before a broad recovery will be seen, consumer confidence will have to rebound as employment becomes less tenuous and the personal savings rate declines. The economic outlook nonetheless remains highly uncertain due to the pandemic situation. Since April, the ifo Business Climate Index has climbed from a historic low of 74.3 percent to 93.4 percent in September, supporting the view that the German economy is recovering.

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⁾

	07/01 - 09/30/2020	07/01 - 09/30/2019	Change	01/01 - 09/30/2020	01/01 - 09/30/2019	Change
Total revenue	49,036	44,337	10.6%	138,327	159,046	-13.0%
Displays	29,498	32,192	-8.4%	88,384	104,379	-15.3%
Systems	19,538	12,145	60.9%	49,943	54,667	-8.6%
Orders received	43,370	46,294	-6.3%	143,854	169,729	-15.2%
EBIT ²⁾	2,769	(448)	.	7,660	8,468	-9.5%
EBIT margin ³⁾	5.6%	-1.0%	.	5.5%	5.3%	3.8%
Net income for the period	1,713	(429)	.	4,876	5,586	-12.7%
Capital expenditure ⁴⁾	747	1,312	-43.1%	2,391	5,122	-53.3%
Employees ⁵⁾	455	480	-5.2%	455	480	-5.2%
Earnings per share (in euros)	0.48	-0.13	.	1.38	1.58	-12.7%
Outstanding shares – Basic	3,526,182	3,526,182	.	3,526,182	3,526,182	.

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

All figures in KEUR except for number of employees, earnings per share and number of shares

3. Business performance

DATA MODUL recorded revenue of 49,036 thousand euros for the third quarter of 2020 (previous year: 44,337 thousand euros), up 10.6% year-over-year. In the nine-months view, revenue came in 13.0% lower year-over-year at 138,327 thousand euros, down from 159,046 thousand euros. The Displays business segment recorded revenue of 29,498 thousand euros in the third quarter (previous year: 32,192 thousand euros), while the Systems business segment recorded revenue of 19,538 thousand euros (previous year: 12,145 thousand euros). Orders received declined 6.3% for the Group versus Q3 of last year to 43,370 thousand euros (previous year: 46,294 thousand euros). The Company's strategy to enhance its international orientation continues to yield successes, reflected in a largely unchanged export rate of 48.0% for the first nine months of 2020 (previous year: 48.7%).

4. Earnings

With the lifting of public health measures to contain the corona crisis, economic activity resurged around the globe and consumer spending started catching up to its previous levels. For the third quarter of 2020 DATA MODUL recorded EBIT of 2,769 thousand euros on rising revenue combined with savings from cost reduction measures taken in response to COVID-19 pandemic (previous year: -448 thousand euros). This resulted in EBIT margin widening to 5.6% (previous year: -1.0%). During the period January 1 – September 30, 2020 EBIT fell 9.5% to 7,660 thousand euros (previous year: 8,468 thousand), for an EBIT margin of 5.5% (previous year 5.3%). The Displays business segment recorded EBIT of 2,815 thousand euros for the nine-months period (previous year: 4,081 thousand euros), while the Systems business segment recorded EBIT of 4,845 thousand euros (previous year: 4,387 thousand euros). Net income of 1,713 thousand euros was recorded for the third quarter of 2020 (previous year: -429 thousand euros). Year-to-date net income of 4,876 thousand euros recorded as of September 30, 2020 was 12.7% lower year-over-year (previous year: 5,586 thousand euros), for earnings per share of 1.38 euros (previous year: 1.58 euros). Earnings for the first nine months of 2020 were negatively affected by weakening of the US dollar versus the euro.

DATA MODUL drew on government subsidies as part of the corona support package for the private sector. Refunds of social security expenditures borne by the employer in the amount of 197 thousand euros, paid by the Federal Employment Agency for lost work hours, constitute government grants recognizable in profit and loss under IAS 20. DATA MODUL has opted to report this item on a net basis (after deducting corresponding expenses).

5. Balance sheet

The balance sheet total increased by 14,700 thousand euros since calendar year-end to 162,280 thousand euros (December 31, 2019: 147,580 thousand euros). The increase in assets was mainly due to rising inventories despite declining cash and cash equivalents. On the liabilities and equity side of the balance sheet, the rise in total assets resulted mainly from increased trade payables and liabilities due to financial institutions.

Cash flow from operating activities was -8,382 thousand euros as of September 30, 2020 (previous year: -98 thousand euros). This was mainly due to rising inventories, offset in part by increased trade receivables. Investments in intangible assets and property, plant and equipment in the first nine months of 2020 resulted in cash flow from investing activities of -2,391 thousand euros (previous year: -5,105 thousand euros). The increased liabilities due to financial institutions and cash outflows for the principal portion of lease liabilities in line with IFRS 16, in addition to the dividend distribution for fiscal year 2019, resulted in cash flow from financing activities of 3,674 thousand euros (previous year: -1,462 thousand euros). At the reporting date the Group held 19,343 thousand euros in cash and cash equivalents (December 31, 2019: 26,421 thousand euros).

At the end of the third quarter of 2020 DATA MODUL had an equity ratio of 63.7% (December 31, 2019: 67.5%). The Group thus remains solid financially, with sufficient liquidity.

The Executive Board's empowerment to utilize authorized capital under § 3 (3) of the company's Articles of Incorporation expired unused on July 2, 2020.

6. Capital expenditure

Capital expenditures during the first nine months of 2020 totaled 2,391 thousand euros (previous year: 5,122 thousand euros). A major part of this investment went to expanding production and logistics capacity at the sites in Weikersheim and Lublin (Poland). 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 September 30, 2020, the number of Group employees was 455 (previous year: 480).

8. Opportunities and risks

In fiscal year 2020 DATA MODUL is staying 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. The unpredictability of how the corona pandemic may play out represents a particular uncertainty factor that renders it unknowable at this time how the economy may be further impacted. 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

The second wave of Covid-19 infections hit the USA some time ago and is now sweeping with full force across Europe. Since the situation is threatening to spin out of control in an increasingly large number of places and since medical capacities are increasingly reaching their limits, many regional lockdowns have already been reimposed. In contrast to the spring lockdown, however, attempts are being made to keep schools and day-care-centres open. This is an important precondition for business activity to be largely kept going in manufacturing industry and in large swathes of the services sector under the auspices of a "light" lockdown. We are therefore now expecting the economic recovery to hit the pause button in the winter half year but not to suffer a renewed slump. We are not aware of any further significant events occurring after the reporting date of September 30, 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. The unpredictability of how the corona pandemic may play out represents a particular uncertainty factor that renders it unknowable at this time how the economy may be further impacted and impossible to make reliable corporate earnings estimates.

The spread of this new corona virus has unleashed the deepest recession the global economy has suffered 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. A low point in value creation was reached in April in industrialized countries at the point of peak lockdown. The corona crisis plunged the global economy abruptly and starkly into recession, but the rebound in sentiment indicators seen in the third quarter was similarly dramatic. Economic activity ramped back up as the public health measures taken were lifted around the world, giving rein to pent-up consumer demand. A historic surge in GDP growth is thus expected for the third quarter, and catch-up effects will likely continue to be seen in future quarters. And with the pandemic far from over, the upcoming US elections and the Brexit negotiations are creating additional uncertainty. Most countries will not be returning to their pre-crisis levels any sooner than 2023.

After rolling through Asia and Europe in the first half of the year, the wave hit the US with full force, and as the corona virus increasingly proved uncontrollable it began to appear doubtful that the US economy would rapidly recover quickly from the crisis. Even so, a considerable recovery was already staged in the third quarter. The economic outlook is clouded by persistent risks regarding the further course of the pandemic, by the fact that fewer fiscal stimulus options remain and by uncertainty around the upcoming US elections. Economists are forecasting US GDP to fall 6.0 percent in 2020.

The European economy too was deeply mired in recession in the first half of the year, being heavily impacted by the virus. Economic activity resumed as public health restrictions were lifted, giving rein to pent-up consumer demand. The various economic sectors are seeing differing degrees of recovery, with manufacturing slowly returning to normal while tourism and retail continue to struggle. The ECB Emergency Purchase Program is expected to be extended in December. Analysts are projecting the euro zone economy to contract by 8.7% in 2020.

For Germany, leading economic research institutes are forecasting a serious recession for 2020 with GDP down 6.3%. Germany is now seeing rising infection numbers again after a flattening in the curve during the summer. This is primarily impacting the service sector, while in manufacturing conditions continue to normalize. But before a broad recovery will be seen, consumer confidence will have to rebound as employment becomes less tenuous and the personal savings rate declines. The economic outlook nonetheless remains highly uncertain due to the pandemic situation.

The corona pandemic underway and the response measures taken have caused deterioration in the economic environment for DATA MODUL and the business sector in general. The Group is confident however in its ability to handle difficult economic conditions and navigate the crisis by continuing to systematically execute on its long-term strategy program. Barring further worsening of the corona crisis, in view of the current orders situation and the economy in its present state the Executive Board foresees satisfactory results for the company for fiscal year 2020.

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 SEPTEMBER 30, 2020

ASSETS	09/30/2020	12/31/2019
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,874	3,001
Property, plant and equipment	18,697	19,353
Right-of-use assets	12,792	14,424
Capitalized costs to fulfill a contract	5,957	3,813
Deferred tax assets	711	534
Total non-current assets	43,450	43,544
Current assets		
Inventories	66,126	41,512
Trade accounts receivable including writedowns (2020: 95; 2019: 76)	24,675	27,907
Contract assets	3,694	4,096
Tax receivables	2,311	2,369
Other current assets	2,408	1,291
Other current financial assets	273	440
Cash and cash equivalents	19,343	26,421
Total current assets	118,830	104,036
Total assets	162,280	147,580

All figures in KEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	09/30/2020	12/31/2019
Shareholders' equity		
Capital stock no-par bearer shares (issued and outstanding: 3,526,182 as of 09/30/2020 and as of 12/31/2019)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	68,447	63,994
Other reserves	263	907
Total shareholders' equity	103,408	99,599
Non-current liabilities		
Pensions and non-current personnel liabilities	1,593	1,600
Non-current provisions	224	242
Non-current contract liabilities	3,160	1,861
Non-current lease liabilities	12,872	14,045
Deferred tax liabilities	758	911
Total non-current liabilities	18,607	18,659
Current liabilities		
Trade accounts payable	16,000	9,206
Current contract liabilities	436	606
Current lease liabilities	2,291	2,103
Taxes payable	496	2,603
Current provisions	1,788	1,743
Liabilities due to financial institutions	10,000	4,200
Other current liabilities	8,318	7,917
Other current financial liabilities	936	944
Total current liabilities	40,265	29,322
Total liabilities	58,872	47,981
Total liabilities and shareholders' equity	162,280	147,580

All figures in KEUR

CONSOLIDATED STATEMENT OF INCOME

	07/01 – 9/30/2020	07/01 – 9/30/2019	01/01 – 9/30/2020	01/01 – 9/30/2019
Revenue	49,036	44,337	138,327	159,046
Cost of sales	(38,437)	(35,348)	(108,718)	(123,865)
Gross margin	10,599	8,989	29,609	35,181
Research and development expenses	(1,256)	(1,655)	(3,644)	(4,711)
Selling and general administrative expenses	(6,671)	(7,782)	(18,402)	(22,002)
Income from investments	97	0	97	0
Earnings before interest and taxes (EBIT)	2,769	(448)	7,660	8,468
Interest income	1	1	22	3
Interest expense	(179)	(222)	(477)	(409)
Earnings before taxes for the period	2,591	(669)	7,205	8,062
Income tax expense	(878)	240	(2,329)	(2,476)
Net income for the period	1,713	(429)	4,876	5,586
Earnings per share – basic	0.48	-0.13	1.38	1.58
Earnings per share – diluted	0.48	-0.13	1.38	1.58
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 shares outstanding.

CONSOLIDATED STATEMENT OF CASH FLOWS

	01/01 – 09/30/2020	01/01 – 09/30/2019
Cash flows from operating activities		
Net income for the period	4,876	5,586
<i>Non-cash expenses and income</i>		
Income tax expense	2,343	2,497
Depreciation, amortization and impairments	4,436	3,929
Provisions for bad debts	65	8
Gain from disposals of fixed assets	90	(3)
Net interest	455	406
Other non-cash expenses and income	392	2
<i>Change in:</i>		
Inventories	(24,614)	2,923
Trade receivables and contract assets	3,568	1,001
Other assets ¹	(758)	(4,880)
Trade accounts payable	6,791	(8,779)
Other liabilities and contract liabilities	(1,761)	1,841
Income taxes paid	(4,265)	(4,629)
Cash flows from operating activities	(8,382)	(98)
Cash flows from investing activities		
Proceeds from disposals of fixed assets	0	17
Capital expenditures with capitalizable development cost	(443)	(569)
Capital expenditures on other intangible assets and property, plant and equipment	(1,948)	(4,553)
Cash flows from investing activities	(2,391)	(5,105)
Cash flows from financing activities		
Cash inflows (+) / outflows (-) from lease liabilities	(1,198)	(920)
Cash inflows (+) / outflows (-) from current financial liabilities	5,800	0
Dividend paid	(423)	(423)
Interest received (+) / paid (-) (net)	(449)	(258)
Other financing activities	(56)	139
Cash flows from financing activities	3,674	(1,462)
Effects of exchange rate movements on cash & cash equivalents	21	25
Net change in cash and cash equivalents	(7,078)	(6,640)
Cash and cash equivalents at beginning of the fiscal year	26,421	24,956
Cash and cash equivalents at end of the quarter	19,343	18,316

All figures in KEUR

¹ Capitalized costs to fulfil a contract are now recognized as 'other assets', thus the previous-year figure was likewise reclassified from inventories.

CONSOLIDATED STATEMENT OF OF CHANGES IN EQUITY

	Capital stock No. of shares	Capital stock Amount	Capital reserves	Retained earnings	Other reserves	Total
BALANCE AS OF 01/01/2019	3,526,182	10,579	24,119	58,556	752	94,006
Initial application effects of IFRS 16				(555)		(555)
AS OF 01/01/2019 adjusted	3,526,182	10,579	24,119	58,001	752	93,451
Net income for the period				5,586		5,586
Dividend				(423)		(423)
Foreign currency translation					184	184
BALANCE AS OF 09/30/2019	3,526,182	10,579	24,119	63,164	936	98,798
BALANCE AS OF 01/01/2020	3,526,182	10,579	24,119	63,994	907	99,599
Net income for the period				4,876		4,876
Dividend				(423)		(423)
Foreign currency translation					(644)	(644)
BALANCE AS OF 09/30/2020	3,526,182	10,579	24,119	68,447	263	103,408

All figures in KEUR except number of shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	07/01 – 09/30/2020	07/01 – 09/30/2019	01/01 – 09/30/2020	01/01 – 09/30/2019
Net income for the period	1,713	(429)	4,876	5,586
<i>Other comprehensive income (loss) to be reclassified in the statement of income in subsequent reporting periods</i>				
<i>Exchange rate changes</i> from currency translation for foreign subsidiaries	(435)	142	(644)	184
Comprehensive income after tax	1,278	(287)	4,232	5,770

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, 2019.

The same recognition and measurement methods applied to prepare the consolidated financial statements dated December 31, 2019 were applied in preparing this abbreviated consolidated quarterly report dated September 30, 2020. These interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Reporting. The new IFRS rules applicable in fiscal year 2020 did not have any material impact on the balance sheet or earnings. These interim financial statements and interim management report have neither been audited as per § 317 of German Commercial Code (HGB) nor reviewed by an auditor.

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 such terminology 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 2021

Annual Report 2020	March 2021
Financial Press Conference	March 2021
Quarterly Report as of March 31, 2021	May 2021
Half-Year Report as of June 30, 2021	August 2021
Quarterly Report as of September 30, 2021	November 2021