

DATA MODUL

QUARTERLY REPORT
AS OF SEPTEMBER 30, 2023



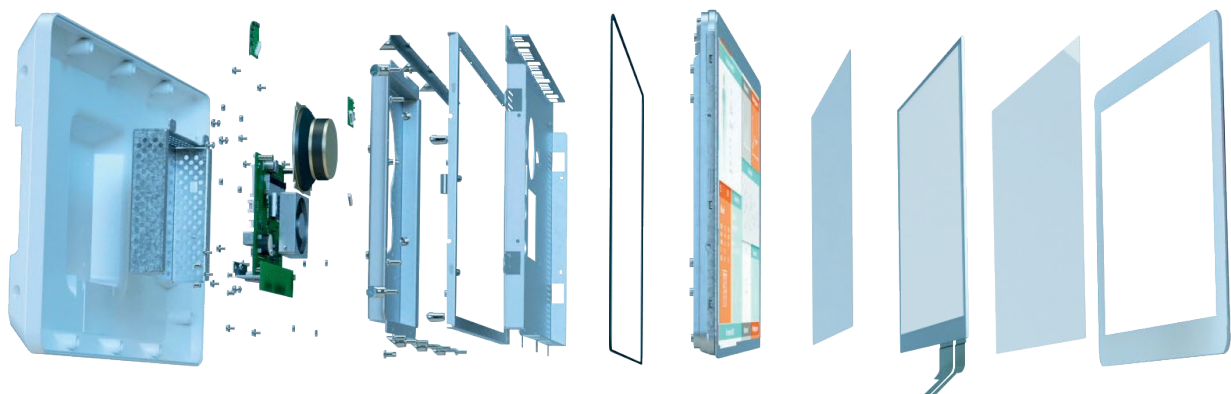
Dear Shareholders,

DATA MODUL was unable to sustain the high level of revenue and earnings in the third quarter that the company recorded one year ago, due to deteriorating economic circumstances, particularly in Germany.

Orders received in the third quarter of 2023 totaled 61.3 million euros in value, representing a 28.6% decline year-over-year (previous year: 85.8 million euros). Orders received in the first nine months of the year were 11.5% lower versus the same period in 2022 at a value of 209.5 million euros (previous year: 236.7 million euros). Revenue declined by a slight 4.4% versus the third quarter of 2022 to 72.7 million euros (previous year: 76.0 million euros). Revenue of 211.8 million euros recorded for the first nine months of 2023 is 3.6% higher year-over-year (previous year: 204.5 million euros).

The general increase in cost levels, due particularly to adverse exchange rate movements and increased personnel expenses, caused EBIT to fall 30.7% in the third quarter of 2023 to 6.8 million euros (previous year: 9.8 million euros), for EBIT margin of 9.3% (previous year: 12.9%). As of the reporting date, EBIT had declined 13.0% to 17.3 million euros (previous year: 19.9 million euros), for EBIT margin of 8.2% (previous year: 9.7%). Net income for the third quarter of 2023 was down slightly year-over-year to 4.9 million euros (previous year 6.9 million euros), supported by income from foreign currency derivatives reflecting a backlog of orders in foreign currencies. Net income for the period ending September 30, 2023 was 12.8% lower year-over-year at 12.0 million euros (previous year: 13.8 million euros).

Troubled general economic conditions negatively impacted DATA MODUL's business in 2023. Continuing to systematically execute on the long-term DATA MODUL strategy program will ensure the Company's ability to operate profitably despite a clouded economic outlook or even crisis conditions.



INTERIM GROUP MANAGEMENT REPORT

1. General economic conditions

Economic data from the summer confirmed a weakening trend, particularly in the manufacturing sector, which is now negatively affecting employment. In the United States, service providers continue to perform well, but in the euro area the mood in the service sector is deteriorating now that the vibrant summer tourism season is over. This points to declining economic output over the next few quarters. In the US, the mood currently remains surprisingly robust, while China is only slowly progressing with its recovery. This situation is likely to reverse however in the months ahead as China picks up momentum and the US slows. The trend of decreasing inflation pressure remains intact, despite a reversal caused by rising crude oil prices. The slowing effects of interest rate hikes on the economy are becoming increasingly apparent, in the euro area in particular, which indicates that the Fed and ECB may not raise interest rates further. Germany's persistently sluggish economy in the wake of the pandemic, exacerbated by the energy crisis unleashed by the Russian attack on Ukraine, largely reflects structural problems. Accordingly, the German government should resort to major reforms in order to position the country strongly with regard to the "four Ds"—demographic change, digitalization, decarbonization, deglobalization. The mood remains poor concerning the German economy, as indicated by the ifo business climate index falling to 85.7 in September from 85.8 (seasonally adjusted) for August. German enterprises thus again reported less satisfaction with the current business situation, although pessimism regarding the next few months declined slightly. The German economy remains in a valley, of which however it appears to have reached the bottom.

DATA MODUL is nonetheless confident regarding its full-year results for 2023 and is prepared to stand firm in the face of a troubled global economic environment fraught with major challenges.

2. Key figures

	07/01 - 09/30/2023	07/01 - 09/30/2022	Change	01/01/ - 09/30/2023	01/01/ - 09/30/2022	Change
Total revenue	72,676	76,046	-4.4%	211,794	204,527	3.6%
Displays	45,839	47,291	-3.1%	134,727	127,943	5.3%
Systems	26,837	28,755	-6.7%	77,067	76,584	0.6%
Orders received	61,312	85,835	-28.6%	209,487	236,713	-11.5%
EBIT ¹⁾	6,775	9,778	-30.7%	17,342	19,940	-13.0%
EBIT margin ²⁾	9.3%	12.9%	-27.7%	8.2%	9.7%	-15.6%
Net income for the period	4,901	6,895	-28.9%	12,008	13,771	-12.8%
Capital expenditure ³⁾	1,139	929	22.6%	3,553	2,401	48.1%
Employees ⁴⁾	547	486	12.6%	547	486	12.6%
Earnings per share (in euros)	1.39	1.96	-29.1%	3.41	3.91	-12.9%
Number of shares outstanding	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 revenue

3) **Capital expenditure:** Investments in intangible assets and property, plant and equipment

4) **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 results

DATA MODUL recorded revenue of 72,676 thousand euros for the third quarter of 2023 (previous year: 76,046 thousand euros), down 4.4% year-over-year. In the nine-months view, revenue rose 3.6% year-over-year from 204,527 thousand euros to 211,794 thousand euros in 2023. The Displays business segment recorded revenue of 45,839 thousand euros in the third quarter of 2023 (previous year: 47,291 thousand euros), while the Systems business segment recorded revenue of 26,837 thousand euros (previous year: 28,755 thousand euros). Orders received fell 28.6% for the Group versus the third quarter of last year to 61,312 thousand euros (previous year: 85,835 thousand euros). International revenue remained at a high level thanks to the Company's persistent strategic internationalization efforts, although the export rate declined slightly to 51.9% (previous year: 54.8%).

4. Earnings

DATA MODUL recorded slightly lower revenue in the third quarter of 2023 than for the same quarter last year. Yet DATA MODUL again demonstrated the robust reliability of its earnings, even in an adverse economic climate in which global uncertainty is running persistently high. EBIT of 6,775 thousand euros was recorded for the third quarter of 2023, reflecting the general rise in cost levels (previous year: 9,778 thousand euros). This resulted in EBIT margin narrowing to 9.3% (previous year: 12.9%). For the period January 1 to September 30, 2023, EBIT declined 13.0% to 17,342 thousand euros (previous year: 19,940 thousand euros) for an EBIT margin of 8.2% (previous year 9.7%). The Displays business segment recorded EBIT of 8,737 thousand euros for the period (previous year: 8,396 thousand euros), while the Systems business segment recorded EBIT of 8,605 thousand euros (previous year: 11,544 thousand euros). Net income of 4,901 thousand euros was recorded for the third quarter of 2023 (previous year: 6,895 thousand euros). The year-to-date income recorded as of September 30, 2023 of 12,008 thousand euros represents a 12.8% decrease year-over-year (previous year: 13,771 thousand euros), yielding earnings per share of 3.41 euros (previous year: 3.91 euros). The financial result includes financial income and -expense from derivative financial instruments measured at fair value through profit or loss stemming from embedded foreign currency derivatives. A net gain of 982 thousand euros was recorded from these embedded derivatives (previous year: net gain of 739 thousand euros).

5. Balance sheet

The balance sheet total has decreased by 899 thousand euros since year-end to 221,135 thousand euros (December 31, 2022: 222,033 thousand euros). On the assets side of the balance sheet, this decline is due principally to decreased foreign currency derivatives for customer orders in foreign currencies and lower cash holdings, offset in part by increased trade receivables. On the liabilities side of the balance the decrease in total assets resulted primarily from decreased foreign currency derivatives for supplier orders in foreign currencies and lower tax liabilities, partially offset by the net income recorded for the year.

Cash flows from operating activities came to 3,008 thousand euros as of September 30, 2023 (previous year: -16,956 thousand euros). This resulted mainly from the net income recorded for the year, from the non-cash tax expense item and from depreciation, offset in part by increased trade receivables and income tax payments made. Investments in intangible assets and in property, plant and equipment in the first nine months of the year resulted in cash flows from investing activities of -3,553 thousand euros (previous year: -2,401 thousand euros). The redemption of liabilities due to financial institutions, cash outflows for leases and interest expenses and the dividend distribution for fiscal year 2022 resulted in cash flows from financing activities of -4,333 thousand euros (previous year: 13,722 thousand euros). At the reporting date the Group held 10,736 thousand euros in cash and cash equivalents (December 31, 2022: 15,669 thousand euros).

At the end of Q3 2023 DATA MODUL recorded an increased equity ratio of 64.9% (December 31, 2022: 59.4%). The Group thus remains solid financially, having sufficient liquidity.

6. Capital expenditure

Capital expenditure in the first nine months of 2023 totaled 3,553 thousand euros (previous year: 2,401 thousand euros). A major part of this investment went to expanding production and logistics capacity at the sites in Weikersheim (Germany) 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) and Lublin (Poland), and will continue investing in research and development to ensure that we remain competitive as an enterprise.

7. Number of employees

The Group had 547 employees as of September 30, 2023 (previous year: 486).

8. Opportunities and risks

In fiscal 2023 DATA MODUL will remain focused on growth in its core business segments Displays and Systems. 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. At this time no risks have been identified which could pose a going-concern threat for the DATA MODUL Group. No significant changes have occurred affecting statements made in the Opportunities and Risks section of the annual report for fiscal year 2022.

9. Events after the reporting period

We are unaware of any significant events that have occurred after the reporting date September 30, 2023 which would have had a major influence or impact on the Group's earnings or balance sheet.

10. Forecast

The statements made in the following regarding 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.

With the pandemic, Russia's war of aggression in Ukraine and now war in Israel and Gaza, the world has been kept in constant crisis mode. And yet the global economy continues making moderate progress this year—just not the German economy. Leading economic research institutes had forecast that Europe's largest economy would be heading into recession. The US on the other hand, as the world's largest economy, has shown surprisingly robust consumer spending and capital investment. The Chinese economy is weakening, due particularly to the country's real estate crisis, which poses a threat to the global economy. The economic slowing effect of interest rate hikes is becoming increasingly evident, while the trend of decreasing inflationary pressure remains intact, despite higher oil prices. This indicates that the Fed and ECB may have already reached the turning point in their interest rate policies. Geopolitical uncertainty is still running high; an expected recovery following the pandemic, the phase of rampant inflation and the Russian war of aggression in Ukraine, still ongoing, has not been able to manifest. Economic experts have slightly revised their original growth forecast for the global economy from a consensus figure of 2.3% to 2.2% for 2024.

The US economy gained further momentum over the summer, despite the interest rate hikes. Falling prices, rising real wages and a historically low household savings rate are spurring domestic consumption. Significant growth is forecast for the US economy in the third quarter, thus 2023 the growth forecast has been raised from 1.4% to 2.1%. Eroded savings, expensive financing and muted consumer spending in Europe and China however are expected to lead to a phase of stagnation in the months ahead, thus economists are projecting the US economy to grow by 0.9% in 2024.

In the euro area, the trend of decreasing underlying price pressure has lost momentum recently, due to a weakening euro, crude oil and fuel prices going back up and more wage-based price increases in the service sector, driven by the flourishing summer tourism season recently ended. Leading economic indicators point to decreased economic output in the second half of 2023. The ECB will not be increasing interest rates further to avoid further slowing the economy, remaining in a neutral stance. Economists have revised their economic growth forecast for the euro area from 1.0% down to 0.6% for 2024.

The economic picture for Germany is based on sobering data. The mood remains poor regarding the German economy, but pessimism has declined slightly, looking at the next few months ahead. Production output in the manufacturing sector continues to fall, with new orders down 10% versus the previous year's level. The service sector is not providing much relief as it once had. Government must act in response to the ever more apparent impact of the pandemic, the Russian war of aggression on Ukraine and structural problems in Germany, implementing major reforms. Economists have lowered their GDP growth forecast for 2024 from 0.8% to 0.5%.

Given the major global uncertainties currently existing, DATA MODUL too faces a challenging market environment. Nonetheless, the Group intends to continue systematically executing on its long-term strategy program as a successful path to follow throughout both good and bad times for the economy. In view of the robust orders situation at present, the Executive Board anticipates that business results for fiscal year 2023 will be satisfactory.

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, 2023

ASSETS	09/30/2023	12/31/2022
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,503	2,719
Property, plant and equipment	18,373	17,525
Right-of-use assets	10,720	11,310
Capitalized costs to fulfill a contract	9,229	9,927
Deferred tax assets	651	912
Total non-current assets	43,895	44,812
Current assets		
Inventories	111,309	109,803
Trade accounts receivable less impairments (2023: 190; 2022: 408)	41,803	37,577
Contract assets	5,350	3,235
Tax receivables	290	429
Other current assets	5,385	3,871
Other current financial assets	2,367	6,637
Cash and cash equivalents	10,736	15,669
Total current assets	177,240	177,221
Total assets	221,135	222,033

All figures in KEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	09/30/2023	12/31/2022
Shareholders' equity		
Share capital no-par-value bearer shares (shares issued and outstanding: 3,526,182 as of 09/30/2023 and as of 12/31/2022)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	107,799	96,165
Other reserves	998	917
Total shareholders' equity	143,495	131,780
Non-current liabilities		
Pensions and non-current personnel liabilities	1,403	1,154
Non-current provisions	0	246
Non-current contract liabilities	6,942	8,039
Non-current lease liabilities	10,730	11,411
Deferred tax liabilities	1,962	1,619
Total non-current liabilities	21,037	22,469
Current liabilities		
Trade accounts payable	18,904	19,708
Current contract liabilities	153	206
Current lease liabilities	2,530	2,402
Taxes payable	2,425	4,487
Current provisions	1,566	1,733
Liabilities due to financial institutions	18,591	20,021
Other current liabilities	9,374	11,414
Other current financial liabilities	3,060	7,813
Total current liabilities	56,603	67,784
Total liabilities	77,640	90,253
Total liabilities and shareholders' equity	221,135	222,033

All figures in KEUR

CONSOLIDATED STATEMENT OF INCOME

	07/01/ – 09/30/2023	07/01/ – 09/30/2022	01/01/ – 09/30/2023	01/01/ – 09/30/2022
Revenue	72,676	76,046	211,794	204,527
Cost of sales	(56,713)	(57,424)	(167,149)	(157,429)
Gross margin	15,963	18,622	44,645	47,098
Research and development expenses	(1,735)	(1,675)	(5,579)	(5,166)
Selling and general administrative expenses	(7,453)	(7,169)	(21,724)	(21,992)
Earnings before interest and taxes (EBIT)	6,775	9,778	17,342	19,940
Financial income	917	(124)	990	743
Financial expense	(484)	(221)	(1,340)	(580)
Earnings before taxes for the period	7,208	9,433	16,992	20,103
Income tax expense	(2,307)	(2,538)	(4,984)	(6,332)
Net income for the period	4,901	6,895	12,008	13,771
Earnings per share – basic	1.39	1.96	3.41	3.91
Earnings per share – diluted	1.39	1.96	3.41	3.91
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 no. shares outstanding

CONSOLIDATED STATEMENT OF CASH FLOWS

	01/01/ – 09/30/2023	01/01/ – 9/30/2022
Cash flows from operating activities		
Net income for the period	12,008	13,771
<i>Non-cash expenses and income</i>		
Income tax expense	4,984	6,332
Depreciation/amortization and impairments	4,438	4,342
Provisions for bad debts	115	65
Net interest	1,331	546
Net loss/income from embedded derivatives measured at fair value through profit or loss	(982)	(739)
Other non-cash expenses and income	(118)	312
<i>Change in:</i>		
Inventories	(1,506)	(25,044)
Trade receivables and contract assets	(5,757)	(20,910)
Other assets	3,680	(3,494)
Trade accounts payable	(757)	(791)
Other liabilities and contract liabilities	(8,077)	12,110
Income taxes paid	(6,351)	(3,456)
Cash flows from operating activities	3,008	(16,956)
Cash flows from investing activities		
Capital expenditures with capitalizable development cost	(229)	(139)
Capital expenditures on other intangible assets and property, plant and equipment	(3,324)	(2,262)
Cash flows from investing activities	(3,553)	(2,401)
Cash flows from financing activities		
Outflows for the redemption portion of lease liabilities	(1,383)	(1,545)
Cash inflows from current financial liabilities (+)	19,569	17,025
Cash outflows for current financial liabilities (-)	(21,000)	(1,000)
Dividends paid	(423)	(423)
Interest received (+) / paid (-) (net)	(1,331)	(540)
Other financing activities	235	205
Cash flows from financing activities	(4,333)	13,722
Effects of exchange rate movements on cash & cash equivalents	(55)	(71)
Net change in cash and cash equivalents	(4,933)	(5,706)
Cash and cash equivalents at beginning of the fiscal year	15,669	20,224
Cash and cash equivalents at end of the quarter	10,736	14,518

All figures in KEUR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital No. of shares	Share capital Amount	Capital reserves	Retained earnings	Other reserves	Total
BALANCE AS OF 01/01/2022	3,526,182	10,579	24,119	78,513	722	113,933
Net income for the period				13,771		13,771
Dividend				(423)		(423)
Foreign currency translation					716	716
BALANCE AS OF 9/30/2022	3,526,182	10,579	24,119	91,861	1,437	127,996
BALANCE AS OF 01/01/2023	3,526,182	10,579	24,119	96,165	917	131,780
Net income for the period				12,008		12,008
Dividend				(423)		(423)
Other comprehensive income (loss)				49		49
Foreign currency translation					81	81
BALANCE AS OF 09/30/2023	3,526,182	10,579	24,119	107,799	998	143,495

All figures in KEUR, except number of shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	07/01/ – 09/30/2023	07/01/ – 09/30/2022	01/01/ – 09/30/2023	01/01/ – 9/30/2022
Net income for the period	4,901	6,895	12,008	13,771
<i>Other comprehensive income (loss) to be reclassified to profit/loss in subsequent reporting periods</i>				
Adjustments from currency translation of foreign subsidiary results	16	302	81	715
<i>Adjustments from currency translation of a net investment in a foreign operation</i>	(50)	0	49	0
Comprehensive income after tax	4,867	7,197	12,138	14,486

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, 2022.

The same recognition and measurement methods applied to prepare the Consolidated Financial Statements dated December 31, 2022 were applied in preparing this abbreviated Consolidated Quarterly Report dated September 30, 2023. These interim Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Reporting. The new IFRS rules applicable in fiscal year 2023 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, 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

This 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 München

Tel. +49-89-5 60 17-0

Fax +49-89-5 60 17-119

www.data-modul.com**FINANCIAL CALENDAR 2024**

2023 Annual Report	March 2024
Financial statements press conference	March 2024
Quarterly financial report dated March 31, 2024	May 2024
Half-year financial report dated June 30, 2024	August 2024
Quarterly financial report dated September 30, 2024	November 2024