

# DATA MODUL

HALF-YEAR REPORT  
AS OF JUNE 30, 2020



*Dear Shareholders,*

*The revenue and earnings levels recorded a year ago were not reachable by DATA MODUL in the second quarter due to the global economic impact of the COVID-19 pandemic.*

*Orders received in the second quarter totaled 44.2 million euros, down 16.1% versus the same quarter last year (previous year: 52.7 million euros). Orders received in the first half of the year declined 18.6% versus H1 2019 to 100.5 million euros (previous year: 123.4 million euros). Revenue fell 14.5% from the level recorded for the second quarter of 2019 to 43.8 million euros (previous year: 51.2 million euros). The half-year revenue figure of 89.3 million euros is 22.2% lower year-over-year (previous year: 114.7 million euros).*

*EBIT for Q2 2020 fell 54.8% to 1.7 million euros (previous year: 3.8 million euros) for an EBIT margin of 4.0% (previous year: 7.5%). For the half-year, EBIT fell 45.1% to 4.9 million euros (previous year: 8.9 million euros), for an EBIT margin of 5.5% (previous year: 7.8%). Net income for the second quarter of 2020 fell 51.3% year-over-year to 1.3 million euros (previous year: 2.6 million euros). Net income as of June 30, 2020 was 47.4% lower year-over-year at 3.2 million euros (previous year: 6.0 million euros).*

*The corona pandemic underway and the response measures taken have caused substantial deterioration in the economic environment for DATA MODUL and the business sector in general. The Group is prepared to make it through difficult economic times, including this crisis, and will continue systematically executing on our long-term strategy.*



# INTERIM GROUP MANAGEMENT REPORT

## 1. General economic conditions

A new strain of corona virus has unleashed huge and unprecedented challenges as it spreads throughout the world. Far-reaching health policy measures have been taken to contain the pandemic, which nearly brought public and social life to a standstill in the period from March until early June. The peak of lockdown in April probably coincided with the economic low point. Economic analysts forecast global GDP to decline 4.1% in 2020 due to the Covid-19 pandemic. The tremendous economic impact of the pandemic is now reflected in the latest financial market data and corporate estimates. Nearly all countries and industries are affected by the current crisis. In many countries, the first corona wave is still accelerating with record new infections per day, while other countries which have successfully contained corona outbreaks are fearing a second wave. Thanks to the huge monetary and fiscal measures taken, a major rebound effect can be expected in the third quarter, continuing throughout the quarters following. Most countries, however, will not be returning to their pre-crisis levels any sooner than 2023. While this extraordinary situation persists however, the level of uncertainty regarding the future remains very high.

Germany too will undergo a severe recession, but analysts expect the additional measures taken by the federal government as part of a revised budget will deliver additional economic stimulus. The course of the pandemic has brought risks which continue to create major economic uncertainty. In June the ifo business climate index rose from a historic low of 74.3 percent in April to 90.5 percent, representing the sharpest rise on record. This supports a view that the economic low point was seen in April, since which time the German economy has been in a slow recovery.

## 2. Corporate results<sup>1)</sup>

	04/01 - 06/30/2020	04/01 - 06/30/2019	Change	01/01 - 06/30/2020	01/01 - 06/30/2019	Change
Total revenue	43,777	51,200	-14.5%	89,291	114,709	-22.2%
Displays	28,023	34,689	-19.2%	58,886	72,187	-18.4%
Systems	15,775	16,511	-4.5%	30,405	42,522	-28.5%
Orders received	44,186	52,664	-16.1%	100,484	123,435	-18.6%
EBIT <sup>2)</sup>	1,734	3,835	-54.8%	4,891	8,917	-45.1%
EBIT margin <sup>3)</sup>	4.0%	7.5%	-47.1%	5.5%	7.8%	-29.5%
Net income for the period	1,255	2,576	-51.3%	3,163	6,015	-47.4%
Capital expenditure <sup>4)</sup>	736	2,144	-65.7%	1,644	3,810	-56.9%
Number of Employees <sup>5)</sup>	467	506	-7.7%	467	506	-7.7%
Earnings per share (in euros)	0.36	0.73	-50.7%	0.90	1.71	-47.4%
Outstanding shares – Basic	3,526,182	3,526,182	0.0%	3,526,182	3,526,182	0.0%

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 43,777 thousand euros for the second quarter of 2020 (previous year: 51,200 thousand euros), down 14.5% year-over-year. In a half-year view, revenue declined 22.2% year-over-year from 114,709 thousand euros to 89,291 thousand euros. The Displays business segment recorded revenue of 28,023 thousand euros in the second quarter (previous year: 34,689 thousand euros), and the Systems division recorded revenue of 15,775 thousand euros (previous year: 16,511 thousand euros). Orders received fell 16.1% for the Group versus the same quarter last year to 44,186 thousand euros (previous year: 52,664 thousand euros). The Company's strategy to enhance its international orientation continues to yield successes, reflected in a slightly higher export rate of 51.9% for the first six months of 2020 (previous year: 48.4%).

### 4. Earnings

DATA MODUL recorded lower revenue across nearly all industries and regions for Q2 2020 due to the challenging economic environment created by the coronavirus epidemic. For the second quarter of 2020 DATA MODUL recorded EBIT of 1,734 thousand euros (previous year: 3,835 thousand euros), representing a year-over-year fall of 54.8%. This resulted in EBIT margin narrowing to 4.0% (previous year: 7.5%). For the half-year, EBIT fell 45.1% to 4,891 thousand euros (previous year: 8,917 thousand euros), reflecting a narrowing of EBIT margin to 5.5% (previous year 7.8%). The Displays business segment recorded EBIT of 2,714 thousand euros (previous year: 3,758 thousand euros), while the Systems business segment recorded EBIT of 2,177 thousand euros (previous year: 5,159 thousand euros). Net income for the second quarter of 2020 fell 51.3% to 1,255 thousand euros (previous year: 2,576 thousand euros). The year-to-date income recorded as of June 30, 2020 of 3,163 thousand euros was down 47.4% year-over-year (previous year: 6,015 thousand euros), for earnings per share of 0.90 euros (previous year: 1.71 euros). Earnings for the first six months of 2020 were positively affected by the movement of the EUR-USD currency pair.

DATA MODUL drew on government assistance funding provided as part of the corona relief package in the second quarter. Refunds in the second quarter of social security expenditures borne by the employer in the amount to 85 thousand euros which were 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 18,393 thousand euros since calendar year-end to 165,973 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 -17,370 thousand euros as of June 30, 2020 (previous year: -6,117 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 half of 2020 resulted in cash flow from investing activities of EUR -1,611 thousand euros (previous year: -3,790 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 5,480 thousand euros (previous year: -1,304 thousand euros). At the reporting date the Group held 12,907 thousand euros in cash and cash equivalents (December 31, 2019: 26,421 thousand euros).

At the end of Q2 2020 DATA MODUL had an equity ratio of 61.5% (December 31, 2019: 67.5%). The Group thus remains solid financially, with sufficient liquidity.

## 6. Capital expenditure

Capital expenditures in the first half of 2020 totaled 1,644 thousand euros (previous year: 3,810 thousand euros). A large part of this investment was made to expand production and logistics capacity at the company locations in Weikersheim (Germany), Lublin (Poland) and Shanghai (China). 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 June 30, 2020, the number of Group employees was 467 (previous year: 506).

## 8. Opportunities and risks

In fiscal year 2020, DATA MODUL will stay 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 vis-a-vis the information provided in the Risks and Opportunities section of the 2019 Annual Report.

## 9. Subsequent events

We are not aware of any significant events occurring after the reporting date of June 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 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 global economy is undergoing the worst recession seen 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, but there was a consensus that containing new infection numbers was the chief priority. Containment efforts have been successful, and global mood indicators are rising as public health restrictions are being progressively lifted. The huge monetary and fiscal stimulus measures implemented are expected to have their intended effect, helping economic activity revive in the second half of the year.

After rolling through Asia and Europe, the corona virus took hold in the United States, where it is unfolding with full force. The US economy is considered the world's most dynamic national economy, but there are growing doubts that it will stage a rapid recovery from the corona crisis. The US President's failed attempt to force a return to 'business as usual' has left a situation in which the virus is increasingly spreading out of control. While the rescue packages rolled out are still keeping American consumer spending afloat, critical for the economy, a setback may be in store at the end of July when the measure expires that introduced supplemental unemployment benefits.

At the same time, re-election is becoming increasingly unlikely for the current President, whose policies in response to civil rights protests are encountering sharp criticism. The Fed is expected to continue propping up the economy, introducing further support measures for boosting the economy. Financial analysts are forecasting US GDP to decrease 5.0 percent in 2020.

The European economy too is mired in a deep recession, being heavily impacted by the virus. Containment efforts have been effective there however, and the expansive monetary and fiscal measures taken are expected to result in a steeper upswing and smoother recovery for the euro zone than will likely be seen elsewhere. The ECB has expanded and extended the Pandemic Emergency Purchase Program (PEPP) – an asset purchasing scheme designed to shore up the finances of countries and corporations. Agreement has furthermore been reached on a multi-year, multi-billion euro corona recovery plan that will mitigate economic impact suffered by member states which have been hit especially hard by the Corona epidemic. Analysts are projecting the euro zone economy to contract by 6.6 percent in 2020.

For Germany, leading economic research institutes are forecasting a serious recession with a 5.4 percent decline in GDP in 2020. However, efforts to contain the virus have been successful there and public health restrictions are being lifted, creating signs of economic recovery. A historic economic stimulus package will be foundationally important for the country's economy to recover, as will be increasingly seen throughout the second half of the year. The course of the pandemic has brought risks which continue to create major economic uncertainty.

The corona pandemic underway and the response measures taken have caused substantial deterioration in the economic environment for DATA MODUL and the business sector in general. The Group is prepared to make it through difficult economic times, including this crisis, by continuing to systematically execute on our long-term strategy. Barring a worsening of the corona crisis, the Executive Board anticipates that fiscal year 2020 will ultimately be satisfactory given the current orders situation, contingent upon a rebound recovery materializing in the second half of the year thanks to the billion-euro economic stimulus measures rolled out.

## **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 JUNE 2020

ASSETS	06/30/2020	12/31/2019
<b>Non-current assets</b>		
Goodwill	2,419	2,419
Intangible assets	2,745	3,001
Property, plant and equipment	19,196	19,353
Right-of-use assets	13,323	14,424
Capitalized costs to fulfill a contract	5,685	3,813
Deferred tax assets	690	534
<b>Total non-current assets</b>	<b>44,058</b>	<b>43,544</b>
<b>Current assets</b>		
Inventories	70,996	41,512
Trade accounts receivable including writedowns (2020: 16; 2019: 76)	26,420	27,907
Contract assets	3,493	4,096
Tax receivables	3,281	2,369
Other current assets	4,600	1,291
Other current financial assets	218	440
Cash and cash equivalents	12,907	26,421
<b>Total current assets</b>	<b>121,915</b>	<b>104,036</b>
<b>Total assets</b>	<b>165,973</b>	<b>147,580</b>

All figures in KEUR

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>06/30/2020</b>	<b>12/31/2019</b>
<b>Shareholders' equity</b>		
Capital stock no-par bearer shares (approved: 5,289 thousand euros; shares issued and outstanding: 3,526,182 as of 06/30/2020 and 12/31/2019)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	66,734	63,994
Other reserves	613	907
<b>Total shareholders' equity</b>	<b>102,045</b>	<b>99,599</b>
<b>Non-current liabilities</b>		
Pensions and non-current personnel liabilities	1,593	1,600
Non-current provisions	222	242
Non-current contract liabilities	2,744	1,861
Non-current lease liabilities	13,296	14,045
Deferred tax liabilities	997	911
<b>Total non-current liabilities</b>	<b>18,852</b>	<b>18,659</b>
<b>Current liabilities</b>		
Trade accounts payable	18,639	9,206
Current contract liabilities	478	606
Current lease liabilities	2,285	2,103
Taxes payable	893	2,603
Current provisions	1,766	1,743
Liabilities due to financial institutions	11,123	4,200
Other current liabilities	8,927	7,917
Other current financial liabilities	965	944
<b>Total current liabilities</b>	<b>45,076</b>	<b>29,322</b>
<b>Total liabilities</b>	<b>63,928</b>	<b>47,981</b>
<b>Total liabilities and shareholders' equity</b>	<b>165,973</b>	<b>147,580</b>

All figures in KEUR

## CONSOLIDATED STATEMENT OF INCOME

	01/04 – 06/30/2020	01/04 – 06/30/2019	01/01 – 06/30/2020	01/01 – 06/30/2019
Revenue	43,777	51,200	89,291	114,709
Cost of sales	(35,297)	(39,516)	(70,281)	(88,517)
<b>Gross margin</b>	<b>8,480</b>	<b>11,684</b>	<b>19,010</b>	<b>26,192</b>
Research and development expenses	(1,092)	(1,423)	(2,388)	(3,056)
Selling and general administrative expenses	(5,654)	(6,426)	(11,731)	(14,219)
<b>Earnings before interest and taxes (EBIT)</b>	<b>1,734</b>	<b>3,835</b>	<b>4,891</b>	<b>8,917</b>
Interest income	11	1	21	2
Interest expense	(152)	(121)	(298)	(188)
<b>Earnings before taxes for the period</b>	<b>1,593</b>	<b>3,715</b>	<b>4,614</b>	<b>8,731</b>
Income tax expense	(338)	(1,139)	(1,451)	(2,716)
<b>Net income for the period</b>	<b>1,255</b>	<b>2,576</b>	<b>3,163</b>	<b>6,015</b>
Earnings per share – basic	0.36	0.73	0.90	1.71
Earnings per share – diluted	0.36	0.73	0.90	1.71
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 – 06/30/2020	01/01 – 06/30/2019
<b>Cash flows from operating activities</b>		
Net income for the period	3,163	6,015
<i>Non-cash expenses and income</i>		
Income tax expense	1,459	2,716
Depreciation, amortization and impairments	2,920	2,348
Provisions for bad debts	25	2
Gain from disposals of fixed assets	0	(3)
Net interest	277	185
Other non-cash expenses and income	287	1
<i>Change in:</i>		
Inventories	(29,483)	(2,216)
Trade receivables and contract assets	2,066	(2,078)
Other assets <sup>1</sup>	(3,895)	(1,069)
Trade accounts payable	9,433	(7,269)
Other liabilities and contract liabilities	353	(1,606)
Income taxes paid	(3,975)	(3,143)
<b>Cash flows from operating activities</b>	<b>(17,370)</b>	<b>(6,117)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of fixed assets	34	11
Capital expenditures with capitalizable development cost	(205)	(438)
Capital expenditures on other intangible assets, property, plant and equipment	(1,440)	(3,363)
<b>Cash flows from investing activities</b>	<b>(1,611)</b>	<b>(3,790)</b>
<b>Cash flows from financing activities</b>		
Cash inflows (+) / outflows (-) from current financial liabilities	6,923	0
Outflows for the redemption portion of lease liabilities <sup>2</sup>	(742)	(615)
Dividend paid	(423)	(423)
Interest received (+) / paid (-) (net)	(277)	(185)
Other financing activities	(1)	(81)
<b>Cash flows from financing activities</b>	<b>5,480</b>	<b>(1,304)</b>
Effects of exchange rate movements on cash & cash equivalents	(13)	11
<b>Net change in cash and cash equivalents</b>	<b>(13,514)</b>	<b>(11,200)</b>
Cash and cash equivalents at beginning of the fiscal year	26,421	24,956
<b>Cash and cash equivalents at end of the quarter</b>	<b>12,907</b>	<b>13,756</b>

All figures in KEUR

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

<sup>2</sup> The previous-year values for leases have been adjusted to afford better comparability, and shown on a net basis.

## 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				(582)		(582)
AS OF 01/01/2019 adjusted	3,526,182	10,579	24,119	57,974	752	93,424
Net income for the period				6,015		6,015
Dividend				(423)		(423)
Foreign currency translation					42	42
<b>BALANCE AS OF 06/30/2019</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>63,566</b>	<b>794</b>	<b>99,058</b>
BALANCE AS OF 01/01/2020	3,526,182	10,579	24,119	63,994	907	99,599
Net income for the period				3,163		3,163
Dividend				(423)		(423)
Foreign currency translation					(294)	(294)
<b>BALANCE AS OF 06/30/2020</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>66,734</b>	<b>613</b>	<b>102,045</b>

All figures in KEUR, except number of shares.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01/04 – 06/30/2020	01/04 – 06/30/2019	01/01 – 06/30/2020	01/01 – 06/30/2019
Net income for the period	1,255	2,576	3,163	6,015
<i>Other comprehensive income (loss) to be reclassified in the statement of income in subsequent reporting periods</i>				
Adjustments from currency translation of foreign subsidiary results	(209)	(142)	(294)	42
Comprehensive income after tax	1,046	2,434	2,869	6,057

All figures in KEUR

## INCOME TAX

Income tax expense breaks down into the following principal items on the consolidated statement of income:

	01/01 – 06/30/2020	01/01 – 06/30/2019
Actual tax expense	(1,529)	(2,515)
Deferred income taxes	78	(201)
Income tax expense	(1,451)	(2,716)

All figures in KEUR

## DIVIDEND DISTRIBUTION

	06/30/2020	06/30/2019
Approved and distributed dividends on common stock	423	423

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 half-year financial report dated June 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 half-year financial report is prepared in euro denomination (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.

### Segment reporting

For business management purposes, the Group is organized into business units based on products and services. The Group's two reporting segments are Displays and Systems.

<b>Segment results 01/01 – 06/30/2020</b>	<b>Displays</b>	<b>Systems</b>	<b>Group total</b>
Revenue	58,886	30,405	89,291
Net income for the period	1,341	1,822	3,163

<b>Segment results 01/01 – 06/30/2019</b>	<b>Displays</b>	<b>Systems</b>	<b>Group total</b>
Revenue	72,187	42,522	114,709
Net income for the period	2,484	3,531	6,015

All figures in KEUR

**Management Representation**

I represent, to the best of my knowledge and ability and in accordance with the applicable accounting principles for interim financial statements, that the interim consolidated financial statements present a true and fair view of the Group's financial position, financial performance and cash flows, and that the interim group management report presents fairly, in all material respects, the Group's business performance, results and financial position, as well as significant risks and opportunities for the Group of relevance during the remainder of the fiscal year.

Dr. Florian Pesahl,  
Chief Executive Officer

**Disclaimer**

The current consolidated half-year financial 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.

## FINANCIAL CALENDAR 2020

Quarterly report as of September 30, 2020

on November 6, 2020

Annual Report 2020

March 2021

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