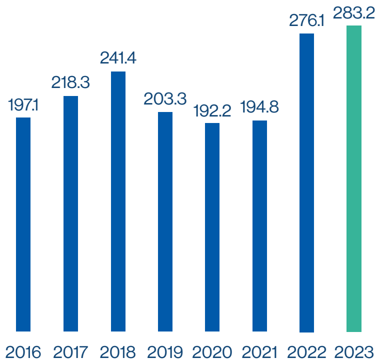
DATA MODUL
Annual Report 2023

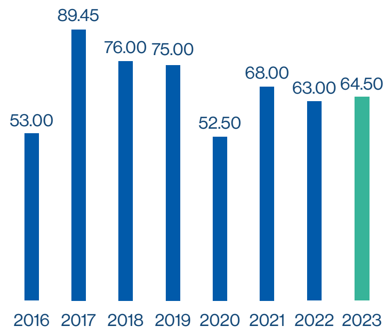
Passion Displayed

DATA MODUL at a glance

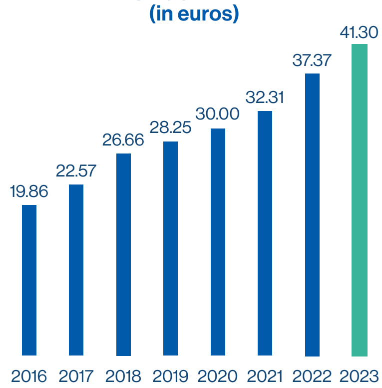
Revenue (in millions of euros)



Highest stock price (in euros)



equity per share (in euros)



Group key figures per IFRS and alternative key performance indicators*

in KEUR	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue	283,235	276,053	194,774	192,185	203,314	241,417	218,256	197,079	180,300
EBITDA[1)]	28,432	32,970	18,575	17,745	15,644	23,587	18,324	17,060	15,331
EBIT[2)]	22,296	27,149	12,704	11,829	10,194	20,801	15,913	15,039	12,576
EBIT margin in %[3)]	7.9	9.8	6.5	6.2	5.0	8.6	7.3	7.6	7.0
Net income	14,487	18,367	7,898	7,563	6,507	14,277	10,623	10,228	8,413
Shareholders' equity	145,636	131,780	113,933	105,860	99,599	94,006	79,571	70,027	60,246
Shareholders' equity ratio in %	66,4	59.4	60.3	69.2	67.5	70.1	71.8	68.0	66.6
Working capital[4)]	123,311	120,510	89,440	61,232	63,702	63,039	56,193	52,854	44,691
Cash flow[5)]	23,848	(2,825)	(15,715)	10,777	10,447	10,797	6,756	6,325	7,049
Capital expenditure[6)]	8,952	3,370	3,019	3,429	6,984	5,638	4,427	4,031	2,719
Number of employees[7)]	525	488	468	460	489	445	403	395	364
Revenue per employee	539	566	416	418	416	543	542	499	495
Earnings per share in euros	4.11	5.21	2.24	2.14	1.85	4.05	3.01	2.90	2.41
Cash flow per share in euros[8)]	6.76	(0.80)	(4.46)	3.06	2.96	3.06	1.91	1.79	2.00
Dividend per share in euros[9)]	2.00	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Stock price at year end in euros	44.40	55.50	65.00	49.00	51.00	55.60	70.00	49.00	36.90
Highest stock price in euros	64.50	63.00	68.00	52.50	75.00	76.00	89.45	53.00	38.09
Lowest stock price in euros	42.40	51.00	45.60	28.60	45.00	55.60	49.00	35.01	19.91

1) **EBITDA:** EBITDA is an acronym for 'earnings before interest, taxes and depreciation'. This metric is calculated as EBIT after depreciation and amortization.

2) **EBIT:** EBIT is an acronym for 'earnings before interest and taxes'. This metric is calculated as gross profit minus research and development expenses, selling and general administrative expenses.

3) **EBIT margin:** EBIT margin is calculated as EBIT relative to revenue.

4) **Working capital:** Working capital is a measure of operating liquidity and thus short-term financial health. This metric is calculated as trade receivables plus inventories minus allowance for doubtful accounts and trade payables.

5) **Cash flow:** Cash flow refers to cash flow from operating activities. This metric is calculated as net income for the year minus non-cash income plus non-cash expenses.

6) **Investments:** Investments are calculated as capitalized development costs and capex/investments in other intangible assets and property, plant and equipment.

7) **Number of employees:** Average number of employees during the year excluding apprentices.

8) **Cash flow per share in euros:** Cash flow per share means cash flow from operating activities per outstanding share.

9) **Dividend per share in euros:** The dividend amount proposed by management at the Annual Shareholders' Meeting in 2024.

* The DATA MODUL Group utilizes alternative key performance indicators as part of its regular and mandatory reporting. These alternative performance indicators are in supplement to the ratios defined under IFRS and are not defined under International Financial Reporting Standards (IFRS). The alternative performance indicators utilized are listed and explained separately unless their meaning is obvious by the name.

DATA MODUL
2023 Annual Report

Management Reports

Business vision

Coming after 2022, the most successful fiscal year in the 50-year history of DATA MODUL, our ambitious goal was to meet that record level again in 2023. Our Munich-based tech enterprise again proved its strength amid a challenging labor market, rising energy prices and global inflation, continuing to grow despite rapidly shifting global economics thanks to far-sighted management and an international business strategy.

Executive Board Report

Despite the vast experience accumulated and expertise built up in the displays business over the past 50 years, we are still confronted with issues every day that require us to rethink approaches and do things differently.

Dr. Florian Pesahl
CEO DATA MODUL

Dear shareholders and friends of our Company,

"Start where you are. Use what you have. Do what you can." (Arthur Ashe)
In our complex, constantly changing world, businesses face many different crises. The pandemic, for one, tremendously impacted the global economy and national healthcare systems around the world. Geopolitical tensions, in the Middle East and Ukraine for example, have complicated international relations in parallel. Record inflation, a volatile order situation and labor shortages have further compromised the stability of the business environment. Our resources and company-internal potential are the key to surmounting these complex challenges and transforming our organization, forming the basis for our decision-making. Thanks to the extraordinary dedication displayed by our entire team, it turned out to be a good fiscal year DATA MODUL, and together we are moving forward in the next 50 years of our company's history.

The figures for fiscal year 2023 were solid despite excessive inventories throughout the entire supply chain undercutting demand in the component business, as we recorded revenue of 283 million euros. Our solid financial basis and prudent, forward-thinking ordering policies enabled us to ensure reliable delivery for our customers at all times despite continuing market volatility. DATA MODUL succeeded in picking up where we left off following the record year of 2022. Earnings fell slightly short of the mark however, with EBIT declining to approximately 22 million euros due to generally rising costs stemming from inflation, further expansion of the site in Poland and defending against cyberattack. The strength of our global sales teams was again a key factor, as was the fairly evenly distribution of sales volume across our various markets. We focused intensively on trade shows in 2023 for marketing, exhibiting at several fairs both at home and abroad. An export rate of 54% reflects the steady execution of our internationalization strategy over the last several years.

In view of the Company's business results, the Executive and Supervisory Boards propose approval at the Annual Shareholders' Meeting to distribute a dividend of 2.00 euro per share for fiscal year 2023. This represents a distribution ratio of approximately 50% of net income for the year.

All of our production sites enjoyed high capacity utilization throughout the period despite geopolitical disruptions caused by conflict between China and Taiwan, the ongoing war in Ukraine and occasional component availability issues. We invested extensively and globally in fiscal year 2023 in innovative technologies and new machinery and control systems for automation. We furthermore significantly upgraded our IT infrastructure to meet heightened security policy requirements in response to a massive cyber attack. Additional tools were implemented for monitoring and protecting access, affording heightened system security.

Our financial success in recent years enabled us to invest a total of 11 million euros in Research & Development as we remained focused on the three I's as the factors for our success: investment, innovation and internationalization. It was thus no accident that we were named a "Top Innovator of 2023" by compamedia, recognized among the leading 100 mid-market firms (200+ employees size category), and ranked among the "Top 25 Innovative German SMEs" by the business magazine WirtschaftsWoche.

Our in-depth expertise rests upon over 50 years of accumulated experience with display technology, and extends into further competency areas. It remains essential however that our products, materials and processes undergo continuous further development, and that we change our thinking in terms of sustainability. With this in mind, we put our heads together in several workshops last year to develop "Display the Future 2028" as our new strategic framework for the next five years. Clear strategic policies are in place to keep us focused on sustainable global growth in a consolidating market which at the same time is becoming increasingly complex. The market remains highly competitive, and supply chains are closely interdependent. The core elements of our new strategy program are tackling challenges head-on, pursuing new objectives in alignment with our established values of results-orientation, professionalism, commitment to innovation, passion and team spirit, while remaining ever focused on the customer.

We want our products to be even more closely aligned with customer needs in our target markets, offering an even broader range of innovative products and solutions. These efforts will be based on our core expertise around displays and embedded hardware, augmented by expertise in software and services. High standards of quality and a commitment to sustainability and long-term general viability form the foundation for conducting this business. This commitment is anchored holistically in the concept of "ESG": **E**cology, **S**ocial responsibility and responsible corporate **G**overnance. Our new marketing image of "Passionate Enabler" unites the content of our strategy with the attitude we take. All this demands perseverance, courage, curiosity and forward thinking on the part of every employee, as we are well aware. I thus would like to express my heartfelt thanks to the entire DATA MODUL team, whose cooperation across departments and national borders on a daily basis ensures the company's success. Through their work they play an active role in shaping DATA MODUL and its fortunes as an enterprise.

Our collaboration with customers to develop innovative solutions rests upon our in-depth expertise and the long-standing relationships we have with suppliers in our global network. We are in the midst of a transformation process, evolving from a pure distributor to a global manufacturer. Our manufacturing and other technologies undergo continuous further develop in terms of the materials and processes employed. Our intent is to become a leader in our target markets by extensively analyzing market trends so as to better understand, anticipate and meet the needs of customers and markets. Growth opportunities are opening up around more energy-efficient and resource-conserving products, sustainable mobility, artificial intelligence and digital health, among other emerging issues relevant to our future.

The year 2024 will be a time of transition, and in our constantly changing environment we may have to change course in response, aware that our decision making will always be subject to uncertainty to one degree or another.

We want DATA MODUL to be managed with prudence, and will continue to strive for optimal internal communication and transparent dialogue with our employees. We will be managing our cost structure and working capital conservatively in view of the current market dynamics, continuing to pursue growth initiatives that deliver added value to customers and suppliers through the ways that distinguish us from competitors.

In addition to recruiting, staff retention is a key part of staying competitive. We are as committed as ever to being a good, reliable employer who enables employees to continuously develop their skills and advance their careers, offering an array of national and international career paths and an extensive training program.

Germany is being increasingly affected by general locational disadvantages in view of sharp competition from Asia, hampered in particular by increasing regulatory requirements, high wages and costs and a shortage motivated skilled labor. In view however of our organizational resilience and the strength of our team, we believe we are well positioned for further growth, convinced that our new strategy is the right answer to the issues we face.

We thank all of our stakeholders, and it is our sincere wish that you, our shareholders and investors, will be accompanying our enterprise further along our path. Your backing reveals your esteem for us and the confidence you have in our organization.

We are energetically tackling the major challenges encountered in today's uncertain global economic environment head-on, working every day to ensure that DATA MODUL stays on its present path of sustained profitable growth as we move forward.

Dr. Florian Pesahl, Chief Executive Officer
Munich, March 2024

Supervisory Board Report

Dear Shareholders,

In the year under review the Supervisory Board addressed matters concerning the situation and growth of DATA MODUL AG in detail. The Board fulfilled the obligations incumbent upon it by law and by virtue of the Articles of Incorporation and code of procedure, advising and supervising the Executive Board in its work.

The Executive Board regularly informed the Supervisory Board both verbally and in writing regarding business developments at DATA MODUL AG.

The Supervisory Board heard and reviewed reporting on the Company's sales and market situation and regarding the balance sheets and earnings of the parent company and subsidiaries respectively, particularly in view of the geopolitical impact of the war in Ukraine. DATA MODUL Group sales and profits were presented in quarterly reporting, including a breakdown by business segment.

Principal discussion topics of the Supervisory Board

In the period under review the Supervisory Board convened for four meetings. All meetings were attended by all members of the Supervisory Board. The main issues addressed in these meetings are outlined below.

At the Supervisory Board meeting in March 2023, the Annual Financial Statements prepared by the Executive Board for DATA MODUL AG and for the Group for fiscal year 2022 were presented and discussed in detail. The Supervisory Board adopted the Annual Financial Statements of DATA MODUL AG and approved the Consolidated Financial Statements. Representatives of the auditor of the Separate and Consolidated Financial Statements, Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg, also attended the meeting. The Supervisory Board also reviewed the Dependent Company Report per Sec. 312 (1) of the German Stock Corporation Act (*Aktiengesetz*/AktG) on relations between DATA MODUL AG and its affiliated companies, which the Executive Board presented.

The German Corporate Governance Code declaration per Sec. 161 of the German Stock Corporation Act (*Aktiengesetz*/AktG) and the Corporate Governance Declaration per Sec. 289f of German Commercial Code (HGB) were additionally discussed and adopted, among other Board activities. The Declaration of Compliance per Sec. 161 AktG and the Declaration on Corporate Governance per Sec. 289f HGB have been made publicly available on the Company website: www.data-modul.com.

In addition, in its March 2023 meeting the Supervisory Board addressed the agenda for the 2023 Annual Shareholders' Meeting in detail and the resolution proposals for shareholders to vote on at the Meeting. Discussion focused as well on the business results for the current fiscal year.

At the Supervisory Board meeting in July 2023, the primary agenda item discussed was the current state of business.

At its October 2023 meeting the Supervisory Board primarily addressed the business situation and outlook for the DATA MODUL Group in light of the continuing war in Ukraine and its impact on energy prices and supply chains.

At the Supervisory Board meeting in December 2023 the Executive Board member reported on the Group's current business and financial situation, presenting the budget planning—which the Supervisory Board approved. The auditor Mazars also reported on its audit planning for fiscal year 2023. Regulatory requirements for sustainability reporting applicable starting in fiscal year 2024 were also discussed.

The Company provides support to newly appointed Supervisory Board members as well as continuing education subsequently. No onboarding events were conducted in fiscal year 2023 because no new members were appointed to the DATA MODUL AG Supervisory Board.

Audit of the Separate and Consolidated Financial Statements

In early 2024 the Executive Board prepared the DATA MODULAG Separate Financial Statements and Management Report for fiscal year 2023 in accordance with German Commercial Code (HGB) accounting rules; the Consolidated Financial Statements and Group Management Report were prepared in accordance with applicable International Financial Reporting Standards (IFRS) and with the supplemental Commercial Code rules per Sec. 315e of German Commercial Code.

Kristin D. Russell
Supervisory Board Chair

Eberhard Kurz
Head of R & D - Display Solutions

Richard Seidlitz
Supervisory Board - Arrow

The auditor Mazars audited both sets of Financial Statements including Management Reports, thereupon issuing unqualified audit opinions.

Mazars also audited the Dependent Company Report for the period January 1, 2023 - December 31, 2023. The auditor issued the following unqualified audit opinion regarding the Dependent Company Report:
"Based on our audit, performed in accordance with professional standards and our professional judgment, we confirm that

1. the factual statements made in the report are correct, and
2. the consideration paid by DATA MODUL in the transactions stated in the Report was not excessive in amount."

At its March 2024 meeting, the Supervisory Board discussed in detail the Financial Statements for fiscal year 2023 and Dependent Company Report. Representatives of the financial accounting firm Mazars attended the meeting, reported on their audit findings and provided additional information. In their review, the auditors found no material weaknesses regarding the structure or effectiveness of the internal control and risk management system in place.

The Supervisory Board also reviewed the Separate Financial Statements and Management Report of DATA MODUL AG, the Consolidated Financial Statements and Group Management Report for fiscal year 2023 and the Dependent Company Report. This review by the Supervisory Board did not result in the noting of any reservations regarding the Separate Financial Statements, Consolidated Financial Statements, Dependent Company Report, the Executive Board's concluding declaration in the Dependent Company Report or the auditor's findings from auditing of the Dependent Company Report. The Supervisory Board approved the 2023 Consolidated Financial Statements, adopted the 2023 Separate Financial Statements and agreed to the Executive Board's proposal for the appropriation of accounting profits.

Supervisory Board members

The DATA MODUL AG Supervisory Board consists of three members. The Supervisory Board did not form any separate committees during the reporting period, as this is not expected to yield efficiency gains in view of the Supervisory Board being constituted of three members.

Kristin D. Russell joined the Supervisory Board in 2016, Richard A. Seidlitz in 2018 and Employee Representative Eberhard Kurz joined in 2019.

The Supervisory Board would like to thank and recognize the work of the Executive Board as well as the contributions of all DATA MODUL employees worldwide, whose dedication made 2023 a successful fiscal year.

For the Supervisory Board

Kristin D. Russell, Supervisory Board Chair
Munich, March 2024

DATA MODUL worldwide

Our “local for local” strategy

Over the last few years, DATA MODUL’s international locations have developed into crucial centers of excellence for research, development and production. As such they demonstrate our commitment to delivering reliable, high-performance solutions to customers around the world. The growth of these locations reaffirms the soundness of our “local for local” strategy as a tech firm, in alignment with our identity as a global enterprise based in Munich.

DATA MODUL worldwide

"Local for local" – A global enterprise

We at DATA MODUL have been fascinated with display technology ever since founding of the company in Munich back in 1972. We have multiple production and logistics sites locations around the world and sales offices in promising growth markets.

In the 50 years of our corporate existence we have become specialized in meeting different market requirements while upholding high quality standards—as documented by the many certifications we hold. The key to this is a specific interplay between sales components, in-house development, internal production and global logistics concepts, as these in combination enable us to supply our customers with speed and cost-efficiency.

The over 550 DATA MODUL employees are passionate about taking visual communication between man and machine to the next level. Well-planned infrastructure allows us to offer customers full service worldwide, including consulting, development, prototyping, bonding technologies, quality management, serial production, logistics and on-site application service.

Facts and Figures

Balance as of 12/31/2023

~550
Employees worldwide

283
Revenue in millions of euros

>20
DATA MODUL locations worldwide

11
R&D expenses in million EURO

>50
years' experience in visual solutions

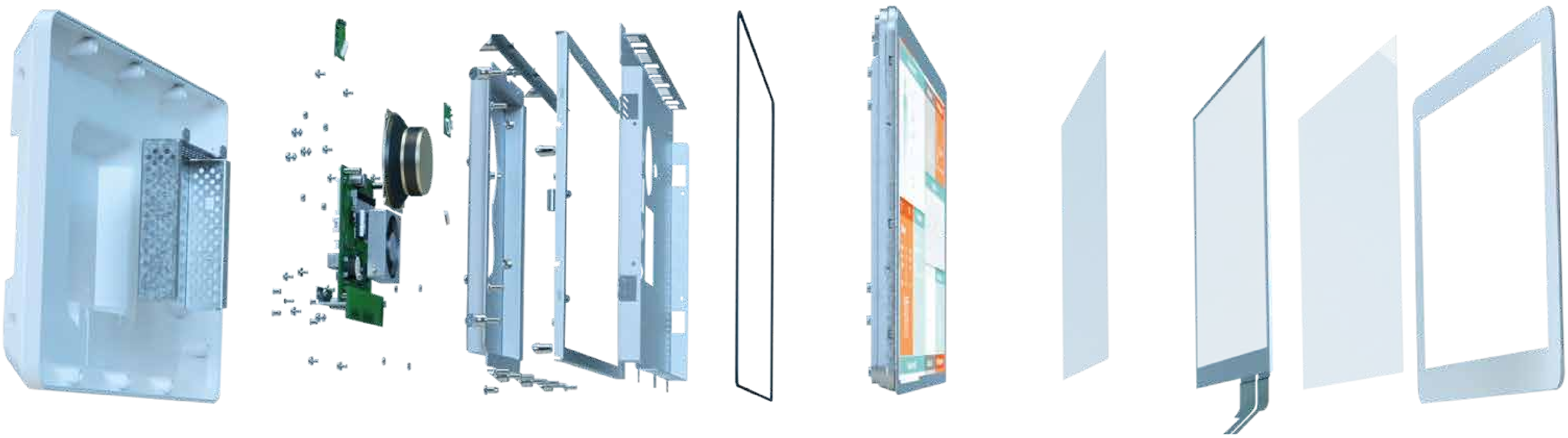
~66
Equity ratio in %

Our competencies

Market-specific and custom-made

All products in the DATA MODUL portfolio are specifically developed for long useful life, and to enable a host of options for individual design. Every element is precisely tailored to the specific requirements of our customers: from robust industrial displays to the latest embedded components and innovative operation technologies. Our display solutions are utilized as standard in several market-specific applications around the world. We steadily grew our know-how in different markets and sectors in 2023 to be able to offer customers increasingly intelligent and smarter system solutions.

Our product portfolio



Systems

DATA MODUL realizes custom monitor and panel PC system solutions for a variety of demanding applications by drawing upon our modular product portfolio, our many in-house innovations and our extensive manufacturing expertise. DATA MODUL system components are found worldwide in complex industrial applications and information systems which are subject to correspondingly complex requirements to meet quality standards.

Embedded

DATA MODUL offers a wide range of ARM and x86 embedded CPU boards in many different sizes, form factors and performance classes. The entire range of embedded solutions is available with preconfigured kits, customer-specific baseboards and professional embedded computing designs. In addition, experienced engineering teams provide support and advice on developing long-life solutions for industrial applications.

Displays

Our very broad distribution portfolio of products made by leading manufacturers enables us to meet nearly any customer requirements for innovative applications. DATA MODUL offers a spectrum encompassing the latest technologies, custom design and a broad variety of sizes, formats and makes. Customers enjoy outstanding advice on selecting the right product for the application – one that offers long-term availability and good value for the money.

Touch

Touch solutions and the bonding processes involved are an integral part of the DATA MODUL portfolio. The focus is on in-house development specifically for industrial applications, supporting multi-finger and gesture control, for example. Complete PCAP solutions – consisting of touch sensor, controller, firmware, front glass and optical bonding – are perfectly inter-coordinated and delivered from a single source.

Highlights of the year

Our highlights of 2023

It was an eventful year for DATA MODUL AG, full of changes. The main highlights of 2023 were the awards we received, exciting products we launched and our successful return as an exhibitor at international trade fairs. We look forward to the year ahead of us and the opportunities and challenges 2024 has in store with a confidence that proceeds from our new corporate strategy.

Highlights 2023

Updated CI

Our corporate design has been modernized to support the newly adopted business strategy, delivering as a visual metaphor aligned with the DATA MODUL spectrum of products and services. A new moving symbol is utilized which represents movements interacting with a screen: a moving screen image seen by a user, or user eye movements possibly, or alternatively hand movements for touch display control. The color scheme of red, green and blue (RGB)—the basic building blocks of a pixel—are an expression of connectedness to our roots. Our website has been updated as well to reflect the realignment and design facelift, and our new slogan "Passion Displayed" transports our identity as a "passionate enabler" who fulfills customers' wishes and realizes their visions.

The new strategy: "all good things come in threes"

Hardware Software Services

We are launching into 2024 with a strategic realignment under the slogan "Display the Future 2028", building upon our proven strengths and paving the way for future successes. Displays and electronic components are often viewed in isolation, but we keep the bigger picture ever in mind, aware that hardware, software and services are but building blocks of a harmonious whole; their intelligent interaction delivers tailored solutions for our customers. We remain committed to this flexible, modular approach that allows us to meet the diverse needs of customers and provide wide-ranging market applications.

Top 100 seal Innovation Award

At the German SME Summit 2023 in Augsburg we were awarded the TOP 100 seal for outstanding innovation, presented by Ranga Yogeshwar in person. In the evaluation process to receive the seal, our innovative ability was assessed on the basis of over 100 criteria, with a special focus on systematic innovation efforts. The outstanding scores we obtained in all five categories in size class C (200+ employees) was highly gratifying, especially in the area of "innovative processes and organization". Receiving this award underscores the central importance of innovation to our enterprise, which is firmly anchored as one of our corporate values.

Monitor set with individual LED control

Last year we introduced a new monitor set consisting of a 27" or 31.5" open-frame monitor with PCAP, LED lighting and robust 6mm anti-vandalism cover glass. Its TFT panels have a brightness of 300 cd/m², a contrast ratio of 3000:1 and resolution of 1920 x 1080 pixels, delivering clear image display. An ample 89-degree viewing angle affords optimal readability. Our compact LED controller board supports easy firmware updating via USB, and our software support individual LED control. Our proven combination of premium hardware and software ensures reliable performance and outstanding quality.

Returning to trade fairs

The year 2023 saw our long-awaited return to international trade fairs after taking a break due to the pandemic. Activities kicked off in March at the embedded world Exhibition & Conference in Nuremberg, where we came out with an all-new stand design where visitors had a unique opportunity to experience our latest products close up, including a 32" easy panel display used as self-service kiosk and an innovative button deck monitor for gaming applications. Additionally, we presented a powerful single-board computer and a transparent 55" OLED display.

Fair-going activities continued in May, exhibiting at SID Display Week in Los Angeles. Then in October we made our first appearance at G2E 2023, The Global Gaming Show in Las Vegas, where we showed a curved wall with a 43" C curved PCAP monitor and a 49" J curved monitor, among other impressive technologies. An actually used customer application involving a slot machine with three 27" Full HD displays and an effective LED lighting concept strikingly demonstrated our system expertise, attracting visitors' attention.

Smart Buildings - The Future of Building Technology

The future is now
In our increasingly digitalized world, smart buildings are set to revolutionize our living environments. Buildings will become significantly more comfortable, sustainable and safe thanks to intelligent networking and automation. Having recognized tremendous potential in this emerging market, DATA MODUL AG is presenting innovative display solutions ranging from advanced building automation to pioneering security concepts and efficient energy management systems.

Intelligent building design: challenges and solutions
Transforming buildings into smart, IoT-enabled units requires the sophisticated deployment of components and sensors in combination. In addition to meeting aesthetic requirements, modern system solutions must be seamlessly integratable into existing building infrastructure. DATA MODUL AG thus offers solutions that meet both aesthetic and functional requirements and are flexibly adaptable to changing interior and exterior conditions, endeavoring to optimally exploit the wide-ranging potential of smart buildings. We enable sustainable and efficient building management through groundbreaking technologies and high-performance products. Our flexible, modular product concept means customers can get everything from a single source—from individual components to entire systems.

High-performance (touch) displays for intelligent control
Our offering spans a broad assortment of display technologies, including high-brightness, OLED, MiP and e-paper displays. With application-suitable touch sensors and an array of glass variants available as well, we deliver performance, aesthetic appeal, energy efficiency and intuitive operation in an ideal blend. The latest generation of PCAP sensors and touch controllers afford precision input and effortless interaction.

A variety of bonding technologies for optimal readability
Our wealth of expertise in optical bonding allows us to offer custom solutions that afford optimal readability. Whatever the situation requires—shielding from direct sunlight, anti-dust sealing or strong protection against fluctuating temperatures—we identify the specific bonding technology suitable for meeting the customer's individual needs.

High security standards for smart buildings
We can equip buildings with various security mechanisms ranging from high IK protection classes to NFC card readers and integrated cameras with AI functionality. Automated identity verification and entry control systems are implementable for smart building security.

Additional smart features for seamless communication
Customers benefit as well from the range of components and interfaces we offer, including Ethernet LAN, WLAN, Power Over Ethernet and Bluetooth, which ensure seamless communication and networking in the building interior. Additional expansion options such as integrated lighting or temperature sensors allow the recording of relevant environmental information that can help maximize efficiency in building operation.

Growth opportunities in a new market
We are entering the smart building market out of an interest in playing an active role in the evolution of building technology. Our innovative display solutions create a basis for efficient, networked building control that paves the way for lasting success.

Corporate Responsibility

Traditional strengths, a transformative future

As a global enterprise with over 550 employees, a commitment to sustainable, responsible business practices that conserve our planet's resources is important to us. We see it as our duty as a manufacturer to ensure that our products and internal processes are efficient so as to conserve resources, to offer our employees a range of social initiatives to get involved in, and to pursue the common good through responsible corporate management. We believe there is great potential in aligning DATA MODUL for sustainability—both for our business and for the environment.

DATA MODUL as employer

Traditional strengths, a transformative future

The year 2022 was the most successful one yet in the 50-year corporate history of DATA MODUL. In 2023 we saw the firm pick up right where it left off at yearend, continuing the success story while bringing the five-year strategy program "Touch Tomorrow 2023" to its completion. Rather than resting on our laurels, we have now set further ambitious goals within a new strategy titled "Display the Future 2028", which is designed to pave the way to a successful future. Our understanding of what a company-wide strategy should be is important in this: that instead of top-down management decision-making driving changes, we want to act on the basis of a shared collective vision that every employee is behind and actively supports. A global HR strategy geared toward sustainability is thus of crucial importance, as the tireless commitment of our employees is key to our success. Together we will shape the future: through innovation, collaboration and growth.

Internationalism and diversity

Intercultural cooperation and diversity are cornerstones of DATA MODUL's long-term success, and we have benefited for decades from having a global team that works in together across national borders. The diversity of our workforce, comprised of individuals from 35 different nations, is an essential part of our corporate culture. Diversity enriches our global perspective and strengthens cultural dynamics within DATA MODUL; it represent a core strength that enables us to be successful together and to continuously grow.

We believe firmly that collaboration and vibrant dialogue involving differing perspectives are necessary in order to develop innovative ideas and solutions. Equal rights, gender equality and diversity are not just watchwords at DATA MODUL. They are principles firmly anchored within our organization that inform our day-to-day actions. Managers have a key role model function, and are charged with creating and ensuring a work environment in which all employees enjoy equal opportunity irrespective of gender, ethnicity or other personal traits. These values permeate our organization on all levels, defining our corporate culture. We create an environment in which workforce diversity can become a driving force behind innovation and success.

"Developing applications together with our customers that are tailored precisely for their specific needs is something we do with passion."

Excellent apprenticeships for the skilled workers of tomorrow

The working world is dynamic, and this constant change demands that companies be able to attract and retain skilled labor—which is becoming increasingly challenging. DATA MODUL thus provides offerings of excellent quality for training the skilled workers of tomorrow. We regularly invest in order to offer a structured and varied apprenticeship plan that provides comprehensive support to young people preparing to enter the workforce. Our apprentices are given opportunity to learn about working for the corporation from various perspectives, including an optional international deployment. We also offer multi-week internships to afford prospective apprentices initial insights into the working world at DATA MODUL, helping ensure that apprenticing with us will mean a springboard to a promising, out-of-the-ordinary career.

Work-study arrangements are also possible, as we offer interested students practical application possibilities and real-world exposure during their apprenticeship or degree program studies. Student employee arrangements are offered as well, as another great option for gathering practical work experience while studying. Our apprenticeship instructors promote cooperation in innovative team events and workshops spanning different apprenticeship year classes and departments that are aimed at cultivating team spirit.

For further information on currently available apprenticeship places see www.data-modul.com/de/company/career/training.html.

Career opportunities and skills development

Targeted staff development and promotion are highly important to us at DATA MODUL, so we offer wide-ranging continuing education opportunities and several career paths, both in Germany and abroad. Our exclusive trainee program provides recruits an optimal career start. Targeted internal and external training courses and individual coaching sessions are provided to ensure that recruits are optimally prepared for the tasks associated with the department where they are to be deployed. The program goes beyond standard training content, giving trainees opportunities to design and implement their own projects, which promotes their professional growth.

The internal platform INSIGHT is another integral part of our personnel development offering, where a wide range of training courses are available in the categories of Department, Technical, General, Soft Skills and Language Skills, among others. This varied offering empowers our employees to continuously update and expand their knowledge and skills so they can better meet the ever-changing labor market demands. We encourage our team members to take advantage of external training offerings as well to further grow their skills and gain new insights.

Maintaining a culture of candid feedback-giving is furthermore a core aspect of our corporate philosophy. We firmly believe that receiving constructive feedback is crucial for personal growth and career advancement, which is why we promote regular dialogue between rank-and-file staff and managers. This creates a positive work atmosphere in which everyone feels valued and supported.

Expanded employee benefits

We are aware that satisfied employees enjoy greater personal well-being, and that this significantly influences the work atmosphere. Importantly, this in turn promotes overall performance and ultimately the success of our company. Thus we actively seek to expand the employee benefits we offer on an ongoing basis.

We view progressive work time models as an element of fundamental importance to the employee-employer relationship, which allows that relationship to exist as a successful long-term partnership. We thus offer flexible work and parental leave models as a proactive step to address the challenges our staff face in achieving work-life balance. This means our employees don't have to make as many difficult compromises between conflicting family and career objectives. Another matter of concern deeply anchored within our corporate philosophy is the personal and career development of each individual team member. We offer performance-linked compensation as an expression of our recognition for the dedication of and results obtained by our staff members, promoting individual growth and the growth of our enterprise at the same time.

Our employees' health is a matter of primary importance too, of course, which is why we offer a variety of health-related opportunities including workplace ergonomics consultations, regular eye exams and flu shots. We furthermore have a company gym for employees to use. As part of our efforts to regularly expand employee benefits, last year we also introduced e-bike leasing—taking concrete action in the area of sustainable mobility. This initiative is designed to promote environmentally conscious behavior while providing our employees an alternative, healthy means of personal transportation.

Our values

Security and stability in times of change

Amid the constant change and uncertainty of today's world, DATA MODUL has been squarely focused for years now on implementing sustainable human resources policies that prioritize job security and long-term workforce stability. Job security, we firmly believe, is essential for the well-being of every employee, and the basis for personal development. Our commitment in this area is reflected in an impressively long average length of service among our staff, and in the tangibly high level of dedication and loyalty of our global team members. Going beyond traditional employment approaches, we actively cultivate an environment in which every individual is able to confidently plan his or her career path.

DATA MODUL once again demonstrated strategic foresight in the eventful year of 2023, driving onward to meet our ambitious goals, facing challenges and paving the way for a successful future in which we are an active player shaping the technological landscape. At the heart of our corporate culture are the firmly anchored corporate values of results orientation, team spirit, innovation, passion and professionalism; these guide our actions as we move forward into the future with optimism.

Together is the only way

As an international enterprise, sustainable business policies are of top importance to us at DATA MODUL, ensuring that we utilize our planet's resources with care and conservation. We furthermore see sustainability in terms of future viability, which is why it is anchored in our global corporate strategy as a key consideration. We see our commitment in this area holistically, applying the "ESG" concept: **E**cology, **S**ocial responsibility and responsible corporate Governance.

We are taking concrete measures in all three of these areas to actively bring about the changes called for. We optimize our resource utilization and conduct environmental management in accordance with DIN ISO 14001. At the same time we pursue social projects, including our sponsorship of Plan International, and we support local fundraising campaigns. Our five corporate values of professionalism, passion, innovation, team spirit and results orientation inform our actions in striving for responsible, transparent and efficient corporate governance.

Group Management Report

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1. Basic principles of the Company

1.1 Business model

DATA MODUL AG, Produktion und Vertrieb von elektronischen Systemen, Munich (DATA MODUL for short) manufactures and distributes innovative flatbed displays, monitors, electronic subassemblies and complete information systems. The Company is organized into two business segments: Displays and Systems. The Displays business primarily involves the purchase and distribution of DATA MODUL displays, easyTOUCH displays, electronic subassemblies and custom products for use in industrial applications and the automotive industry in particular. The Systems business segment comprises selling our easyPanel and easyEmbedded Solutions and special monitors for marine navigation and medical device applications, also targeting airport and digital signage customers.

We primarily supply customers in the mechanical engineering, medical device technology, automotive, industrial automation and gaming industries. DATA MODUL is thus influenced by the general economic environment and by developments in mechanical engineering, which is our primary industry. The Company is also impacted by changes in customer ordering behavior. Order volume is steadily rising in parallel with product complexity, as orders are increasing frequency turning into longer-term projects in which we act as partners to our customers on a sustained basis.

The DATA MODUL Group maintains regional offices in Germany, Spain, Italy, France, the UK, Poland, Singapore, Hong Kong, Shanghai and the United States.

1.2 Control systems

DATA MODUL reflects the structure and philosophy of a classic small to medium-sized organization, yet has implemented additional processes and organizational directives which meet legal and other regulatory requirements for a publicly traded company. Management and controlling functions at DATA MODUL AG are structured in line with the German Stock Corporation Act, according to which company governance consists of three bodies: shareholders, the Executive Board and the Supervisory Board. The Executive Board prepares monthly reports which are reviewed and monitored by the Supervisory Board and discussed at Supervisory Board meetings. In addition, the Executive Board meets on a regular basis to discuss current events and strategies. Monthly Executive Board reports organized by business segment – Displays and Systems – serve as a basis for corporate decision-making, this structure being reflected in the Consolidated Financial Statements as well.

Orders, revenue and EBIT are the primary financial performance metrics based on which the Company is managed. The Executive Board manages the Company's operations at the top level.

1.3 Research and development

It is our goal to further strengthen our innovative capabilities. Our success depends substantially on our ability to continuously offer customers new products and solutions to meet their ever-changing requirements. Expenses for internal and external research and development in fiscal year 2023 totaled 7,152 thousand euros (previous year: 6,660 thousand euros).

The average number of R&D employees during the year was 70 (previous year: 66 staff members). The R&D intensity ratio (R&D expense/revenue) was 2.5% (previous year: 2.4%).

In the area of development, distinction is made between research, product development and customer-specific development projects, expenses for which may be recognized as costs to fulfill a contract. The R&D department focuses its activities on next-generation products and solutions, and preparing these for successful market launch.

We invested further in our R&D, particularly in innovative electronic controls, industrial applications and OEM products. We have great expectations as well in R&D projects concerning our touch and optical bonding technologies. These comprised the main focus of our R&D efforts in the reporting period.

We capitalized development costs in the amount of 312 thousand euros in the year under review, recognizing intangible assets (previous year: 226 thousand euros). This corresponds to a capitalization/R&D expense ratio of 4.4% (previous year: 3.4%). Amortization came to 315 thousand euros (previous year: 283 thousand euros), resulting in a net effect of -3 thousand euros (previous year: net effect of -57 thousand euros). Research expenditures are non-capitalizable.

Assets were recognized from customer-specific development projects in the amount of 3,115 thousand euros (previous year: 4,185 thousand euros) and amortized by schedule in the amount of 3,906 thousand euros (previous year: 2,774 thousand euros).

Developing new products and solutions is only one part of our continuous improvement efforts. Ongoing quality enhancement is another key priority.

2. Economic report

2.1 Business performance

DATA MODUL was able to record a profit despite the challenging business environment of fiscal year 2023 thanks to what we view as stringent implementation of the "Touch Tomorrow" 2023 strategy program. The primary goals and issues addressed last year included:

- Ensuring supply chain stability and delivery capability
- Streamlining of our product portfolio
- Expansion and standardization of production capacity
- Expansion of our security-relevant IT structures.

Despite the difficult market environment in the fiscal year ended, DATA MODUL met its forecast figures and estimates, except in the area of booked order volume. Details regarding our performance metrics are discussed below.

In millions of euros	2023 Estimated	2023 Actual
Orders received	271.6 – 332.0	253.6
Revenue	248.5 – 303.7	283.2
EBIT	20.4 – 29.9	22.3

In line with the previous year's estimates, DATA MODUL recorded solid revenue across nearly all segments in the fiscal year under review, especially in Germany. We remain confident regarding our plans to expand business activity in the US and China.

General economic conditions had considerable negative impact for DATA MODUL's business in 2023. We were able to successfully meet strong market demand and increase our revenue in this dynamic economic environment, thanks to the strategic procurement measures taken last year.

The Executive and Supervisory Boards have resolved to propose distribution of a dividend of 2.00 euros per share at the Company's Annual Shareholders' Meeting. At the Annual Shareholders' Meeting a resolutions was passed approving a dividend of 0.12 euro per share for fiscal year 2022, deviating from the proposal advanced by the Executive and Supervisory Boards.

Fiscal year 2023 was thus solid and profitable for DATA MODUL all in all, and the next two years are set to be profitable as well.

2.2 Macroeconomic and industry-specific conditions

a) Macroeconomic conditions

The global economy was heavily impacted in 2023 by the ongoing Russian war of aggression, the war in Israel, and other geopolitical conflicts. EU energy supply structures had to be realigned, driving costs, due to the cessation of energy supply from Russia due to mutual sanctions. The loss of Russian-supplied gas, coal and oil were compensated for by tapping reserves, expensive LNG importing and deepening of trade relations with Norway, Algeria and other partners. While the decisive inflation peak has definitely been seen, it remains a significant factor slowing the economy, in combination with sharply higher interest rates. The global supply chain problems that had played such a major role last year gradually subsided.

Strained economic conditions impacted the mood in the industry, and the service sector, led by tourism, provided key support for the economy. Italy, Spain and other Southern European countries outperformed in terms of economic expansion, all other European countries suffering major economic weakness. Real gross domestic product In the euro zone rose 0.5 percent versus the previous year.[1] The US economy proved more robust against inflation and interest rate hikes, where consumer spending was resilient and the labor market stayed strong. Thanks to ample government stimulus and investment packages, the country recorded solid 2.5 percent growth for 2023[2]. In emerging markets, the post-pandemic recovery has been disappointing, particularly in China, which was hoped to provide substantial stimulus to the global economy. China slightly exceeded forecast growth of 5 percent for 2023, recording 5.2 percent versus the previous year[3], but the country's economic noticeably lost momentum over the course of the year. The real estate sector remains beset with challenging problems, as many smaller fiscal programs the government has rolled out have not yet delivered a decisive stimulus, and consumer spending is weakening.

Germany slipped into recession in 2023, real gross domestic product declining 0.3 percent year over year[4]. Manufacturing and the construction did not see the expected production increases despite large order volume on the books, although supply chain problems gradually subsided. Capacity utilization, which had already been high, and the skilled labor shortage had major impact, but on the plus side, this prompted companies to make substantial investments. Overall, economic demand remained weak. New order volume in the industry fell significantly throughout the spring, and weak demand weighed on exports, from key European markets, the US and China in particular. Rampant inflation became more and more of a problem for retailers as buying restraint by private households was felt across numerous segments as well as car sales, where available government subsidies had run out. Government spending also fell sharply with the ending or expiration of pandemic-related stimulus packages. Fiscal austerity measures created additional uncertainty among businesses and consumers toward yearend, which were taken shortly after the German Federal Constitutional Court rejected the reallocation of pandemic aid funds.

Inflation in the euro zone averaged 5.4 percent for 2023[5] (HICP) and 5.9 percent[6] for Germany (CPI), declining somewhat more than expected early in the year, though still well above the ECB target level of 2 percent. Inflation was mainly driven by food prices and increasingly core inflation, as energy prices returned to normal after last year's shock and even pulled the inflation figure lower in the second half of 2023. By yearend, monthly inflation had fallen to 2.9 percent[7]. Production and trading input prices also fell, indicating a further decline in price pressure. The labor market proved relatively robust despite recession, but by yearend unemployment (seasonally adjusted) was up slightly to 5.9 percent[8] . Wage growth remained at a high rate however, further gaining momentum through yearend. European monetary policy in view of these developments has been such that the pace of interest rate hikes slowed somewhat, even though interest rates were still increased at every meeting until September, since which time the key interest rate has remained unchanged. The ECB raised the monetary policy-relevant deposit rate by a total of 200 basis points, up to 4.0 percent[9]. Interest rate policy has thus been restrictive, having noticeable impact. The interest rate differential versus the US Federal Reserve Bank, which paused its interest rate hikes in June, decreased by 100 basis points over the course of the full year[10].

b) Industry-specific conditions

The German economy's problems were reflected in the figures reported for the electronics and digital industries. High energy prices and materials shortages were the source of problems last year, especially for production; in 2023 the situation grew even more complicated. Corporate order books suffered from flagging demand, as nominal order volume declined 2.2% year over year.[11] Whereas in 2022, manufacturers had been unable to keep up, requiring an average 5.3 months to complete outstanding production orders, this comfortable buffer shrank to a period of 4.8 months towards the end of 2023. Average production capacity utilization for the industry is currently down to 81.8% as compared to 88.2% for 2022.[12] According an Ifo Institute survey, nearly one in two companies in the electronic & digital industry is now reporting insufficient order flow, which is becoming their main production-related problem instead of materials shortages.[13] However, given the demand shock affecting the overall economy, the industry still got through 2023 relatively well. Industry revenue rose 6.0% year-over-year on a nominal basis, narrowly exceeding producer price inflation (+5.8%).[14] Yet with geopolitical tensions on the rise, there has been greater diversification in terms of buyer countries for the electronics & digital industry, on the export side at any rate. Total exports increased 2.7% while exports to China declined 3.5%, thus the country only barely stayed ahead of the US as number one buyer country. Demand for German goods was particularly strong from the Netherlands in 2023 (+13.3%), as well as the US (+5.4%).[15] As in the previous year, on a bottom-line basis, the German electronics and digital industry recorded a foreign trade deficit. Domestic production rose on a price-adjusted basis in 2023, due principally to a comfortable order backlog situation left over from the previous year, up 0.4% year-over-year.[16] The leading indicators referenced for the ifo business climate index still painted a highly pessimistic picture at the end of 2023, although for the six-month period ahead business expectations have rebounded from their low.

German mechanical engineering, the main customer industry for DATA MODUL, got off to a good start in 2023 with high order backlog left over from the pandemic, working through a significant delivery backlog. On a real basis production increased by approximately 2.5% in the first half of the year.[17]

1) Eurostat 2024, https://ec.europa.eu/eurostat/documents/2995521/18055841/2-07122023-AP-DE.pdf/35335dab-289a-2510-4615-7710e20ce7fa
2) U.S. Bureau Of Economic Analysis 2024, https://www.bea.gov/news/blog/2024-01-25/gross-domestic-product-fourth-quarter-and-year-2023
3) National Bureau of Statistics of China 2024, https://www.stats.gov.cn/english/PressRelease/202401/t20240117_1946605.html
4) Federal Statistical Office 2024, https://www.destatis.de/DE/Presse/Pressekonferenzen/2024/bip2023/pm-bip.pdf
5) Eurostat 2024, https://ec.europa.eu/eurostat/databrowser/view/prc_hicp_aind/default/table?lang=de&category=prc.prc_hicp
6) Federal Statistical Office 2024, https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_020_611.html
7) Eurostat 2024, https://ec.europa.eu/eurostat/documents/2995521/18343103/2-17012024-AP-DE.pdf/e971fc0f-da0f-6900-7350-bddcb3aaf378
8) Federal Employment Agency 2024, https://statistics.arbeitsagentur.de/Statistikdaten/Detail/202312/arbeitsmarktbericht/monatsbericht-monatsbericht/monatsbericht-d-0-202312-pdf.pdf
9) ECB 2024, https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html
10) Federal Reserve System 2024, https://www.federalreserve.gov/monetarypolicy/openmarket.html
11) ZVEI, Germany: Business Cycle Report, February 2024
12) ZVEI, Germany: Business Cycle Report, December 2023
13) ZVEI, Germany: Business Cycle Report, February 2024
14) ZVEI, Germany: Business Cycle Report, February 2024
15) ZVEI Foreign Trade Report, February 2024
16) ZVEI Business Cycle Report, February 2024
17) VDMA, Germany: Economic Bulletin, September 2023

Real growth then slowed to 0.3% for the first eleven months of the year due to a dearth of new orders.[18] Orders booked by the German mechanical engineering industry in 2023 fell 12% short of the previous year's volume level on a price-adjusted basis.[19] The comfortable order backlog situation thus was gradually trimmed down over the course of 2023 from a peak fulfillment horizon of 12.2 months in July/August 2022 to 10.3 months by November 2023.[20] The results of the 20th flash survey conducted by the German Mechanical and Plant Engineering Industry Association VDMA in late October 2023 showed that 60% of companies had booked order volume below their individual long-term average.[21] Germany's export-oriented mechanical and industrial engineering industries continued to perform despite the difficult environment, with machine exports increasing by a nominal 6.6% year-over-year for the period January through November 2023 to 189.6 billion euros. As was the case in the previous year, however, nominal growth was due solely to price effects from surging inflation. On an inflation-adjusted, i.e. real, basis, these companies' exports declined 0.2% over the same period.[22] The export trends regarding the two most important individual markets, the US and China, have remained essentially unchanged, exports to the US continuing to significantly increase while decreasing to China. Machinery exports to European Union (EU) countries, the Company's most important region for sales, increased by a nominal 4.5% for the first eleven months of 2023.[23] The German mechanical engineering industry—a major buyer market—has been impacted by geopolitical strife (war in Ukraine and the Middle East, tensions between the US and China), high interest rates, a weak global economy and structural weakness affecting China (real estate crisis, unfavorable demographic change, unprofitable state-owned enterprises, etc.). The effect of Chinese weakness as a buyer market has probably been felt less by German machinery manufacturers due to positive developments in the US, and to the growing importance of India, although India alone cannot by any means make up for the decreasing role of China. Thus over the medium term no improvement is expected in the prospects for the mechanical engineering industry, which is economically cyclical. The German Mechanical and Plant Engineering Association VDMA projects production to decline by 4% in real terms in 2024.[24]

[18] VDMA, Germany: Economic Bulletin, February 2024
[19] VDMA, Germany: Economic Bulletin, February 2024
[20] Federal Statistical Office 2024, Genesis-Online, order backlog horizon for the manufacturing sector, retrieved on February 16, 2024
[21] VDMA, Germany: Germany Mechanical Engineering Forecast Report, December 2023
[22] VDMA, Germany: Economic Bulletin, February 2024
[23] VDMA, Germany: Economic Bulletin, February 2024
[24] VDMA, Germany: Economic Bulletin, February 2024

2.3 Group business situation

a) Earnings

The previous year's high level of 301,808 thousand euros for new orders was not reachable due to declining demand across the entire economy, as we recorded orders valued at 253,581 thousand euros. Order backlog fell to 162,155 thousand euros on declining order flow and a book-to-bill ratio below 1 (previous year: 197,057 thousand euros). At fiscal year-end, revenue totaled 283,235 thousand euros (previous year: 276,053 thousand euros). As in previous years, international revenue comprises a high percentage of total with an export ratio of 54.0%, reflecting the fruits of our continuing internationalization efforts.

Revenue broke down by region as follows:

Revenue breakdown in millions of euros	2023	2022
Germany	130.2	122.9
Europe[25]	97.2	97.9
America	32.9	34.2
Asia/Pacific/Africa	22.8	20.9
Rest of World	0.1	0.2
Total	**283.2**	**276.1**
Export rate	54.0%	55.5%

DATA MODUL recorded substantial revenue growth in Germany in 2023, and a slight increase in Asian markets. Revenue in America declined slightly in 2023.

The change in key expenses and income items in fiscal year 2023 is shown below.

- Cost of sales increased year-on-year to 223,650 thousand euros (previous year: 212,247 thousand euros), primarily reflecting higher materials expenses connected with the 2.6% rise in revenue and with inflationary cost increases. Gross margin for fiscal year 2023 was 21.0% (previous year: 23.1%).
- Research and development expenses increased to 7,152 thousand euros from 6,660 thousand euros in the previous year.
- Selling and administrative expenses came in even with last year's level at 30,186 thousand euros (previous year: 30,082 thousand euros). Selling expenses accounted for 17,964 thousand euros of total expenses reported (previous year: 18,431 thousand euros), and general administration expenses came to 12,222 thousand euros (previous year: 11,651 thousand euros).

[25] Revenue from European markets excluding Germany is shown here.

The financial result came in at -1,404 thousand euros, significantly below the previous-year figure of -270 thousand euros. The lower financial result resulted primarily from debt interest increasing to -962 thousand euros (previous year: -400 thousand euros) and increased interest expense from lease liabilities of -862 thousand euros (previous year: -541 thousand euros).

In line with the change in cost of sales, EBIT (earnings before interest and taxes) came in at 22,296 thousand euros (previous year: 27,149 thousand euros). EBIT margin of 7.9% was achieved despite inflation-related cost increases in many areas, exchange rate losses, increased costs to expand the site in Poland and costs to defend against cyberattack (previous year: 9.8%). A consolidated pre-tax profit (consolidated EBT) was recorded of 20,892 thousand euros (previous year: 26,879 thousand euros). Income tax expense came to 6,405 thousand euros (previous year: 8,512 thousand euros) for an income tax rate of 30.7% (previous year: 31.7%). Consolidated net income for the year changed in line with pre-tax profit, coming in at 14,487 thousand euros (previous year: 18,367 thousand euros). Earnings per share for 2023 came to 4.11 euros as compared to 5.21 euros for 2022 (based on a weighted average number of shares of 3,526,182).

Displays segment

Despite the challenging market environment, revenue for the Displays business segment increased 2.3% to 181,450 thousand euros (previous year: 177,423 thousand euros). EBIT of 10,748 thousand euros was recorded (previous year: 12,813 thousand euros). The segment generated consolidated net income for the year of 6,727 thousand euros (previous year: 8,385 thousand euros). Displays, which is the Group's core business segment, recorded a -20.3% decrease in new orders to 156,792 thousand euros (previous year: 196,774 thousand euros). Order backlog as of December 31, 2023 was 118,588 thousand euros (previous year: 146,119 thousand euros).

Systems segment

Revenue in the Systems segment rose 3.2% to 101,785 thousand euros (previous year: 98,630 thousand euros) for EBIT of 11,548 thousand euros (previous year: 14,336 thousand euros). Consolidated net income for the year thus came to 7,760 thousand euros (previous year: 9,982 thousand euros). Orders received declined -7.8% to 96,789 thousand euros (previous year: 105,033 thousand euros). Order backlog as of December 31, 2023 was 43,567 thousand euros (previous year: 50,938 thousand euros).

b) Financial position

Capital structure

To the extent possible, DATA MODUL Group finances its operations from internal resources, supplemented by borrowings from financial institutions and trade credit when necessary. Currently, DATA MODUL Group generally uses natural hedges to protect against potential currency risks with respect to the US dollar, the Japanese yen and the Hong Kong dollar. No hedging instruments were held at the reporting date.

The equity ratio was 66.4% (previous year: 59.4%), and the debt ratio 33.6% (previous year: 40.6%). The Group's leverage ratio was 50.5% (previous year: 68.5%—debt/equity).

Lease liabilities discounted to present value per IFRS 16 are the primary debt item, at 17,884 thousand euros (previous year: 13,813 thousand euros).

The maturity breakdown of the undiscounted expected cash flows is shown below.

Lease liabilities	< 1 year	1-5 years	> 5 years	Total
KEUR	3,205	11,599	9,802	24,606

- 8,032 thousand euros (previous year: 20,021 thousand euros) in liabilities due to financial institutions,
- 20,956 thousand euros (previous year: 19,708 thousand euros) in trade accounts payable.

A breakdown of items maturing in one year or less by currency is provided below (in thousand euros):

Trade accounts payable	< 1 year
USD (euro equivalent)	11,294
EUR	8,765
JPY euro equivalent)	458
Other (euro equivalent)	439
Grand total	**20,956**

The Company also has guaranteed bills outstanding in the form of bank guarantees in the amount of 1,596 thousand euros (previous year: 938 thousand euros).

The maturities are as follows (in KEUR):

Guaranteed bills outstanding	< 1 year	1-5 years	> 5 years	Total
KEUR	0	100	1,496	1,596

Group companies have credit lines totaling 48,000 thousand euros at their disposal until further notice. As of the reporting date, the Group had utilized 20.06% of these credit lines. Additionally, DATA MODUL AG as co-signer has full joint and several liability for credit lines utilized by DATA MODUL Weikersheim GmbH.

There are thus no going-concern risks relating to Group financing at this time. Credit agreements with banks do not contain financial covenants besides the usual quarterly reporting obligations. In the event of a future change of control, the Group will negotiate with lenders new arrangements going forward. No special financing measures or projects were conducted in the period under review.

Capital expenditure

In the fiscal year ended we adjusted our capital expenditure in alignment with business changes. Capital expenditures were made to increase capacity, for rationalization purposes and related manufacturing productivity gains and to enhance innovation and quality in our displays and services. A major part of investment in 2023 went to expanding production and logistics capacity at the sites in Weikersheim and Lublin. Capital expenditure in fiscal year 2023 (excluding right-of-use assets per IFRS 16) totaled 8,952 thousand euros (previous year: 3,370 thousand euros).

The main capital expenditure items were:

- Additions to intangible assets in the amount of 472 thousand euros (previous year: 290 thousand euros) and
- Additions to property, plant and equipment in the amount of 8,480 thousand euros (previous year: 3,080 thousand euros).

A breakdown of capital expenditure by segment is provided below:

- Capital expenditure in the Displays segment totaled 3,510 thousand euros (previous year: 1,890 thousand euros), and in the Systems segment 5,442 thousand euros (previous year. 1,480 thousand euros).

There were no significant capital expenditure commitments as of the reporting date.

Liquidity

Cash flows from operating activities as of the reporting date came to 23,848 thousand euros (previous year: -2,825 thousand euros). In addition to the effect of net income for the year, this positive cash flow resulted from significantly lower inventories year-over-year and from depreciation, a non-cash charge, offset by lower other liabilities. Days sales outstanding (DSO) was 52.32 days as of 12/31/2023 (previous year: 50.79 days).

Increased investment in intangible assets and property, plant and equipment in 2023 resulted in cash flow from investing activities of -8,952 thousand euros (previous year: -3,370 thousand euros). After the dividend distribution for fiscal year 2022, cash outflows for leases and the redemption of liabilities with financial institutions led to net cash flow from financing activities of -16,272 thousand euros (previous year: 1,645 thousand euros).

At the end of the year the Group held cash and cash equivalents totaling 14,324 thousand euros (previous year: 15,669 thousand euros). Net cash (cash and cash equivalents less liabilities due to financial institutions) totaled 6,292 thousand euros as of the reporting date (previous year: -4,352 thousand euros).

c) Financial status

The balance sheet total decreased by 2,818 thousand euros year-over-year to 219,215 thousand euros (previous year: 222,033 thousand euros). On the assets side of the balance sheet, this decline was primarily due to inventories decreasing by 9,588 thousand euros thanks to optimized working capital management, offset by an increase of 5,367 thousand euros in property, plant and equipment. Trade receivables increased by 3,480 thousand euros. Other current financial assets decreased due to a lower measured positive fair value of the foreign currency derivative for supplier orders. Cash and cash equivalents decreased by 1,345 thousand euros. On the liabilities and equity side of the balance sheet the lower balance sheet total resulted mainly from the redemption of liabilities due to financial institutions in an amount of 11,989 thousand euros, and from a lower measured negative fair value of the foreign currency derivative for customer orders. Lower liabilities were offset by equity increasing by 13,856 thousand euros due to the positive consolidated net income for 2023, and by increased non-current lease liabilities.

A dividend was distributed in the reporting period for fiscal year 2022 in the amount of 423 thousand euros (previous year: 423 thousand euros). At the balance sheet date the Company did not have any non-current borrowings.

As of the reporting date, the DATA MODUL Group equity ratio was 66.4% (previous year: 59.4%).

2.4 Financial and non-financial performance metrics

a) Financial performance metrics

The table below shows the financial performance indicators for both the current and previous reporting years.

Financial performance metrics in KEUR	2023	2022
Orders received	253,581	301,808
Order backlog	162,155	197,057
Revenue	283,235	276,053
EBIT	22,296	27,149
Consolidated net income	14,487	18,367
Return on equity[26]	15.3%	20.6%
EBIT margin[27]	7.9%	9.8%

DATA MODUL was able to reach its revenue and EBIT targets for fiscal year 2023 despite the difficult market environment. The investments we have made, however, in our production sites in Germany, Poland and China put us in a strong position to meet future challenges in the marketplace. The Group holds cash and cash equivalents totaling 14,324 thousand euros, which in view of our unused credit lines means the Group has sufficient liquidity to meet its payment obligations.

b) Non-financial performance indicators

We are an international enterprise focused on operating a sustainable business model. Non-financial performance indicators are of great importance to DATA MODUL in addition to financial metrics, including employee satisfaction and development, environmental protection and good long-term partnerships with customers and suppliers. Our commitment to long-term employee retention is evident in an average length of employment figure of 6.5 years (previous year: 7.0 years). For lifelong learning and international career pathing we have a range of language courses, seminars and other offerings in the areas of health, workplace safety and sports aimed at helping employees reach their full potential. Our remuneration structure, comprising fixed and in some cases variable salary components, furthermore ensures that individual employee performance is fairly compensated. At the 2023 reporting date DATA MODUL Group employed 565 staff, as compared to 494 in the previous year. The average workforce headcount for the year increased 7.6% to 525 staff members (previous year: 488 staff members). The Group employed staff from more than 35 different nations at the various corporate subsidiaries. In the fiscal year just ended, we again provided apprenticeships to many young people. At the balance sheet date, the Group employed 27 apprentices.

[26] EBIT/equity ratio (KEUR 22,296 / KEUR 145,636)
[27] EBIT/revenue ratio (KEUR 22,296 / KEUR 283,235)

3. Risks and Rewards; Forecast

3.1 Risk report

Global economic trends, exchange rate and interest 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. As a multinational enterprise, DATA MODUL Group is exposed to a number of risks which are inextricably linked to our business activities. Efficient management of these risks is of key importance as they serve as an early warning system.

The term “risk” refers to possible occurrences or the potential of events/developments occurring which directly or indirectly affect our ability to achieve our business targets and objectives. We have risk management processes in place to effectively identify, gauge, manage and monitor such potential developments with the aim of ensuring that the Company can efficiently attain its goals while minimizing possible negative impacts.

Risk is inherently bound up with entrepreneurial activity, thus we see it as our responsibility to systematically analyze risks relevant to our business and take appropriate measures in response. Such measures enable us to anticipate potential negative consequences and take a proactive stance so as to ensure the long-term stability and prosperity of our company. We take a balance approach to gauging opportunities and risks, conducting risk management with the goal of sustained success as a business enterprise.

Risk management system

Strategic principles

The DATA MODUL Group risk management system is intended to render transparent and manageable any known and arising risks and opportunities in the daily business operations of all Group companies.

This risk management system has been modified for the Company's specific situation on the basis of the COSO framework. We view risk management as an ongoing process of recording, analyzing and assessing whenever possible the complete spectrum of potential and actual developments, and managing these accordingly. Risk management is an integral part of our corporate management system. The aim is to identify risks early on which could jeopardize our growth or our continuing existence as a going concern, allowing us to take appropriate measures to contain potential impact. More is involved however than just managing risk, namely the identification of potential opportunities as the other side of the coin, from which DATA MODUL could benefit. Our risk policies are thus designed to enable sustainable growth, increasing our enterprise value. To achieve this, all employees, including decision-makers in particular, must be aware of any existing and potential risks to which the Company is exposed. A wide array of instruments are integrated into business processes to achieve this goal, which facilitate management on all tiers of the Group's hierarchy.

Organization and responsibilities

The DATA MODUL Executive Board bears overall responsibility for effective risk management; the Board defines the Company's risk-bearing capacity levels and decides on actions to be taken in response to particularly significant, core risks. It also updates the Supervisory Board regularly concerning the Company's risk exposure. Risk management is the responsibility of the Group Controlling department, ensuring that ongoing risk monitoring is an integral part of regular business management rather than a mere response to specific risks. This function enables better identification of risks affecting the entire Group. The Group Controlling Department coordinates risk management processes, assists responsible staff with all risk management aspects, defines risk thresholds, and is responsible for adequate reporting.

Each department and business segment has been assigned a risk manager charged with identifying, analyzing and monitoring risks within his/her area of responsibility. This individual initiates risk response measures and their implementation after consultation with Risk Control or the Executive Board. Our risk management manual, available to all staff, outlines all relevant risk management components.

Risk identification

The risk management process starts with the identification of key risk factors and risk sources in the respective operational and functional risk areas on a quarterly basis, using suitable tools such as interviews, checklists and questionnaires. We involve the individual departments in the risk inventory process so as to heighten risk awareness, which requires rendering emerging risks transparent. The goal is to identify risks before events occur causing damage to the Company. Risks are classified according to defined risk categories and documented as to their source, the actual risk involved and their potential impact on the Company. All risks are recorded in a risk catalogue and then analyzed and assessed.

Risk assessment and risk management

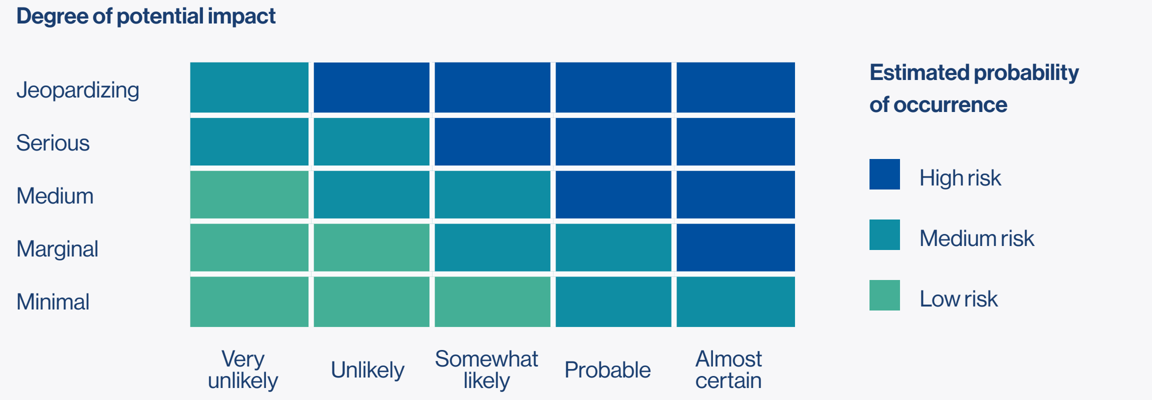
Risks are assessed as to their potential impact and probability of occurrence, taking risk correlation factors into account. The Group's key performance metrics for the current and future years serve as reference points. If quantitative risk assessment is not possible, a qualitative method is used to assess impact. The tables below show the scales applied for gauging these two metrics (degree of impact and probability of occurrence), the risk classification matrix based thereupon and changes in the risk situation versus the previous year. The risk analysis results are presented within a risk portfolio in relation to risk-bearing capacity, which proceeds from the amount of equity carried on the balance sheet. A given risk is classified as "high", "medium" or "low" depending on the degree of potential impact on the Company's business operations, financial position, financial performance, cash flows or reputation, and on the estimated probability of occurrence. Depending on the risk perception and position, the Company introduces different risk strategies and specific counter-measures. A staff member is then charged with implementation of these measures. Risk control measures are implemented based on our strategic risk principles.

Risk monitoring and reporting

Risks are subject to constant change, thus they are continuously monitored by the risk owners and risk officers as to changes and to the adequacy and efficiency of the risk strategy currently in place. Constant monitoring of proposed risk response measures and reporting on their status is an important risk control tool. The monthly Executive Board report includes risk reporting by risk category and type as a standard reporting element. This ensures that management has the Company's overall risk situation in view. We thus prepare a quarterly risk report and discuss risks and opportunities for the individual DATA MODUL business segments in monthly, quarterly and year-end financial statement meetings.

Additional ad-hoc risk reporting ensures that the Executive Board is always up to date regarding any significant newly arising risks. Our business segments are closely related, thus opportunities and risks relevant for managing the corporation are viewed at the overall group level rather than by individual segment. These are not the only risks we are exposed to. Other risks which have not yet identified or which have been considered immaterial could also potentially impact our business. As of the reporting date we were not aware of any risks which could jeopardize the Group as a going concern. Opportunities and risks are presented on a net basis, i.e. netting out any offsetting effects.

Risk classification matrix



a) Corporate strategy risk

Profitable growth of our business is the goal behind our business activities. Corporate decisions on investing and acquiring equity stakes are made accordingly, with that objective in mind. Our portfolio of embedded and touch systems successfully introduced in the marketplace a few years ago has become integral to our business activities.

Corporate strategy risks may result from internal projects and strategic decisions which fail to meet expectations. Investments made may not pay off, for example, or the decision to evolve into an end-to-end system solutions provider may prove inadvisable. We conduct regular monitor and analyze the market for the systems segment in order to manage such risk. Our overall exposure level in this risk category is seen as low.

b) Market risks

General economic conditions and sales risks

Demand for DATA MODUL products is subject to a certain amount of cyclical fluctuation and volatility. In addition, demand rises and falls in line with the economic cycles in our primary markets, and could decline in future.

The military conflict between Ukraine and Russia is causing major uncertainty and volatile conditions. Hardened fronts reminiscent of trench warfare have become established, and it remains unknown how the situation may further evolve. The attack by Hamas on Israel in October of last year may cause further escalation of tensions in the Middle East, with potential for other countries to get involved. Escalation of the conflict will further limit economic prospects and exacerbate political instability. No signs are evident at this time of any easing of tensions in the near future. DATA MODUL has not had any significant business relationships with customers or suppliers in those two countries, and has none at this time.

The current economic situation is uncertain, and our business could be impacted. The deteriorating German economy with high inflation, slow economic growth and trade policy conflicts on a global level, poses a challenge. The US-China trade war has created further international market uncertainty, impacting both sales and purchasing.

DATA MODUL primarily operates in markets characterized by a great deal of innovation and rapid technological change. Thus there is always a risk that the Company will not be able to adapt fast enough to new market trends or new technologies, and therefore lose market share to competitors. We maintain very close contact with leading display manufacturers and our customers in order to minimize this risk. There is no guarantee of sustained success simply by going along with market trends; such decisions may prove inadvisable in the long term. Losing key customers to competitors represents another substantial risk to DATA MODUL's business. Changes in legislation and new regulations may affect sales in certain industries and target markets.

We aim to be the innovation and technology leaders in our markets. This and the fact that we operate in markets driven by innovation pose particular challenges regarding our product portfolio and services. The flatbed displays business is highly competitive. Additionally, it is normal for prices of some of our products to fall during their life cycle. The ability to develop and successfully market new products that meet the market's needs will be of ever-greater significance in the future. We are addressing these challenges by intensifying our research and development efforts, although this is increasingly bringing us into direct competition with our Chinese suppliers — and the Chinese are known for their agility. We strive to identify our customers' requirements early on and respond to their needs with appropriate products. Our overall exposure level in this risk category is seen as high.

Procurement risks

The market for flatbed displays is dominated by a small number of manufacturers, almost all of which are based in Asia. As long as the China-Taiwan conflict does not escalate, bottlenecks affecting the chip and glass industries will not likely be seen in 2024. We are increasingly focusing on logistical risks connected with the shipment of goods from the Far East over to Europe. Tensions around the Suez Canal are causing longer delivery times and driving up shipping costs. Active inventory management and strategic, forecast-based purchasing are conducted in order to manage these risks. Because we concentrate on a small number of suppliers and have to maintain inventories, impairment losses may have to be recorded on inventories if customers postpone delivery or cancel orders. The risk of declining prices is taken into account when valuing inventories, in accordance with our accounting rules. The average inventory service level was increased from 159 days in the previous year to 169 days for the year under review in order to better manage existing supply chain problems. Persistent inflation creates procurement price risk, which we manage by continuously reviewing our margins for price adjustment potential on the sales side.

DATA MODUL has been carefully monitoring and assessing the economic, political, legal and social environment in order to take account of any arising risks or opportunities in our decision-making processes at an early stage. Our overall exposure level in this risk category is seen as medium.

c) Operational risks

Product risk

DATA MODUL has increased vertical integration of production in order to add more value for customers. This involves product quality and customer satisfaction risks, however. Systematic quality assurance processes have thus been implemented which play a key role in our value chain, enabling us to meet customers' expectations. Given increased production capacity utilization, general production process risks may manifest which compromise our ability to deliver. Our QA department performs regular supplier audits, which we view as important for ensuring quality and reliable deliverability in our supply chain.

Being the quality leader gives us an edge over our competition, and it is our goal to retain and widen that edge. This requires us, however, to rapidly identify and fix any product weaknesses, an ability we enhance through constant innovation and quality improvement. We are liable to our customers for the quality of our products. We thus view quality management and quality assurance as essential for minimizing this risk. Nevertheless, experience has shown that a minor amount of risk remains. Legal disputes arise in connection with ordinary business activities, involving claims over improper product delivery or service provision, product liability, product defects, quality problems and title infringements. There is no guarantee that DATA MODUL's reputation will not suffer from these or other legal disputes.

Defective products may lead to warranty claims against companies of the DATA MODUL Group, or these companies may be held liable for damages. We have recorded provisions for warranty claims and legal disputes to the extent we believe such obligations will probably exist and the amount of damages can be adequately assessed. Certain legal risks are covered by appropriate insurance policies which are commonly used in the industry.

Avoiding errors in the development process is crucial in order to ensure the quality and reliability of our products. We are well aware that development errors can be costly and can negatively impact our reputation, which is why we have implemented defined processes and use comprehensive checklists to target potential causes of errors. These structured workflows ensure that a systematic review process is conducted with validation points throughout the entire development cycle. We implement clear policies and standardized procedures to minimize risk of errors, thus improving our ability to deliver high-quality products to our customers. Our overall exposure level in this risk category is seen as low.

Production risks

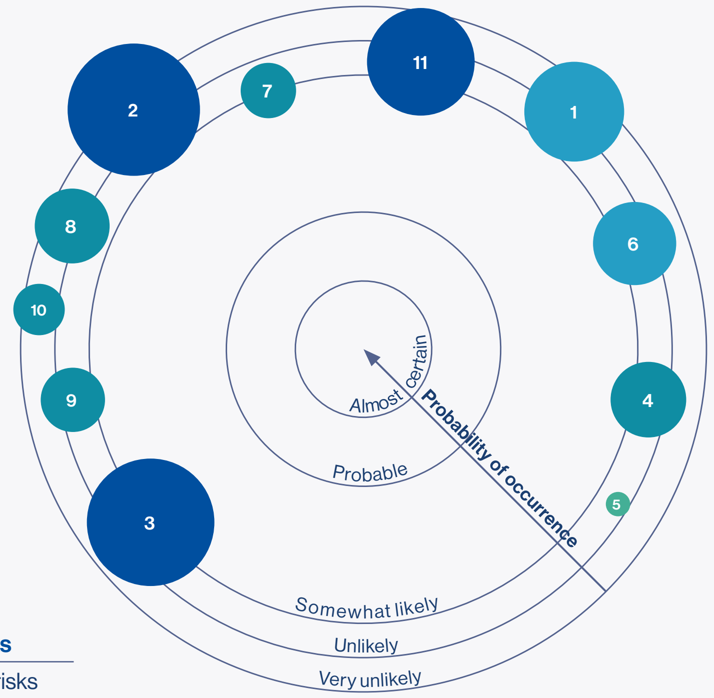
Managing production risks is essential to ensure smooth and efficient operations. Our goal in this area is to ensure that the processes involved in the manufacture of our products run as

Risk portfolio

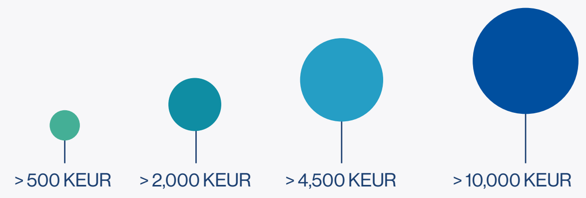
Explanatory notes:

Estimated probability of occurrence
Very unlikely < 10%
Unlikely < 20%
Somewhat likely < 60%
Probable < 80%
Almost certain > 80%

Circle size =
potential impact before
risk management measures



Risk category	No.	Substantial risks
Strategic risks	1	Business model risks
	2	Economic risks
Market risks	3	Sales risks
	4	Procurement risks
Operational risk	5	Logistical risks
	6	IT-related risks
	7	Personnel risks
	8	Production risks
	9	Product risk
Stakeholder risks	10	Compliance risks
	11	Financial risks



smoothly as possible with minimum deviation. Our locations in Weikersheim and Lublin, Poland utilize identical production technologies, as this minimizes risk of a full production infrastructure failure. Risk of a complete production outage due to technical failure is thus avoided, which in our view is clearly advantageous for production. We furthermore conduct regular maintenance and comprehensive inspections at our production facilities. Such preventive measures help identify any production defects at an early stage, allowing their elimination, thus affording maximum reliability and efficiency for our manufacturing processes. Long-term contracts with utility providers are in place to manage the risk of rising energy costs. Emergency generators were procured for the Weikersheim and Lublin sites to ensure that the Company will still have power in the event of a blackout.

DATA MODUL is furthermore exposed to external risks such as natural disasters, fires and accidents. Business activities could be interrupted in case of damage to the Group's buildings, production facilities and/or warehouses. We contain these risks in various ways. In addition to insurance coverage, we have implemented emergency procedures to mitigate potential negative effects. Our overall exposure level in this risk category is seen as low.

IT-related risks

IT risks have become a primary concern for enterprises as the business environment has become ever more digitalized. Ensuring the integrity, availability and security of information technologies for confidential purposes is crucial as part of proactively identifying and managing potential threats to data, systems and business processes. Adequate approval procedures, access profiles and technologies are deployed to contain potential sources of harm. Critical data files are backed up on a daily basis, and we perform regular disaster recovery testing. Special attention was devoted to IT security in a review conducted in the wake of a cyber attack. Increased security measures were then taken to better defend against attacks going forward and prevent the loss, modification and/or theft of data. In addition to ensuring that all employees undergo regular mandatory training, investments were also in IT infrastructure, i.e. software and hardware. These measures, including new security protocols and optimized backup procedures, help reduce the risk of falling victim to cyberattack. In addition, our protective measures are tested by external experts to verify their effectiveness and efficiency. Our IT systems are continuously checked and improved to ensure the security and efficiency of our business processes on an ongoing basis. Furthermore, employees are required to comply with our IT policies. Our overall exposure level in this risk category is seen as medium to high.

Personnel risks

Management believes that the success of DATA MODUL Group depends on our comprehensive expertise and years of experience in the field, and on the high level of motivation and commitment of our employees. Our human resources policies are designed to fulfill the Company philosophy of “success through competency and responsibility”. The Group is responding to ever-intensifying competition for highly qualified specialist personnel and managers, and the associated risks of losing know-how through staff turnover, by providing attractive training opportunities, targeted staff development offerings and performance-based pay components and remuneration schemes. DATA MODUL's flat hierarchical structure, open communication policy and continuous knowledge-sharing promote employee satisfaction. We secure new talent for the Company by regularly providing apprenticeships for many young people. Our overall exposure level in this risk category is seen as low.

Logistical risks

Attacks on ships conducted by Houthi rebels and other recent events have demonstrated how war, natural disasters and other disruptions can significantly impact international logistics. Such unforeseen incidents can cause delays and require route changes, resulting in unexpectedly high freight costs. To manage logistics risks, transportation insurance has been obtained covering relevant financial losses, and regular price surveys have been introduced as a policy to enable flexible response to market fluctuations. Our overall exposure level in this risk category is seen as low.

d) Stakeholder risks

Financial risks

Our global business activities result in many payment flows in various currencies. The foreign currencies of greatest significance for the Group are the US dollar, Polish zloty, Japanese yen, Hong Kong dollar and Singapore dollar. The Group is exposed to risk from foreign exchange rate movements, thus hedging is an integral part of our risk management strategy. We mainly use natural hedges to hedge against risks from foreign currency business transactions calculated in euros. Foreign exchange hedges are employed to secure our calculated margins, avoiding potential foreign exchange losses, which would increase the cost of purchased components. The credit facilities available for financing our global business operations are subject to interest rate risks. Increased loan interest led to increased interest expense on the consolidated financial statements. In certain cases, membership in the ARROW Group has been detrimental for DATA MODUL's rating with lenders.

Currently the DATA MODUL Group has credit lines and bank guarantees for a total amount of 48,000 thousand euros (20.06% utilized as of the reporting date). These credit facilities have been granted by various banks under bilateral agreements in force at this time. Credit agreements with banks do not contain financial covenants besides the usual quarterly reporting obligations. Management believes we will continue to have these credit lines at our disposal in the same amounts or amounts which meet our requirements. The Group's liquidity situation remains good; at this time we have no liquidity risk problems, as in the past.

Default risk exists in that a contractual partner may be unable to fulfill or may be delayed in fulfilling obligations, causing DATA MODUL to suffer financial losses. In order to contain bad debt risks we verify our customers' credit standing and obtain trade credit insurance for trade accounts receivable. In some cases, precautionary/surety measures are agreed directly with the customer when deemed necessary. The average days sales outstanding (DSO) figure for 2023 was 52.32 days (previous year: 50.79 days). No increase in bad debts is anticipated in fiscal year 2023 in view of our existing commercial credit insurance and credit checking procedures. Our overall exposure level in this risk category is seen as low.

Compliance risks

DATA MODUL is subject to many different laws and regulations as an enterprise with international operations and access to capital markets. The international business practices of the corporate group are thus influenced by wide-ranging compliance requirements and tax and customs regulations, which furthermore change over time. Non-compliance, including any breach of the EU General Data Protection Regulation (GDPR), can result in significant fines, additional expense and negative media coverage for the Company. The Company is also exposed to risk through the potential for violations of applicable laws and regulations by its employees. DATA MODUL proactively manages such risk by obtaining professional legal and tax advice on an ongoing basis. The Company closely monitors legislative changes and takes measures as necessary to ensure that its business practices conform with applicable laws. The Company has implemented internal control mechanisms to this end, and Company employees receive compliance training as necessary. Our overall exposure level in this risk category is seen as low.

Findings

The Executive Board saw no risks which pose a going-concern threat to the DATA MODUL Group as of the reporting date, and does not foresee any arising in the near future, nor did risks in aggregate pose an evident going-concern threat to the DATA MODUL Group as of the reporting date.

Internal controls and risk management with regard to Group financial accounting

Our internal control system, which is based on the COSO Framework, comprises the standards, processes and measures introduced by Company management and aimed at organizational implementation of management decision-making to ensure efficient and cost-effective operations (including asset security and the prevention and discovery of pecuniary losses), correct and reliable internal and external invoicing, and compliance with legal requirements applicable to the Company.

DATA MODUL has Group-wide controlling instruments deployed as part of the internal control and risk management system and utilizes financial performance indicators and metrics. Target vs. actual comparisons of financial performance indicators are used principally to measure attainment of DATA MODUL objectives. Project cost control and the degree of deviation from planning are especially important performance indicators. Performance indicators are checked versus quantitative and qualitative non-financial indicators. DATA MODUL monitors these indicators as part of integrated project management and controlling. The DATA MODUL AG Executive Board receives periodic reports and ad-hoc reports as necessary. In the reporting, all projects are thoroughly analyzed, taking into consideration the complete set of performance indicators.

Accounts receivable are regularly reviewed to ascertain any value impairment. The Company consults credit agencies to verify credit standing prior to the first-time customer delivery, and periodically thereafter. As soon as there is any indication of a change in a customer's credit standing, a new credit check is performed. Corresponding impairment losses are recorded as necessary.

DATA MODUL ensures the correctness of its financial accounting through use of an internal control system. The internal control system is structured with measures of an organizational and technical content, such as coordination processes, automated plausibility segregation of functions.

The Executive Board bears overall responsibility for the internal control and risk management system with respect to the financial accounting processes of consolidated companies and to Group consolidated accounting processes. A strictly defined management and reporting structure regulates the inclusion of all companies, strategic business segments and departments in the Consolidated Financial Statements.

Business principles, organizational structures, workflows and accounting-related processes comprising the internal control and risk management system are documented in Group-wide organizational policies which are regularly updated in response to the latest external and internal developments.

With respect to the accounting processes of consolidated companies and Group accounting processes, we consider those aspects of the internal control and risk management system to be of material importance which have a major impact on our business accounting and on the overall view presented in the Consolidated Financial Statements and the Group Management Report. In particular, these are as follows:

- Identifying material risk and control areas relevant to Group-wide financial accounting,
- Monitoring of Group accounting processes and their results on the levels of the Group Executive Board, the strategic business segments and the Group companies included in the Consolidated Financial Statements,
- Preventive control measures in Group finance and accounting and at the consolidated companies as well as operating, performance-related business processes, generating material information for inclusion in the consolidated financial statements including the Group management report, including segregating of functions and controlling of predefined approval processes in relevant areas, and

- Measures to ensure appropriate computer-aided processing of Group accounting-related issues and data.

3.2 Opportunities
Alongside risk factors, we also identify opportunities arising in the course of our business operations, which we analyze in order to take steps accordingly. The most significant opportunities are outlined below, prioritized by their current estimated significance for DATA MODUL. The opportunities outlined below are not necessarily the only ones perceived. Also, the estimated impact of these opportunities is subject to regular change due to the rapid developments constantly taking place within the Company and our markets as well as to technology in general. New opportunities may arise from such changes, and existing opportunities may become less or more pertinent. It is also possible that opportunities perceived today prove to be unrealizable.

Opportunities are defined as uncertain events or circumstances that can have positive impact with regard to the attainment of our corporate objectives. The risk management process is conducted based on a recognition that uncertainty is not something inherently negative. Rather, uncertainty can mean that opportunities exist, which we view as potential for advantageous developments that can move the Company forward when correctly identified and acted on. Our risk management approach is designed to allow risk identification and management on the one hand, and the proactive identification and exploitation of opportunities on the other. In taking this holistic approach, we strive to minimize possible negative impacts while pursuing positive ones. Systematic engagement with opportunities enables us to fully exploit the available business potential, so that our our Company can be successful over the long term.

Economic environment and product portfolio.
We live in a world of fast information flows. Receiving, processing and responding to information from every corner of the world has become an important factor in everyday life. In the coming years, information will be increasingly communicated via displays. It is a world in which people's quality of life will be directly affected by technological progress. Our products are a meaningful, important contribution to that end, which is why we take care to offer the right products for each individual market.

Changes in general economic conditions present opportunities for DATA MODUL as well. We believe DATA MODUL will see rising profits over the next two fiscal years (see Forecast Report). This view is based on the moderate recovery of the global economy forecast for the medium term and the fact of our increasing investment in modern communication media (see Management Report, section 3.3. Forecast).

We base these growth expectations on our heightened R&D efforts in the field of control electronics and in our industry-related business, in which we operate as OEM supplier of specially developed niche products. Our newly developed expertise in touch and optical bonding technology and in display production for curved modules hold additional potential. A number of orders have been received from customers which are indicative of how much potential there is.

Attractive growth opportunities for DATA MODUL also lie in further globalization of our business. Expansion of our business activities in the US and China will open up growth opportunities. We believe these factors will enhance our enterprise value over the long term, and rate the opportunity level here as high.

Acquisitions and competition
We look out for acquisition, investment and partnership opportunities which could help us consolidate on our technology leadership, tap market potential and further optimize our product portfolio, and we continue observing the situation in our current markets with regard to opportunities for strategic partnerships and acquisitions augmenting our organic growth. Such activities can further efforts to strengthen our position in our current markets, enter new markets and add select areas of technology to our portfolio.

The intense competition in the markets in which we currently operate constantly challenges us and our customers to strive for innovation. The DATA MODUL business model provides a good basis for realizing these business opportunities. However, the present market situation holds opportunities as well for gaining market share through weaker competitors potentially exiting the market. Because our business units operate in different market and industry segments, DATA MODUL has little dependence on particular industries. We rate the opportunity level here as medium.

Adding value
DATA MODUL AG may be able to better manage costs by relocating value-creating activities to lower-cost countries. This goal is to be accomplished in part through our expanded production site in Poland. Transferring certain value-adding activities, such as procurement, production and maintenance to markets such as the BRICS countries would allow us to reduce costs and strengthen our global competitive standing, particularly with respect to competition from countries where cost structures are more favorable. Additionally, we are working to develop and implement cost-cutting initiatives, adjust capacity, improve processes and rebalance our portfolio constantly. In highly competitive markets, competitive cost structures enhance the competitive advantage of innovation capability.

We believe DATA MODUL is well positioned to take advantage of market opportunities opening up in the fiscal years ahead thanks to our portfolio of cutting-edge products and advanced technology development capability and see a high likelihood of their occurrence.

Nonetheless, uncertainties remain which could endanger any sustainable improvement in business conditions (see point 2.2. 'General economic and industry conditions' and point 3.3. 'Forecast' in the Management Report).

3.3 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 the time of report preparation 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.

General economic conditions
The global economy continues to be subject to a high level of risk in view of the ongoing tensions characterizing the geopolitical environment.[28] In particular, there is uncertainty as to how much the major interest rate increases implemented by the central banks of Western nations will slow the economy, reining in inflation. It is believed nonetheless that the economy will slowly pick up after a weak start to 2024, and that inflation will gravitate towards central banks' target levels after a temporary rise at the start of the year. Following on the Fed's mid-year lead, other Western central banks could lower interest rates, although the ECB is unlikely to take action until late summer of 2024. If another shock should occur in the interim, there would likely be serious consequences given the severely limited monetary and fiscal policy options to deal with such a development.

The first and second halves of the year 2024 will likely differ in how they play out economically. While the wars in Ukraine and Israel are unlikely to escalate further, markets could once again focus on the conflict in the Middle East in the first half of the year, causing a temporarily rise in oil prices, driving financial markets into risk-off mode. This in turn could negatively impact on consumer confidence. US consumers are increasingly feeling the effects of higher interest rates and the slackening of the labor market. Rising unemployment in Europe is furthermore expected to erode consumer purchasing power, undermining the easing of pressures from falling inflation. Rising interest rates are expected to cause problems for businesses on both sides of the Atlantic, which will likely respond by reducing their level of investment. China is anticipated to see economic recovery despite persistently high youth unemployment weighing on consumer sentiment, and even though the country's still-consolidating real estate sector will not be able to match its performance in previous cycles. That will likely continue into the second half of the year. The US and Europe are expected to see slight economic recovery, however.

The phase of stagflation Germany has been stuck in for over a year will likely persist through the start of 2024, with a temporary rise in inflation (average annual CPI forecast at 2.7 percent year-over-year) and a weak consumer climate. The government's fiscal austerity measures, taken to comply with the legislated spending halt, combined with a cocktail of tax increases and subsidy elimination, will put a strain on the economy. Yet the country is expected to recover in the second half of the year on the assumptions that inflation will fall further below the rate of nominal wage growth, consumer spending will pick up and the ECB will cut interest rates. More favorable refinancing conditions will likely spur corporate investment. Housing prices should bottom out in 2024, with construction and consumer-related sectors recovering somewhat. Leading economic institutes are forecasting a slight 0.3% year-over-year increase in real gross domestic product for Germany.

DATA MODUL outlook for 2024
The global economic environment in 2024 will be principally shaped by major central banks' reversing course, weak growth in Europe and risk of recession in the US. Inflation will gradually subside and economic growth will accelerate starting around the mid-year mark. Year-over-year growth of 2.4% is projected for the global economy.

Political factors will again pose the greatest risk for the economy in 2024. The power struggle between the US and China represents a threat to international order and world trade. The upcoming US presidential elections create further uncertainty. Regional conflicts and struggles over access to

[28] BayernLB Research, Perspektiven report 1/2024

raw materials (especially energy commodities) and to intermediate products could pose new challenges for Germany's export-oriented economy. The Russian war in Ukraine and the war in Israel are still troublesome conflicts on our doorstep. Fiscal austerity measures taken by the federal government could slow the transformation of the economy, worsening the recession. And high interest rates of course create further risk of declines in the financial markets and the real estate market. Risks from the potential appearance of an aggressive or resistant mutation of the coronavirus and resulting lockdowns and supply chain problems have subsided, but such developments cannot be ruled out. Economic opportunities lie in the potential recovery of consumer spending due to real wage increases and increased investment activity as interest rates fall. If China should stage a comeback as international buyer for the electronics and mechanical engineering industries, production expansion could result .

DATA MODUL is starting off the year 2024 under a realigned strategy titled "Display the Future 2028", laying out the path forward as we build on our proven strengths. Strategic policies are in place to keep us focused on sustainable global growth in a consolidating market which at the same time is becoming increasingly complex. Our products are to be even more closely aligned with the needs of our target markets, and we intend to offer an even more comprehensive range of innovative products and solutions so as to become a stronger global competitor for the long term.

A sustainable business is a future-proof business, objectives around which are firmly anchored in our global strategy program "Display the Future 2028" — in part to ensure conformity with meet legal requirements. In phases we will be building up the structures and processes necessary for this, launching a project aimed at developing a comprehensive sustainability strategy and promoting resource-conserving business practices.

We aim for balanced sales growth in Europe, the US and Asia, with Germany remaining the backbone of the Group's business. Plans are in place to further develop sites in Poland, China and the US as part of efforts to expand capacity on a 'local for local' basis. Currently the Group has plans for total capital expenditure of 3 - 5 million euros. Depending on the developments in fiscal year 2024, we will either invest the full amount or reserve part of the funds. We will be holding to our strategic course, concentrated on the 'three I's' as the factors behind our success: "investment, innovation, internationalization". We intend to leverage the extensive experience we have gained through 50 years of working with display technologies, capitalizing on emerging global trends to develop solutions around more energy-efficient and resource-saving products, and entering new markets, such as artificial intelligence and digital health. Thus despite a challenging and uncertain global market environment, we see attractive business opportunities for DATA MODUL in 2024 and the years to come.

Within the next two years, larger investments may also be made to acquire smaller firms. This will subsequently accelerate our organic growth while strengthening our product portfolio and our global presence. We plan to finance these investments from operating cash flow and existing credit lines.

These plans are made on the basis of a number of assumptions, including particularly projected revenue. A detailed, reliable forecast is not possible due to the inability to determine the extent to which stabilizing factors could compensate for uncertainties. Because of the aforementioned risks and opportunities, actual circumstances for DATA MODUL could differ from our projections, either positively or negatively. Our projections are based on the following assumptions:[29]

- German economic growth: 0.3%
- European economic growth: 0.6%
- US economic growth: 1.5%
- Global economic growth: 2.4%
- Stable USD and JPY exchange rates, commissioning of additional machinery at our production sites.

Summary
We believe the only minor recovery anticipated in combination with the general economic and geopolitical risks we face will mean that businesses will have to be flexible and able to adapt to a dynamic market situation. Geopolitical tension stemming from the Middle East and Ukraine combined with record inflation, a volatile order situation and labor shortages are posing challenges for businesses, and we intend to meet these challenges with decisive action based on prudent forethought. The year 2024 will be a time of transition, and in our constantly changing environment we may have to change course in response, aware that our decision-making will always be subject to a high degree of uncertainty. In anticipation of an economic upturn leading out of recession by mid-2024, the Executive Board foresees slightly declining performance for the DATA MODUL Group. Despite lower growth expectations we nonetheless project rising revenue long-term thanks to expansion of our business activities in the US and China, and to our newly developed expertise in touch, optical bonding and embedded technologies. The global digitalization trend is also favorable for the Displays business.

[29] BayernLB Research, Perspektiven report 1/2024

The 'war for talent' will continue to pose challenges in 2024, thus we will remain focused as an employer on recruiting high-energy younger people for long-term careers, on rewarding performance and on developing the skills and competencies of our personnel. Promoting and retaining top performing staff will be a top priority, as before. We foresee our workforce steadily expanding in the years ahead as we systematically hire dedicated individuals who are internationally oriented team players.

The Executive Board does not rule out the possibility of our key performance indicators turning negative if the economy fails to emerge from recession by returning to slightly positive economic growth within the near term.

Group objectives	Increase in 2024	Fiscal year 2023
Orders received	-20 to 0%	253.6 million euros
Revenue	-20 to 0%	283.2 million euros
EBIT	-50 to -20%	22.3 million euros

4. Control of capital

a) Subscribed capital
DATA MODUL AG is classified as a technology firm and has 10,578,546 euros of share capital. The shares are listed on the Regulated Market in Frankfurt (in the Prime Standard trading segment since January 1, 2003), on Xetra and in Munich and also trade on the Open Market in Berlin, Düsseldorf, Hamburg and Stuttgart. The Company's share capital is comprised of 3,526,182 no-par value bearer shares. Each share represents 3.00 euros of subscribed capital.

At the balance sheet date, DATA MODUL AG held no treasury shares, thus the number of shares outstanding was 3,526,182.

b) Significant shareholders
The disclosures per Sec. 315a (1) no. 3 of German Commercial Code (HGB) of direct and indirect holdings of share capital exceeding ten percent of voting rights are published in the notes to the Consolidated Financial Statements.

c) Voting rights restrictions
The Executive Board is not aware of any restrictions on the transfer of shares such as rights of first refusal or lock-up clauses. Likewise, there are no restrictions on voting rights or controls, and no shareholders hold special rights of any kind.

The statutory provisions are observed when appointing and replacing members of the Executive Board. Changes in Executive Board composition are made in accordance with Secs. 84, 85 German Stock Corporation Law (AktG); changes to the Articles of Incorporation are made in accordance with Secs. 133, 179 German Stock Corporation Law.

5. Corporate governance declaration

Sec. 289f of German Commercial Code (HGB) mandates that the Executive and Supervisory Boards have to submit a corporate governance declaration. This declaration is made available to the public on the Company website www.data-modul.com in the Investor Relations/Corporate Governance section.

6. Closing statement of the Executive Board on relationships with affiliated companies

In fiscal year 2023 DATA MODUL AG was a controlled affiliate of Arrow Central Europe Holding Munich GmbH, Munich, Germany, pursuant to Sec. 312, German Stock Corporation Act. The DATA MODUL AG Executive Board thus compiled an Executive Board report on relationships with affiliated companies in accordance with Sec. 312 (1) German Stock Corporation Act (AktG) containing the following closing statement:

"The Company's Executive Board declares that DATA MODUL AG received consideration for all legal transactions stated in this Report on Relations with Affiliated Companies which was appropriate in light of the circumstances known to the Executive Board at the time the transactions were undertaken. No other actions were undertaken or omitted under the direction or in the interest of the controlling company during the fiscal year under review."

Munich, March 21, 2024

Dr. Florian Pesahl
Chief Executive Officer
DATA MODUL AG

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Consolidated Statement of Financial Position

as of December 31, 2023

Assets	Notes	12/31/2023	12/31/2022
Non-current assets			
Goodwill	[9]	2,419	2,419
Intangible assets	[9]	2,540	2,719
Property, plant and equipment	[9]	22,892	17,525
Right-of-use assets	[10]	15,581	11,310
Capitalized costs to fulfill a contract	[11]	9,136	9,927
Deferred tax assets	[7]	627	912
Total non-current assets		**53,195**	**44,812**
Current assets			
Inventories	[12]	100,215	109,803
Trade accounts receivable Including impairments (2023: 109; 2022: 408)	[13]	41,057	37,577
Contract assets	[13]	3,145	3,235
Tax receivables	[13]	643	429
Other current assets	[13]	4,149	3,871
Other current financial assets	[13]	2,487	6,637
Cash and cash equivalents	[14]	14,324	15,669
Total current assets		**166,020**	**177,221**
Total assets		**219,215**	**222,033**

All figures in KEUR

Liabilities and shareholders' equity	Notes	12/31/2023	12/31/2022
Shareholders' equity			
Share capital no-par-value bearer shares (shares issued and outstanding: 3,526,182 as of 12/31/2023 and as of 12/31/2022)	[15]	10,579	10,579
Capital reserves	[15]	24,119	24,119
Retained earnings	[15]	109,957	96,165
Other reserves	[15]	981	917
Total shareholders' equity		**145,636**	**131,780**
Non-current liabilities			
Pensions and non-current personnel liabilities	[16]	1,119	1,154
Non-current provisions	[17]	252	246
Non-current contract liabilities	[18]	7,290	8,039
Non-current lease liabilities	[10]	14,802	11,411
Deferred tax liabilities	[7]	1,334	1,619
Total non-current liabilities		**24,797**	**22,469**
Current liabilities			
Trade accounts payable		20,956	19,708
Current contract liabilities	[18]	150	206
Current lease liabilities	[10]	3,082	2,402
Taxes payable	[19]	3,735	4,487
Current provisions	[17]	1,614	1,733
Liabilities due to financial institutions	[20]	8,032	20,021
Other current liabilities	[19]	7,906	11,414
Other financial current liabilities	[19]	3,307	7,813
Total current liabilities		**48,782**	**67,784**
Total liabilities		**73,579**	**90,253**
Total liabilities and shareholders' equity		**219,215**	**222,033**

All figures in KEUR

Consolidated Statement of Income

for the period January 01 to December 31, 2023

	Notes	2023	2022
Revenue	[1]	283,235	276,053
Cost of sales	[2]	(223,650)	(212,247)
Gross margin		**59,585**	**63,806**
Other operating income	[3]	49	103
Research and development expenses	[4]	(7,152)	(6,660)
Selling and general administrative expenses	[5]	(30,186)	(30,082)
Income from investments		0	(18)
Earnings before interest and taxes (EBIT)		**22,296**	**27,149**
Financial income	[6]	457	679
Financial expense	[6]	(1,861)	(949)
Earnings before taxes		**20,892**	**26,879**
Income tax expense	[7]	(6,405)	(8,512)
Net income for the year		**14,487**	**18,367**
Earnings per share – basic	[8]	4.11	5.21
Earnings per share – diluted	[8]	4.11	5.21
Weighted average number 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 Comprehensive Income

for the period January 01 to December 31, 2023

[15]	2023	2022
Net income for the year	**14,487**	**18,367**
Other comprehensive income (loss)		
Other comprehensive income (loss) to be reclassified and reported in profit or loss in subsequent reporting periods		
Adjustments from currency translation of foreign subsidiary results	64	195
Adjustments from currency translation of a net investment in a foreign operation	(218)	(640)
Attributable tax effects	77	206
Total other comprehensive income to be reclassified and reported in profit or loss	**(77)**	**(239)**
Other comprehensive income not to be reclassified and reported in profit or loss in subsequent reporting periods		
Actuarial gains/losses [16]	(70)	203
Attributable tax effects	(62)	(62)
Total other comprehensive income not to be reclassified and reported in profit or loss	**(132)**	**141**
Total other comprehensive income	**(209)**	**(98)**
Comprehensive income after tax	**14,278**	**18,269**

All figures in KEUR

Consolidated Statement of Cash Flows

for the period January 01 to December 31, 2023

	Notes	2023	2022
Cash flows from operating activities	[7]		
Net income for the year		14,487	18,367
Non-cash expenses and income:			
Income tax expense		6,405	8,512
Depreciation/amortization and impairments		6,136	5,820
Provisions for bad debts		28	0
Net interest		1,850	942
Net loss/gain from embedded derivatives measured at fair value through profit or loss		(446)	(672)
Other non-cash expenses and income		(661)	(66)
Changes:			
Change in inventories		9,588	(23,101)
Change in trade receivables, costs to fulfill a contract and contract assets		(2,627)	(9,751)
Change in other assets		4,123	(3,987)
Change in trade payables		1,266	(1,217)
Other liabilities and contract liabilities		(8,954)	7,141
Income taxes paid		(7,347)	(4,813)
Cash flows from operating activities		**23,848**	**(2,825)**
Cash flows from investing activities	[7]		
Proceeds from disposals of fixed assets		0	2
Capital expenditures in capitalizable development projects		(312)	(226)
Capital expenditures on other intangible assets and property, plant and equipment		(8,640)	(3,146)
Cash flows from investing activities		**(8,952)**	**(3,370)**
Cash flows from financing activities	[7]		
Outflows for the redemption portion of lease liabilities		(1,795)	(1,986)
Cash inflows from current financial liabilities (+)		26,511	17,325
Cash outflows for current financial liabilities (-)		(38,500)	(12,303)
Dividends paid		(423)	(423)
Interest received (+) / paid (-) (net)		(1,814)	(942)
Other financing activities		(251)	(26)
Cash flows from financing activities		**(16,272)**	**1,645**
Effects of exchange rate movements on cash & cash equivalents		31	(5)
Net change in cash and cash equivalents		**(1,345)**	**(4,555)**
Cash and cash equivalents at beginning of the fiscal year		15,669	20,224
Cash and cash equivalents at end of the fiscal year		**14,324**	**15,669**

All figures in KEUR

Consolidated Statement of Changes in Equity

for the period January 01 to December 31, 2023

[15]	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 year				18,367		18,367
Dividend				(423)		(423)
Other comprehensive income (loss)				(292)		(292)
Foreign currency translation					195	195
Balance as of 12/31/2022	**3,526,182**	**10,579**	**24,119**	**96,165**	**917**	**131,780**

[15]						
Balance as of 01/01/2023	**3,526,182**	**10,579**	**24,119**	**96,165**	**917**	**131,780**
Net income for the year				14,487		14,487
Dividend				(423)		(423)
Other comprehensive income (loss)				(272)		(272)
Foreign currency translation					64	64
Balance as of 12/31/2023	**3,526,182**	**10,579**	**24,119**	**109,957**	**981**	**145,636**

All figures in KEUR, except number of shares.

Notes to the 2023 Consolidated Financial Statements

1. Description of Business

DATA MODUL AG, Produktion und Vertrieb von elektronischen Systemen, Munich, manufactures and distributes innovative flatbed displays, monitors, electronic subassemblies and complete information systems. DATA MODUL displays and easyTOUCH displays, electronic subassemblies and custom products for use in industrial applications and the automotive industry comprise the Displays business segment.

The Systems business segment comprises our easyBoard, easyPanel and easyEmbedded Solutions and special monitors for marine navigation and medical device applications, also targeting airport, rail and digital signage customers.

The main business address of the Company is Landsberger Strasse 322, 80687 Munich, Germany, recorded in the Munich Commercial Register under record number HRB 85591. The Consolidated Financial Statements as of December 31, 2023 were prepared by the Executive Board in March 2024 and approved and endorsed for public disclosure on March 21, 2024.

2. Summary of Significant Accounting Policies

Basis and methods

The object of the Consolidated Financial Statements is DATA MODUL AG with registered office in Munich, and its corporate subsidiaries.

The Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) outlined by the International Accounting Standards Board (IASB), as adopted by the EU, and in accordance with Sec. 315e (1) German Commercial Code [HGB]) and applicable provisions of German commercial law.

The Consolidated Financial Statements of DATA MODUL AG were prepared in accordance with standard accounting policies pursuant to IFRS 10 (Consolidated financial statements). The recognition and measurement methods we applied did not significantly change versus the previous year, except where changes in IFRS accounting procedures required application on and after January 01, 2023.

The Consolidated Financial Statements consist of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the Consolidated Financial Statements. The disclosures in the Notes include the Company's segment reporting. The Consolidated Financial Statements are 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. The fiscal year corresponds to the calendar year. Pursuant to the Digitalization Directive (DiRUG) of August 1, 2022, starting in 2022 the consolidated financial statements will be published in the Register of Companies instead of the Federal Gazette (BAnz). The income statement was prepared using the cost-of-sales method. Certain items on the statement of income and statement of financial position are combined for clarification purposes; explanatory comments are provided in the Notes. Distinction is made on the balance sheet between current and non-current assets and liabilities, in accordance with IAS 1 (Presentation of Financial Statements). Assets, provisions and liabilities are classified as current if they are realizable or fall due within a period of one year.

Adoption of new accounting standards

DATA MODUL initially applied the new and revised standards and interpretations outlined below in fiscal year 2023.

IFRS 17 – Insurance Contracts

The IASB published amendments to IFRS 17, Insurance Contracts, on May 18, 2017. Aimed at establishing consistent, principle-based accounting for insurance contracts, this new standard requires that insurance liabilities have to be measured at their current fulfillment value. This affords uniform measurement and presentation for all insurance contracts. EU endorsement was given on November 19, 2021. The changes apply to fiscal years starting on or after January 01, 2023. Application of these amendments had no effect on the Consolidated Financial Statements.

Amendments to IAS 1 and IFRS Practice Statement 2: disclosure of accounting policies

On February 12, 2021 the IASB released further amendments to IAS 1 in the document "Disclosure of Accounting Policies". Pursuant to these changes, IFRS users are to disclose "material" accounting policy information. The previous practice was to disclose "significant accounting policies". What counts as "material" hinges on the usefulness of the information for decision-making by financial statement users. The IASB simultaneously issued changes to IFRS Practice Statement 2, which outlines supplementary guidelines for assessing the materiality of accounting policies, along with illustrative examples. The changes apply to fiscal years starting on or after January 01, 2023. EU endorsement was given on March 2, 2022. Application of these amendments had no effect on the Consolidated Financial Statements.

Amendment to IAS 8: Definition of Accounting Estimates

On February 12, 2021 the IASB released amendments to IAS 8 in a document entitled "Definition of Accounting Estimates". The amendment serves to clarify the distinction between changes in accounting policies and changes in estimates. Pursuant to the amendment, changes to estimates are applied prospectively to transactions and other accounting events from the point of changing of the estimate. In contrast, accounting policy changes are generally applicable retrospectively as well, affecting the treatment of past transactions and other accounting events. The changes apply to fiscal years starting on or after January 01, 2023. EU endorsement was given on March 2, 2022. Application of these amendments had no significant effect on the consolidated financial statements.

Amendments to IAS 12 – Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction

In May 2021 the IASB published amendments to IAS 12 to clarify ambiguities regarding accounting for deferred taxes related to leases and disposal/restoration obligations. Pursuant to the amended IAS 12, the initial recognition exemption no longer applies to transactions in which both deductible and taxable temporary differences arise in the same amount upon initial recognition, even if the other previously applicable requirements are met. The changes mean that deferred taxes are to be recognized on leases and on disposal/restoration obligations, for example, in the lessee's accounting. The changes apply to fiscal years starting on or after January 01, 2023. EU endorsement was given on August 11, 2022. Application of these amendments had no effect on the Consolidated Financial Statements.

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

On May 23, 2023 the IASB published amendments to IAS 12 on mandatory relief for the recognition of deferred taxes from global minimum taxation. The amendments pertain to:

- a temporary mandatory exception for the recognition of deferred taxes resulting from the introduction of global minimum taxation, and
- specific notes which affected companies have to record to enable financial statement readers to gauge the extent to which minimum taxation affects/will affect the company; these notes are preferably to be recorded before the laws concerned enter into force.

The change regarding the notes to the financial statements is applicable for fiscal years commencing on or after January 01, 2023. Application of these amendments had no effect on the Consolidated Financial Statements.

Standards issued but not yet effective

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020 the IASB published an amendment to IAS 1, Presentation of Financial Statements, that clarifies that existing rights of the Company as of the balance sheet date (e.g. with regard to early repayment or a loan extension) are to be applied in order to classify debts as current or non-current. Management expectations and intentions as to whether such a right is to be actually exercised or whether early repayment is intended are not taken into account. On July 15, 2020 the effective date of the changes was moved back from January 01, 2022 to fiscal years starting on or after January 01, 2024. EU endorsement was given on December 19, 2023.

Amendments to IFRS 16 – Lease liabilities in a sale-and-leaseback

On September 22, 2022 the IASB published further amendments to IFRS 16 pertaining to lease liabilities in sale-and-leaseback (SALB) transactions. These amendments addressed questions around measurement of the right of use in an SALB transaction where all lease payments in the leaseback depend on future sales, and questions based thereupon regarding the measurement of profit or loss from the transaction by the seller-lessee if no lease liability is recognizable (due to a variable lease structure). The clarification was made that sales-dependent lease payments still have to be taken into account in recording the lease liability in an SALB transaction. If the amendment becomes EU law as expected, the changes will have to be applied for reporting years commencing on or after January 01, 2024.

Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures

On May 25, 2023 the IASB published amendments to IAS 7 regarding supplier finance arrangements. The amendments concern disclosure requirements for supplier finance arrangements, also known as 'supply chain finance', 'trade payables finance' and as 'reverse factoring arrangements'. The new regulations are in supplement to the requirements under existing IFRS standards, requiring disclosures regarding:

- the terms and conditions of supplier finance arrangements
- the amounts of liabilities under such arrangements, for what portion thereof the suppliers have already received payments from the financiers, and under what item those liabilities are recorded on the balance sheet
- the range of maturities
- liquidity risk information

The changes are applicable for fiscal years commencing on or after January 01, 2024. Companies that apply EU IFRS only have to adopt the changes upon pronouncement of the corresponding EU endorsement.

Amendments to IAS 21 – The Effects of Changes in Foreign Interest Exchange Rates

The IASB published amendments to IAS 21 in August 2023 on determining the exchange rate in cases of a long-term 'Lack of Exchangeability', providing guidance for a gap not addressed by provisions of IAS 21. The standard IAS 21 was amended to include:

- rules for determining whether a currency is exchangeable for another currency,
- guidance on determining the exchange rate to apply when such exchangeability is not given, and
- further corresponding disclosure requirements.

The changes are applicable for fiscal years commencing on or after January 01, 2025. Early adoption of the changes is allowed according to the IASB, but EU endorsement is required prior to application in the EU, as a rule.

DATA MODUL is studying how the standards, changes and interpretations listed will affect its Consolidated Financial Statements going forward. It is not expected at this time that these will significantly affect the Group's balance sheet or earnings.

3. Consolidation

Consolidation standards

The Consolidated Financial Statements comprise the separate financial statements of DATA MODUL AG and its subsidiaries as of December 31, 2023, prepared using the accounting and measurement methods applied uniformly throughout the Group. Subsidiaries whose finance and business policies DATA MODUL AG is capable of directly or indirectly influencing to derive benefit from their activities are fully consolidated. Companies are deconsolidated when the subsidiary is no longer controlled by the parent company.
All inter-company balances, income and expenses, unrealized gains and losses and dividends from inter-company transactions are fully eliminated as part of consolidation.

The consolidation methods applied in the previous year were again used without change.

Foreign currency translation

The Consolidated Financial Statements are prepared in euros, the functional currency of the parent company. The functional currency of foreign entities is determined by the primary economic environment in which these entities independently operate with respect to financial, economic and organizational considerations, and in which they predominantly earn and use their cash and cash equivalents. The functional currency of DATA MODUL Group subsidiaries is the respective local currency. The financial statement items of every subsidiary are recorded in the functional currency. Foreign currency transactions are first translated into the functional currency applying the transaction rate.
Monetary foreign currency assets and liabilities are translated into the functional currency applying the spot rate at the balance sheet date. Exchange gains or losses resulting from this currency translation are recorded in profit or loss under sales, general and administrative expenses.

Excluded from this are translation differences from net investment in a foreign operation. Those differences are recorded in other comprehensive income until sale or partial or full redemption of the net investment; the cumulative amount is only reclassified to the Statement of Income (partially of fully) upon disposal or partial or full redemption. Taxes resulting from these translation differences are also recorded directly in other comprehensive income.

Non-monetary Consolidated Balance Sheet items in foreign currency are carried at historical exchange rates. To determine the exchange rate applied for initial recognition of the associated asset, expense or income when derecognizing a non-monetary asset or liability arising from prepaid consideration, the date of the transaction is the date of initial recognition of the non-monetary asset or liability arising from the advance payment.

Assets, including goodwill, and liabilities of subsidiaries whose functional currency is not the euro are translated into euros applying the exchange rate at the reporting date; income statement items are translated applying annual average exchange rates.

Any differences arising from the translation of the income statement at annual average exchange rates and of the balance sheet at period closing rates, or resulting from currency translation of asset and liability values versus the previous year, are recorded under equity as other comprehensive income in "Other reserves", with no effect on the income statement. Exchange gains or losses resulting from currency translation of equity items at historical or reporting-date rates were also recorded under "Other reserves". These accumulated translation differences are recorded in profit or loss at the date on which the Group company ceases to be part of the Group.

Exchange rate trends for the major currencies included in the Consolidated Financial Statements as related to the euro are as follows:

Exchange rate	12/31/2023		12/31/2022	
	Balance sheet	P&L	Balance sheet	P&L
EUR / USD	1.1077	1.0834	1.0676	1.0506
EUR / GBP	0.8691	0.8688	0.8868	0.8546
EUR / SGD	1.4614	1.4542	1.4308	1.4473
EUR / AED	4.0678	3.9788	3.9211	3.8586
EUR / HKD	8.6532	8.4839	8.3204	8.2265
EUR / JPY	156.8100	153.3167	140.6799	138.1242
EUR / CHF	0.9266	0.9716	0.9851	1.0019
EUR / PLN	4.3420	4.5260	4.6858	4.6891

Scope of consolidation

Pursuant to IFRS 10, the Consolidated Financial Statements incorporate DATA MODUL AG and all its subsidiaries which DATA MODUL AG has a controlling influence.

The Consolidated Financial Statements as of December 31, 2023 include the following subsidiaries:

Company name, registered office	Shareholding in %
DATA MODUL Weikersheim GmbH, Weikersheim, Germany	100
DATA MODUL France SARL, Paris, France	100
DATA MODUL Iberia S.L., Madrid, Spain	100
DATA MODUL Inc., New York, USA	100
DATA MODUL Italia S.r.l, Bolzano, Italy	100
DATA MODUL Ltd., Cannock, UK	100
DATA MODUL Hong Kong Ltd., Hong Kong, China	100
DATA MODUL Electronic Technology (Shanghai) Co., Ltd., Shanghai, China	100
Conrac Asia Display Products PTE Ltd., Singapore	100
DATA MODUL Polska Sp. z o.o, Lublin, Poland	100

For fiscal year 2023 the domestic subsidiary DATA MODUL Weikersheim GmbH utilized all of the permitted exemption options per Section 264 (3) of German Commercial Code (HGB).

4. Recognition and measurement methods

Significant judgments, estimates and assumptions
Preparation of the Consolidated Financial Statements pursuant to IFRS requires Company management to make discretionary decisions and assumptions as well as estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The Executive Board believes that the assumptions and estimates made are appropriate. Actual results may differ from these estimates and assumptions. The primary areas in which judgments and estimates are made concern the impairment of goodwill and other non-financial assets, valuation of inventories, impairments on receivables, fair-value measurement of financial instruments, capitalization of development expenses and recognition of deferred tax assets. Discretionary judgments and estimates are also made in connection with IFRS 15, Revenue From Contracts With Customers, and IFRS 16, Leases. Any change in these discretionary judgments could have a material adverse effect on the Company's financial position, results of operations and cash flows.

The tense geopolitical environment—with the ongoing wars in Ukraine and Israel, causing substantial uncertainty—was taken into account in making estimates and judgments, where relevant. Destabilizing factors caused by the Ukraine war, including the resulting energy crisis, and the destabilizing effect of high inflation and sharp interest rate increases were taken into account in making estimates and judgments. In fiscal year 2023 no material adjustments were made to the carrying values of stated assets and liabilities due to the challenging economic conditions. Additional information on war in Ukraine and Israel, the energy crisis, inflation and interest rate increases is provided in the relevant sections of the Notes to the Consolidated Financial Statements and in the Group Management Report.

The most significant future-relevant assumptions, other main causes of estimation uncertainty extant as of the balance sheet date and discretionary judgments made which entail a significant risk of having to materially adjust the carrying amount of assets and liabilities are discussed below.

Impairment of goodwill and other non-financial assets
An impairment loss is recorded when the carrying value of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its fair value less costs of disposal and value in use. The discounted cash flow method is used to calculate value in use. Measurement is based on medium-term corporate planning applying market and company-related discount rates, as well as projected growth rates and exchange rates. The assumptions made in this respect may be subject to changes which could result in impairment losses on those assets in future periods.

Carrying of deferred tax assets
Deferred taxes are calculated applying the tax rates of the individual countries (tax rates in effect or announced as of the reporting date) at the date at which the assets are realized or the liability settled, and on the estimates of the Group companies' future ability to generate taxable income. Any tax rate changes or any deviation of actual taxable income from estimates could result in deferred tax assets not being realized.

When determining the amount of the deferred tax asset, management must exercise a substantial amount of discretion in estimating the amount and timing of future taxable income, as well as future tax strategies.

Inventories
Impairment losses recorded on the inventories are measured based on the inventory service level or the expected net income (expected sales price minus estimated costs at completion and estimated selling expenses). Future consumption, actual income and outstanding costs could differ from the expected amounts. The assumption is applied in measuring inventory assets of the same kind that those inventory items are first consumed/utilized which were purchased or manufactured first (FIFO method).

Development costs
The initial recognition of development costs is done in accordance with IAS 38.57, and is based in particular on the management's opinion that technical and economic feasibility is given; this is generally the case when a development project reaches a certain milestone within the framework of an existing project management model. To determine capitalizable amounts management makes assumptions concerning the amount of the cash flows expected to be generated by the assets in question, the discount rate to be applied and the period in which the assets are expected to generate future cash flows. Significant adjustments could become necessary if certain expectations are not realized and a value adjustment is then required.

Revenue from contracts with customers
Estimates and discretionary judgments are made regarding the recognition of revenue from development services provided in connection with customer-specific development projects and the associated capitalization of costs to fulfill a contract and their amortization. The first step required is to verify whether the development work constitutes a good or service identifiable as discrete (discrete performance obligation) or whether it is closely connected with subsequent serial production, thus representing a fulfillment activity for such production (rather than a discrete performance obligation). A number of factors are to be considered in making this assessment. All such factors are taken into account as time of signing of the development and serial production contracts, handover of work results and the customer's interest in independently using and right to use the development results. Upon weighing all of the relevant facts and circumstances in a given case, the decision will in many cases involve a certain degree of discretion, even if a uniform group-wide evaluation procedure is employed. In general, customer-specific development projects conducted by DATA MODUL are classifiable as a fulfillment activity for serial production of the respective end product, despite a sometimes large degree of complexity of the work required, because the development results are not handed over to the customer—even if the customer pays for the development work separately. Even if work results derived from a previous state of development are handed over, the customer still cannot use those development results to have the serially manufactured product made by any other manufacturer. Development-related costs are deferred as costs to fulfill a contract and amortized straight-line starting on the commencement date of production of the end product, calculated applying the projected sales volume for the serial products. Sales volume is projected based on the agreement in place with the customer, which may however provide for fluctuation. Changes in Management estimates may result in differences regarding the amount and timing of expenditures in subsequent periods.

In the next step, it must be reviewed whether the performance obligation identified in the contract with the customer for serial production of the end product exists over a defined period of time or at a specific point in time. Fulfillment of a performance obligation over a defined period of time is only in evidence if in a given case DATA MODUL creates an asset which does not have any possible alternative uses and is entitled to payment for the work already performed (cost plus an appropriate profit margin). DATA MODUL reviews all relevant facts and circumstances in a given case and then makes a decision as to the period over which revenue would be recognizable, which can involve a degree of discretion. Serial production generally relates to a point in time as a performance obligation. Accordingly, revenue is usually recognized when the serial products are delivered. This does not apply to individual contracts with consignment warehouse customers.

DATA MODUL also makes judgments in deferring consignment warehouse revenues. As a rule, revenue is recognized at the point in time when the customer removes the goods from the consignment warehouse. For consignment warehouse customers under contracts requiring the delivery of custom-made products subject to a legally binding acceptance obligation, revenue is recognized at the time of delivery to the consignment warehouse. All facts and circumstances are reviewed which are relevant to the case at hand in order to make a decision, which involves a certain degree of discretion. Indicators taken into consideration include current claims to payments, significant risks and opportunities, customer acceptance clauses, property rights and physical possession of the customer-specific items.

Measuring deferred revenue for extended warranties also involves discretionary decision-making and estimates. DATA MODUL exercises discretion in measuring the consideration we are likely to receive in exchange for granting warranty to a customer. The transaction price is calculated on a percentage basis determined by Management. In exercising such discretion, DATA MODUL takes into account previous experiences had with the customer in question and factors beyond the scope of the relationship with the individual customer. Revenue is distributed over the contractually agreed extended warranty period starting from the effective date. Costs connected with the warranty are generally distributed evenly, and benefits for the customer are also distributed evenly over the contractually agreed term due to the nature of the warranty obligation, thus Management has decided to recognize revenue in linear form, accordingly. Changes to the above assumptions can affect the recording of revenue in future periods.

Leases
The Group determines the lease term based on the non-terminable base term plus possible periods under a lease extension option as long as it is reasonably certain that the option will be exercised, or taking into consideration periods resulting from a lease termination option if it is reasonably certain that the Group will not exercise that option. DATA MODUL has concluded several lease contracts which have extension and termination options, and makes discretionary judgments in assessing whether there is sufficient certainty that the lease extension or termination option will or will not be exercised. Thus all relevant factors are considered which represent an economic incentive to exercise the extension/renewal or termination option. DATA MODUL reassesses the lease term after the commencement date in case of a significant event or change in circumstances. For the lease term

of buildings, the extension option was taken into account in most cases because lease extension option is usually exercised with such contracts. This assumption is based on Management's current position that no shifting production or distribution to different facilities is planned for the near future. Motor vehicle lease renewal options are not included in the lease term because the Group generally leases vehicles for a maximum of two years, and therefore typically does not exercise a renewal option.

Additionally, periods following a termination option are only factored in as part of the lease term if it is reasonably certain that the termination option will not be exercised.

See Note [10] for details regarding potential future lease payments for periods after the exercise date of extension and termination options which were not factored into the lease term.

DATA MODUL cannot determine the interest rate implicit in the lease without additional information. The marginal borrowing rate is thus applied to measure lease liabilities. The marginal borrowing rate is the interest rate which the Company would pay if borrowing funds over a comparable term in a comparable economic environment for an asset of a value comparable to the right of use. The marginal borrowing rate has to be estimated if a monitorable interest rate cannot be referenced (e.g. for subsidiaries which do not conclude financing transactions). DATA MODUL estimates the marginal borrowing rate based on available, monitorable input factors (such as market interest rates), and has to make certain company-specific estimates (regarding for example any company-specific premium for credit and country risks).

Revenue from contracts with customers and costs to fulfill a contract

In accordance with IFRS 15, Revenue from Contracts with Customers, revenue is recognized when the disposal over specifiable goods or services is transferred to the customer, i.e. when the customer is capable of determining usage of the transferred goods or services and of deriving most of the residual benefit of these. The conditions for this include that a contract with enforceable rights and obligations must be in place and receipt of the consideration must be probable in view of the customer's credit standing. Revenue deductions resulting from rebates, cash discounts or bonuses, as well as sales tax and other charges are offset against revenues.

Revenue from customer-specific development projects is recognized based on a case-by-case assessment depending on the contractual agreement in place with the customer (see Note 4, Significant judgments, estimates and assumptions). Development work is generally not a performance obligation but rather a necessary fulfillment activity leading to the serial production contract. Through development work, products are modified to meet customer requirements, which can be of a highly specific nature, but the development results are not transferred to the customer because the customer is solely interested in the end product which has been modified to meet his requirements. A transaction price is thus generally not referenceable to customer-specific development work, thus revenue is not recorded for it. The conditions for capitalization as costs to fulfill a contract are met because development work is performed under a concluded or an anticipated customer contract, lead to the creation or improvement of resources of DATA MODULand compensation for the costs incurred for such under the serial production contract has either been explicitly agreed with the customer or at a minimum is expected. The conditions for period-specific revenue recognition per IFRS 15 are not met in most cases, thus development costs accruing for product customizing are capitalized as costs to fulfill a contract and recorded as production expenses under cost of sales when the products are sold. Expenses are for the most part recorded on a straight-line basis in accordance with the contractually binding sales volume.
Compensation payable by the customer for development work represents a non-reimbursable upfront fee as payment for the activities necessary for fulfillment of the contract (in this case: development work). Because development work is not a performance obligation, this fee must be allocated to those goods which have been identified as a separate performance obligation (in this case: delivery of the end product). Thus in a procedure similar to the amortization of costs to fulfill a contract, revenue is recognized straight-line based on sales volume as a mark-up on the corresponding unit price.

Regarding DATA MODUL's consignment customers, revenues are are always recognized at the time of customer retrieval of the goods from the consignment warehouse. However, revenues from consignment customers whose contracts provide for customer-specific products under a purchase obligation are already recognized at the time of delivery to the consignment warehouse and recorded as contract assets (see Note 4, Significant judgments, estimates and assumptions).

If a contract involves multiple specifiable goods or services, the transaction price is distributed across the performance obligations on the basis of the relative individual sale prices. If individual sale prices are not directly observable, a reasonable price estimate is made (see Note 4, Significant judgments, estimates and assumptions). Revenues from each performance obligation are either recognized at a specific point in time or during a specific period.

Period-specific revenue recognition is required if the customer realizes ongoing benefit from the work products of DATA MODUL and simultaneously consumes these, if DATA MODUL creates or processes an asset controlled by the customer or if DATA MODUL creates an asset without alternative usages for its own benefit and is legally entitled to payment for the products/services provided.

Invoices are issued in accordance with the contractual terms. The payment terms generally require payment within 30 days of invoicing.

In line with IFRS 15, transactions are reviewed to identify deferrable commitments so as to accurately reflect the economic content of the transaction. Extended warranties granted to customers have been classified as deferred commitments and recognized accordingly as deferred revenue on the balance sheet. requiring estimates to be made for allocation of the transaction price for these (see Note 4, Significant judgments, estimates and assumptions). An extended warranty is in evidence if warranty is granted beyond the statutory warranty period. Deferred revenue is reported as current or non-current contract liabilities in accordance the period of its realization. Advance payments from customers are usually short-term in horizon, thus they do not entail a significant financing component. These are likewise shown as a contract liability.

Expenses

Operating expenses are recorded in profit or loss either at the point in time of service utilization or at the point in time when they are incurred, applying the principle of accrual accounting.

Intangible assets

Intangible assets that were not acquired in the course of business combinations are initially recognized at cost or cost of sales. Intangible assets are carried in subsequent periods at acquisition or production cost minus cumulative amortization and expensed impairments. With the exception of goodwill, intangible assets with a definite useful life are amortized as scheduled. The estimated life and remaining useful life periods applied and the amortization method used are reviewed annually. Useful life periods are adjusted for future periods as necessary when the underlying assumptions change. Such adjustments made due to a changed expectation of useful life or use of a different amortization method are treated as a change in estimates. Amortization of intangible assets with finite lives is recorded in the appropriate expense item of the income statement that reflects the purpose of the asset. Intangible assets with indefinite useful lives are not amortized; however, they are subject to an impairment test at least once every year or if there is any indication that either the asset or the cash-generating unit are impaired.

Intangible assets (except for goodwill) include purchased software and capitalized development costs. Purchased software is capitalized and amortized over the estimated useful life of three to five years using the straight-line method.

Pursuant to IAS 38 (Intangible Assets), research and development costs must be treated separately. Research is defined as independent investigations conducted according to plan with the aim of acquiring new scientific or technical knowledge or insights. Development is defined as the technical/technological implementation of research findings for commercial purposes. Pursuant to IAS 38, development costs must be capitalized if certain criteria are met, while research costs must be expensed in the period in which they are incurred. Development costs must be capitalized as intangible assets when it is more likely than not that the development activities will result in future cash flows and the economic benefits embodied in those cash flows will exceed the development costs. In addition, the development project concerned must be technically feasible, the technical and financial resources necessary to complete the project must be available and project-related costs incurred during development must be reliably measurable.

The capitalized development costs are amortized on a straight-line basis over a period of 1 - 5 years of future economic exploitation, beginning with the completion of the development phase and the time at which the product is mature, i.e. ready for serial manufacturing. Development projects are reviewed annually as to any impairment of value. Impairment losses on development projects recognized as intangible assets are presented in the income statement as cost of sales.

Goodwill

Goodwill incurred during a company combination is recorded pursuant to IFRS 3 as the difference between the value of the transferred compensation at the time of acquisition and the identifiable assets and liabilities of the acquired company as measured pursuant to IFRS 3. Goodwill is subsequently measured at cost minus cumulative impairment losses. The value assigned to goodwill is reviewed annually (as of December 31). This value is also reviewed if circumstances indicate that impairment may have occurred.

The impairment is measured based on the recoverable amount of the cash generating entity to which the goodwill was allocated. If the realizable amount from the cash-generating unit is less than the carrying amount of that unit, an impairment loss is recorded. Impairment losses recorded on goodwill may not be reversed in future periods.

Property, plant and equipment

Property, plant and equipment is carried at acquisition or construction cost minus cumulative scheduled depreciation and cumulative impairments. In addition to the purchase price and directly attributable costs for bringing the asset to the location in a state ready for operation as intended by management, acquisition/construction cost includes estimated costs for demolition of the asset and for restoration of the location where the asset was situated. Maintenance and repair costs are expensed as incurred. Scheduled depreciation is recorded pro rata using the straight-line method and attributed to the individual functional areas. The term of depreciation is the estimated economic life of the asset. Estimated useful life is 3 years for computer hardware, 5 to 10 years for machinery, office equipment and leasehold improvements, and up to 25 years for buildings.

The useful lives applied and the depreciation method for property, plant and equipment are reviewed periodically and adjusted as necessary to ensure that these reflect the economic benefits expected to be derived from the asset. If the estimates deviate from the previously made assumptions, the respective changes are recorded as 'changes in estimates' per IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). Impairments expected to last longer than the period of consumption of economic value through usage are recorded in line with IAS 36 (Impairment of Assets) when the recoverable amount of the asset falls below amortized cost. The recoverable amount is the higher of net realizable value and the value in use of the asset. If there are no longer any reasons for impairment losses recorded in previous years, impairment losses are reversed up to the recoverable amount or amortized cost, irrespective of past impairments recorded.

The historical cost and cumulative depreciation of assets which are sold or scrapped are derecognized. Fully depreciated non-current assets are shown at cost minus cumulative depreciation until they are decommissioned. Gains and losses from the disposal of fixed assets are recorded in the respective cost accounts.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is primarily determined based on average batch cost or weighted average cost of the item.

The cost of inventories includes the purchase price, import duties and other taxes, transport and processing costs and other costs directly attributable to the purchase. Discounts, rebates and similar amounts are deducted when calculating purchase cost.

In addition to attributable direct costs, cost of sales includes appropriate material and production overheads to the extent that these relate to production of the items. The net realizable value is the estimated sale price realizable in regular business operations minus estimated costs of completion and estimated selling expenses.

Discounted net sales prices are applied as necessary to reflect shelf life and reduced usability risks. Impairment losses are reversed accordingly if the reasons for impairment losses recorded on inventories no longer exist.

Contract assets and liabilities, receivables

When one party to a contract with the customer has fulfilled its contractual obligations, a contract asset or liability or a receivable is recognized depending on the relationship between performance and payment by the customer. Receivables are recognized if the claim to receive the consideration is no longer in any way conditional.

Claims arising from performance by DATA MODUL for customers are generally reported as trade receivables. However, claims against consignment customers whose contracts provide for customer-specific products under a purchase obligation are shown as contract assets on the statement of financial position if the items have not been removed from the consignment warehouse. These are reported as current because they accrue within the ordinary business cycle.

Impairments on contract assets and receivables recorded to reflect credit risk exposures are measured using the method for financial assets at measured amortized cost. The Group utilizes an impairment matrix to calculate expected credit losses on trade receivables and contract assets. Impairment percentages vary based on days overdue and any relevant information indicating potential credit losses expectable in future.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available on call and other current, highly liquid financial assets not subject to any disposal limitations which have a maximum maturity of three months at the time of acquisition and are measured at cost.

Impairment of intangible assets (excluding goodwill) and property, plant and equipment

The carrying amounts of intangible assets and of property, plant and equipment are subject to impairment testing on each balance sheet date, and whenever there are indications of potential impairment in accordance with IAS 36 (Impairment of Assets). To the extent the value of intangible assets or property, plant and equipment as determined according to the principles above exceeds the recoverable amount at the balance sheet date, impairment losses are recorded on the carrying amount of the assets. The recoverable amount is the higher of the fair value minus selling costs of the asset and value in use. Impairment losses are reversed up to the amortized cost if the reason for their recording no longer applies.

Embedded derivatives

Derivatives linked with financial liabilities and derivatives embedded in host contracts are recognized separately and measured at fair value (FVPL) if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as held at fair value through profit or loss.

Financial instruments

A financial instrument is a contract under which a financial asset is created at one company and a financial liability or an equity instrument at another company.

The assets are classified upon initial recognition; subsequent recognition is based on the classification upon initial recognition. Financial assets are classified upon initial recognition in line with IFRS 9 (Financial Instruments) as follows:

Financial assets measured at amortized cost

DATA MODUL carries financial assets which are debt instruments at amortized cost when the following two conditions are met:

- The financial asset is held under a business model the objective of which is to hold financial assets in order to realize contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows at fixed times which exclusively represent principal redemption and interest payments on the outstanding capital amount.

In subsequent periods, financial assets measured at amortized cost are measured applying the effective interest method and are subject to impairment testing. Gains and losses are recorded in profit or loss when the asset is derecognized, modified or impaired.

The financial assets measured at amortized cost held by Group include trade receivables, other financial assets and cash and cash equivalents.

Financial assets measured at fair value through other comprehensive income

The Group measures debt instruments at fair value through other comprehensive income if the following two conditions are met:

- The financial asset is held under a business model the objectives of which are to realize contractual cash flows and sell the financial assets, and
- the contractual terms of the financial asset give rise to cash flows at fixed times which exclusively represent principal redemption and interest payments on the outstanding capital amount.

For debt instruments measured at fair value through other comprehensive income, interest income, remeasurements of foreign exchange gains and losses, impairment losses and impairment loss reversals are recorded on the income statement and their amount calculated as for financial assets measured at amortized cost. The remaining changes in fair value are recorded in other comprehensive income. Upon derecognition, the cumulative gain or loss from changes in fair value recorded in other comprehensive income is reclassified to profit or loss. As of December 31, 2023, no financial assets were held which are recognized in other comprehensive income at fair value.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss upon initial recognition and financial assets which are required to be measured at fair value.

Financial assets are classified as held for trading which are acquired for the purposes of sale or repurchase in the near future. Derivatives, including separately recognized embedded derivatives, are classified as held at fair value through profit or loss, except for derivatives which are designated as and effectively are hedging instruments.

Financial assets with cash flows which do not exclusively represent principal redemption and interest payments are classified as designated at fair value through profit or loss irrespective of business model and measured accordingly.

Financial assets measured at fair value through profit or loss are carried at fair value on the balance sheet, and changes in fair value are shown on the income statement.

Impairment of financial assets

IFRS 9 governs accounting for impairment losses on financial assets. Accordingly, an impairment model for projected credit losses must be applied to all financial assets (debt instruments) that are measured at either amortized cost or at fair value through comprehensive income, for which DATA MODUL references an impairment matrix.

The expected credit losses method is a three-stage approach to allocating impairments:

Stage 1: Expected credit losses within the next 12 months

Stage 1 is comprised of all financial instruments which have not seen a significant increase in credit risk since initial recording; this will typically include new financial instruments and contracts with payments less than 31 days past due. The portion of the expected credit losses over the term of the instrument which results from a default within the next twelve months is recorded.

Stage 2: Expected credit losses over the entire term—credit quality not impacted

Financial assets are classified to stage 2 which have had a significant increase in credit risk but their credit quality has not been impacted. Impairment losses are recorded for expected credit losses over the entire term of the financial asset.

Stage 3: Expected credit losses over the entire term—credit quality is impacted

If the credit quality of a financial asset is impacted or it is in default, it is classified to stage 3. Impairment losses are recorded for expected credit losses over the entire term of the financial asset. Objective indications that the credit quality of a financial asset is impacted include payments being 91 days overdue and other information indicative of significant financial difficulties on the part of the debtor.
The determination of whether a financial asset has incurred significantly heightened credit risk is made on the basis of a quarterly assessment of default probability in which both external rating information and internal information about the credit quality of the financial asset are taken into account.

A financial asset is moved into stage 2 if credit risk has significantly increased in relation to the credit risk exposure at the time of initial recognition.

The simplified method is applied for trade receivables and contract assets, which means these receivables are already classified to stage 2 upon initial recognition. Accordingly, there is no need to assess whether there has been a significant heightening of credit risk.

DATA MODUL applies the exception option to stage classification for financial assets with low credit when debt instruments are concerned which are rated as investment grade. These are always classified as stage 1 debt. This applies to any credit balances with banks which had an investment grade rating throughout all of fiscal year 2023.

In stages 1 and 2, effective interest income is calculated based on gross book value. As soon as the credit quality of a financial asset is impacted and it is classified to stage 3, the effective interest income is calculated based on net book value (gross book value minus risk provisioning).

Expected credit losses are calculated as the probability-weighted present value of all defaults over the expected term of the financial asset.
For trade receivables and contract assets, DATA MODUL calculates expected default on the basis of historical default rates, applying an impairment matrix. The expected default rates are calculated based on the respective period overdue of the receivables. In addition, the values determined may also be adjusted to reflect available information of relevance to the future value/recoverability of customer receivables.

DATA MODUL Group holds a credit insurance policy to minimize risk of losses from doubtful accounts. In case of payment default, the credit insurance covers 90% of losses incurred within six months of the default date. The deductible amount remained unchanged versus the previous year at 10%. To further minimize potential losses, the Company performs credit checks on new customers before accepting orders.

Derivative financial instruments

Foreign currency derivatives linked with financial liabilities and assets and foreign currency derivatives embedded in non-financial host contracts are recognized separately, measured at fair value (FVPL). DATA MODUL furthermore uses derivative financial instruments solely for the purpose of hedging interest and currency exposures arising from business operations. As of the balance sheet date of December 31, 2023 and in the previous year there were no outstanding contractual agreements for hedging interest rate or foreign currency risk.

Derecognition of financial assets

A financial asset is derecognized when one of the following criteria has been met:

- contractual rights to receive cash flows from a financial asset have expired, or
- the Group has transferred its contractual rights to receive cash flows from the financial asset to a third party or assumed a contractual obligation to immediately pay out the received cash flow to a third party, thereby either having essentially transferred all risks and rewards associated with the ownership of the financial asset, or having neither transferred nor withheld essentially all risks and rewards arising pertaining to the ownership of the financial asset but transferred rights of disposal over the asset.

Offsetting/netting

Financial assets and financial liabilities are generally not netted. These are only netted if the Company has the right to offset the amounts at the current point in time and intends to settle the respective asset or liability by netting out.

Financial liabilities

Upon initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, as loans, as liabilities or as derivatives which have been designated as and effectively are hedging instruments.

All financial liabilities are initially measured at fair value, and loans and liabilities are shown after deduction of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other liabilities and liabilities due to financial institutions, including overdrafts.

The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and other financial liabilities initially recognized at fair value through profit or loss.

Financial liabilities are classified as held for trading which are acquired for the purpose of a repurchase in the near future.

Also included in this category are derivative financial instrument contracts entered into by the Group which are not designated as hedging instruments in hedge accounting in accordance with IFRS 9. Separately recognized embedded derivatives are also classified as held for trading, except for derivatives which are designated as and effectively are hedging instruments.

Gains and losses on financial liabilities held for trading are recorded in profit or loss.

Financial liabilities held at fair value through profit or loss are classified at the time of initial recognition if the criteria per IFRS 9 are met. As of the reporting date DATA MODUL did not have any financial liabilities classified as measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

This category is of the greatest significance for the DATA MODUL Consolidated Financial Statements. Following initial recognition, interest-bearing loans are measured at amortized cost applying the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, also through amortization applying the effective interest method.

Derecognition of financial assets

A financial liability is derecognized when the underlying commitment has been fulfilled, canceled or extinguished for other reasons.

Risks resulting from the Company's financial instruments

DATA MODUL has various other financial assets and liabilities such as trade receivables and trade payables that directly result from its business operations. It is the Company's policy and has been throughout the reporting year that no financial instruments are held for trading. The primary risks connected with financial instruments held by DATA MODUL are interest rate-based fair value risk, liquidity risk, interest rate risk, currency risk and bad debt risk. The Executive

Board reviews and adopts policies for managing these individual risks which are outlined below.

Interest rate risk

Interest rate risk is the risk of fair value or future cash flows changes affecting a financial instrument as a result of interest rate movements. The Group's exposure to risk of fluctuating market interest rates primarily concerns variable-rate longer-term loans. The credit facilities available for financing our global business operations are in part subject to interest rate risks. The Group manages interest rate risk by only taking out short-term loans at fixed interest rates.

Foreign currency risk

DATA MODUL conducts a substantial portion of its business in US dollars, thus fluctuations in the US dollar/euro exchange rate could significantly impact DATA MODUL's balance sheet and earnings. The Group also makes transactions in PLN, CNY, HKD and JPY. The Company also has exposure to currency risks in its business transactions. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 52.2% (previous year: 51.1%) of the Company's sales are denominated in currencies other than the functional currency of the operating unit, while approximately 58.8% (previous year: 73.1%) of costs are denominated in the unit's functional currency.

Commodity price risk

DATA MODUL is exposed to a price risk in connection with currently strong demand combined with product availability problems due to capacity bottlenecks. Such capacity problems can be expected again in 2024 due to supply problems in the chip and glass industries. DATA MODUL manages this risk by procuring most of the raw materials required for an order rapidly after its placement.

Default risk

DATA MODUL trades only with customers who have good credit standing. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit checks. Trade receivables balances are constantly monitored and allowances made for known and anticipated value adjustment risks. Other than that there are no significant default risks connected with ongoing business activities. For additional minimization of risks related to bad debt, the Company has purchased credit insurance for some of its operations. In respect to other customers that are not covered by such insurance policies, their credit standing is assessed, special terms of payment and payment guaranties are agreed upon and securities or collaterals are stipulated.

Liquidity risk

DATA MODUL's objective is to maintain a balance between the continuity of funding and flexibility by way of current account credits, bank loans, finance leases and hire purchase contracts. A short-cycle cash management program is utilized Company-wide as the basis for financial strategy and liquidity decision-making that involves rolling liquidity forecasting, analysis of strategic financial requirements based on 1-year and 3-year projections and close cooperation with external banks and investors based thereupon regarding the reviewing and adjustment of lines of credit.

Pensions and non-current personnel liabilities

Non-current personnel liabilities include long-term bonus claims and statutory severance pay claims accruing to employees of subsidiaries of DATA MODUL AG.

DATA MODUL measures payment claims applying the projected unit credit method, which calculates the actuarial present value of accrued credits. The provision amount is measured applying the net interest method, in which the net defined benefit pension liability (net asset value) recorded on the balance sheet is multiplied by the discount rate applied in measuring the defined benefit obligation (DBO). Expected changes in the net liability (or net asset) during the year due to contributions and pension benefit payments are to be factored in. This net interest component replaces interest expense from applying an interest rate to the pension obligation and the projected return on plan assets. Revaluation effects connected with pension commitments such as actuarial gains and losses and any differences between actual return and the return on plan assets implicitly recognized in other net interest income are immediately recorded in equity as "Other comprehensive income". The amount of obligations for pension plans is calculated applying an annual actuarial report based on biometric parameters and current market interest rates. Individual pension commitments only exist for two former Executive Board members and three former managers.

Provisions

Provisions are recorded when – due to a past event – the Company incurs a current legal or constructive obligation towards a third party, the outflow of resources embodying economic benefits in order to settle the obligation is probable, and the amount can be reliably estimated. If a reimbursement is expected to be paid, at least in part, for a provision recorded under liabilities (e.g. liabilities under an insurance policy), the reimbursement is classified as a separate asset if there is a high probability of reimbursement occurring. The expense for the recorded provision is shown on the income statement less any reimbursement. If the obligations fall due within more than one year and payment can be reliably estimated in terms of both amount and timing, the non-current portion of the obligation is measured at present value if the corresponding interest effect is material. Net present value is determined based on market interest rates commensurate with risk and the period until the settlement of the obligation. In case of discounting, the increase in the provision due to the passage of time is recorded as interest expense in the financial result.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions for warranty obligations

DATA MODUL provides the typical statutory warranties for remedying of defects extant at the time of sale. These assurance-type warranties are recorded in accordance with IAS 37. Provisions for warranties related to delivered products are recorded in the amount required for meeting legal requirements. Provisions are reversed upon expiration or elapsing of the respective guarantee obligation.

Personnel provisions

Personnel provisions are allocated for existing claims of employees against DATA MODUL. These include premiums, commissions, performance bonuses, severance, travel expenses, vacation and Christmas supplements and accrued vacation and overtime.

Other provisions

Other provisions consist primarily of outstanding invoices for auditing of the annual financial statements, tax accounting services and other services not yet billed including transport, provision of temporary staff and services to be expensed in fiscal year 2023.

Income taxes

Taxes on income and earnings comprise all actual taxes on current taxable income of the consolidated subsidiaries under the tax laws applicable in the respective countries, as well as deferred taxes. The current tax assets and liabilities for the current and previous periods are measured at the expected amount of refund from or payment to the tax authorities. The local tax rate and tax laws applicable at the balance sheet date are used as a basis to determine this amount. Management regularly assesses individual tax issues to determine whether there is room for interpretation under the applicable tax regulations in question. Tax liabilities are recognized as necessary.

Unless the initial recognition exemption applies or there are outside basis differences for subsidiaries, deferred tax assets and liabilities are reported applying the liability method as per IAS 12 (Taxes on Income) for temporary differences between carrying amounts in individual companies' tax reporting and carrying amounts shown on the Consolidated Financial Statements applying IFRS, and these are also factored in with regard to specific consolidation measures.

Deferred tax assets and deferred tax liabilities are measured based on the tax rate expected to be applicable in the period in which the temporary differences are expected to be reversed. The applicable or announced tax rates at the balance sheet date are used for this purpose. Deferred taxes that are directly related to equity items are also recorded directly in equity without any effect on profit or loss. Deferred tax assets and liabilities may be offset if and when the Group has an enforceable claim to offset the current tax assets against actual tax liabilities, and which are attributable to income taxes of the same taxable unit, and are imposed by the same tax authority.

Contingent liabilities and contingent assets

Pursuant to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), contingent liabilities are not recorded on the balance sheet. Contingent liabilities are potential obligations whose actual existence depends on the occurrence of one or more uncertain future events which are not entirely within the Company's control. In addition, contingent liabilities are existing obligations that will probably not result in an outflow of assets, or any outflow of assets cannot be reliably determined. The Notes show all contingent liabilities of the Group such as bank guarantees, other guarantees, legal proceedings and other financial obligations. Obligations are measured at the higher of their nominal value or the amount required to settle the obligation. Contingent claims are disclosed in the Notes if an inflow of resources of economic benefit is probable.

Debt

To ensure a balance between the continuous coverage of financial requirements and ensuring flexibility even with tight supply chains, DATA MODUL AG uses current account credit and bank loans as part of its credit lines. The fair values of liabilities due to financial institutions do not differ significantly from their book values, as interest on these borrowings closely corresponds to current market rates and the borrowings are short-term. In addition to these credit facilities, DATA MODUL AG has bank guarantees which it can use in lieu of rent deposits or supplier guarantees. The Group has sufficient financing sources at its disposal.

Financial income/expenses

Financial income/expenses include interest on money market debt and income/expenses from derivative financial instruments measured at fair value through profit or loss representing embedded foreign currency derivatives separated from the host contract. If the time value of money resulting from discounting is significant, provisions are also discounted using a pre-tax interest rate that reflects the risks specific to the liability. In case of discounting, the increase in provisions due to the passage of time is recorded as financial expense.

Leases

The Group assesses at contract commencement whether a contract constitutes or includes a lease. This is the case if the contract grants entitlement to control usage of an identified asset in return for payment of a fee over a defined period of time.

The Group as lessee

The Group utilizes one single model for the recording and measurement of all leases (except short-term leases and leases with a low-value underlying asset). The model is used to record lease payment liabilities and right-of-use assets for the underlying asset.

Right-of-use assets

The Group records right-of-use assets as of the commencement date (i.e. the point in time when the underlying leased asset is available for use). Rights of use are carried at acquisition cost minus all cumulative amortization and cumulative impairment losses, and are adjusted for any revaluation of the lease liabilities. The cost of rights of use includes the recorded lease liabilities, initial direct costs incurred and lease payments made during or before commencement minus any leasing incentives received. Rights of use are amortized on a straight-line basis over the shorter of the lease term or the projected useful life of the leases, as follows:

- Real estate 1 - 11 years
- Motor vehicles 1 - 3 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or an exercised purchase option is included in cost, depreciation is measured based on the projected useful life of the leased asset. Right-of-use assets are also tested for impairment.

Lease liabilities

The Group records lease liabilities at the present value of the lease payments to be made over the lease term as of the commencement date. Lease payments include fixed payments (including de facto fixed payments) minus any lease incentives to be received, variable lease payments linked to an index or interest rate or other rate, and amounts expected to be paid under a residual value guarantee. Lease payments also include the purchase option exercise price if it is reasonably certain that the Group will actually exercise the option, and include lease termination penalties if it is taken into account in the term that the Group will exercise the termination option. Variable lease payments not linked to an index or interest rate or other rate are expensed in the period in which the event triggering the payment occurs or triggering condition is met. The Group determines the lease term based on the non-terminatable base lease term plus possible periods under a lease extension option as long as it is reasonably certain that the option will be exercised, or taking into consideration periods resulting from a lease termination option if it is reasonably certain that the Group will not exercise that option. Management has to make significant judgments in assessing whether there is sufficient certainty that renewal and/or termination options will be exercised, (see Note 4, Major discretionary decisions, estimates and assumptions).

In calculating the present value of the lease payments, the Group applies its incremental borrowing rate as of the commencement date because the interest rate implicit in the lease cannot be determined without additional information. The incremental borrowing rate is the interest rate which the Group would pay if borrowing funds over a comparable term in a comparable economic environment for an asset of a value comparable to the right of use. After the commencement date, the lease liability amount is adjusted upward to reflect increased interest expense and downward to reflect the lease payments made. In addition, the carrying amount of lease liabilities is adjusted when there are changes to the lease, including changes in lease term and lease payments (e.g. changes in future lease payment amounts due to a change in the index or interest rate applied to determine the payment amounts), and when there are changes in the evaluation of an option to purchase the underlying asset.

Short-term leases and leases with an underlying low-value asset

The Group utilizes the exception rule for current lease contracts for real estate and motor vehicles (i.e. leases without a purchase option maturing in twelve months or less from the commencement date). The Group also utilizes the exception rule for leases for low-value underlying assets to leases for office equipment classified as low-value. Lease payments for short-term leases and for leases for a low-value underlying asset are expensed over the lease term on a straight-line basis.

The Group as lessor

Leases in which the Group does not transfer all material risks and opportunities associated with ownership of an asset are classified as operating leases. Any resulting lease income is recorded over the lease term on a straight-line basis. Initial direct costs incurred to negotiate and conclude an operating lease contract are added to the carrying amount of the leased asset and expensed over the lease term in the same procedure as recognition of lease income. Contingent rent payments are recognized as income in the period in which they are generated.

5. Notes to the Statement of Income

[1] Revenues

Concerning the transaction price allocated to the outstanding performance obligations connected with extended warranties and customer-specific development projects, please refer to the contract liabilities shown on the statement of financial position. Non-current contract liabilities are realized over the term of serial production of custom development projects or the term of extended warranties. Other outstanding performance obligations arise from contracts with an expected original term of less than one year, thus DATA MODUL has opted against stating the transaction price applied for these outstanding benefit obligations.

Revenue is classified by segment in line with the Executive Board's management reporting and realized in either Displays or Systems. Revenue breaks down by segment as follows:

For fiscal year 2023:

KEUR	Displays	Systems	Total
Revenue from product sales	180,929	101,246	282,175
Service revenue	521	539	1,060
Total revenue	**181,450**	**101,785**	**283,235**

For fiscal year 2022:

KEUR	Displays	Systems	Total
Revenue from product sales	177,064	97,784	274,848
Service revenue	359	846	1,205
Total revenue	**177,423**	**98,630**	**276,053**

DATA MODUL recorded substantial sales growth in Germany in 2023, and a slight increase in Asian markets. Revenue in America declined slightly in 2023.

[2] Cost of sales

The table below shows a breakdown of cost of sales.

KEUR	2023	2022
Materials expenses	196,586	183,778
Other cost of sales	27,064	28,469
Total cost of sales	**223,650**	**212,247**

Other cost of sales is comprised primarily of wages and salaries, and overhead for the manufactured products and services sold.

[3] Other operating income

Other operating income in the amount of 49 thousand euros (previous year: 103 thousand euros) resulted from the reversal of impairments on receivables. No other significant items of other operating income were recorded in the year under review.

[4] Research and development expenses

The Company distinguishes between research expenses and development expenses. Development projects are classified as either product development without a specific customer order, product development with a specific customer order or development of a product to market-readiness in connection with a customer order for a particular product. In addition, general development costs not related to a specific product are recorded as research and development costs.

Product development projects without a specific customer order which meet the requirements for capitalization are recognized as intangible assets in fixed assets and amortized using the straight-line method over a period beginning at the time of serial production of the respective product or delivery of the product to the customer up until elapse of the product's estimated useful life. Product development projects based on a specific customer order and development of a product to market-readiness under an existing customer order for a particular product are deemed expenses incurred in generating revenue, and therefore recorded as cost of sales for the reporting period in profit or loss. Product development costs in this category are capitalized as costs to fulfill a contract and deferred as of the reporting date.

Individual expense items for research and development and their impact on the income statement for the fiscal years 2023 and 2022 are presented below:

Expenditures recorded as research and development expenses on the Statement of Income total 7,152 thousand euros (previous year: 6,660 thousand euros). Research and development expenses for the Group totaled 11,373 thousand euros (previous year: 9,825 thousand euros) plus order-related development expenses of 4,221 thousand euros (previous year: 3,165 thousand euros), included in cost of sales. The residual carrying amount of capitalized development costs at the balance sheet date was 2,196 thousand euros (previous year: 2,200 thousand euros). Deferred order-specific development costs included in capitalized costs to fulfill a contract total 9,136 thousand euros (previous year: 9,927 thousand euros).

[5] Selling and general administrative expenses

The table below shows selling and general administrative expenses.

KEUR	2023	2022
Selling expenses	17,964	18,431
General administrative expenses	12,222	11,651
Total expenses	**30,186**	**30,082**

Total expenses by cost type

Research and development expenses, selling and general administrative expenses and production expenses include personnel expenses, among others. The Company's total expenditure broken down by expense types is shown below.

Personnel expenses

KEUR	2023	2022
Wages and salaries	27,397	28,970
Social security	5,387	5,925
Total	**32,784**	**34,895**

Pension expenses of 2,880 thousand euros were recorded for fiscal year 2023 (previous year: 2,735 thousand euros). In fiscal year 2023 the Group employed an average of 525 employees versus an average 488 employees in the previous year. Lower personnel expenses primarily reflect lower amounts for performance-linked variable pay components. The average number of employees for the year breaks down by functional area as follows:

Employees by functional area	2023	2022
Sales / Product Management	122	118
Development	70	66
Production	183	163
Service	25	26
Administration	57	51
Logistics	42	39
Materials requirement planning/procurement	26	25
Total	**525**	**488**

The number of employees as of the reporting date is shown below broken down by functional area:

Employees by functional area	2023	2022
Sales / Product Management	130	120
Development	69	67
Production	209	172
Service	26	23
Administration	62	49
Logistics	44	38
Materials requirement planning/procurement	25	25
Total	**565**	**494**

Significant expense items and depreciation/amortization

Other significant expense items were as follows:

KEUR	2023	2022
Legal, consulting and project costs	4,637	4,142
Depreciation/amortization	4,015	3,773
Rent and maintenance	3,043	2,514
Vehicle and travel expenses	2,042	1,647
Office and IT expenses	1,681	1,360
Other personnel expenses	1,520	1,089
Advertising and trade shows	1,272	863
Insurance premiums	853	692
Gain/loss on currencies	327	62
Packing and freight costs	222	0
Additions to impairments	28	0
Other costs	1,277	948
Total	**20,917**	**17,090**

[6] Financial income/expenses

The Company recorded financial income/expenses for the past two years as shown below:

KEUR	2023	2022
Interest and similar income	11	7
Interest expense from lease liabilities	(862)	(541)
Interest expense on current liabilities	(962)	(400)
Other interest-like expenses	(37)	(8)
Income from embedded derivatives	446	672
Total	**(1,404)**	**(270)**

Income/expense from derivative financial instruments measured at fair value through profit or loss derives from embedded foreign currency derivatives which were separated from the non-financial trade contracts under the host contract.

[7] Income taxes

Income tax expense breaks down as outlined below.

KEUR	2023	2022
Current tax expenses		
Germany	5,177	6,408
International	1,200	1,434
Deferred taxes		
Germany	28	891
International	0	(221)
Total	**6,405**	**8,512**

Current tax expenses are taxes on income and earnings for the fiscal year recorded in profit or loss in the individual countries, as well as additional tax assessments and tax refunds for previous years. Current tax expenses in Germany decreased by 148 thousand euros through tax income from previous years (previous year: 103 thousand euros). Foreign current tax expenses include 145 thousand euros in tax expense from previous years (previous year: tax income of 5 thousand euros). Deferred taxes result from timing differences between the tax bases of the consolidated companies. The tax rate applicable in the individual countries is used as a basis for calculation of deferred taxes of the foreign operations.

The income tax rate on which computation of German deferred taxes is based was 32.28% for DATA MODUL AG, and 29.13% for DATA MODUL Weikersheim GmbH as of December 31, 2023. Tax rates for 2023 and 2022 are determined as follows:

in %	2023	2022
Corporate income tax	15.00	15.00
Solidarity surcharge	0.825	0.825
Trade tax	16.45 and 13.30 respectively	16.45 and 13.30 respectively
Income tax rate	32.28 and 29.13 respectively	32.28 and 29.13 respectively

The table below shows a reconciliation of projected income tax expense versus actual income tax expense recorded in the consolidated financial statements applying the average German income tax rate of 32.28% for 2022 and 32.28% for 2023.

KEUR	2023	2022
Earnings before taxes reported	20,892	26,879
Projected income tax expense[1]	6,743	8,675
Non-deductible expenses	384	472
Tax reductions resulting from tax-free income	(25)	(119)
Difference amount at local tax rates	(517)	(655)
Tax expense for foreign operations, foreign/other tax losses	(147)	6
Taxes from previous years	(3)	143
Other	(30)	(10)
Reported income tax expense	6,405	8,512

[1] Net amount after additions and reductions

Deferred income tax assets and liabilities as of the reporting date break down as follows:

KEUR		2023	2022
Deferred tax assets for temporary differences	Germany	3,130	276
Deferred tax assets from tax loss carry-forward	International	266	196
Deferred tax assets for temporary differences	International	398	440
Deferred tax assets for temporary differences	Total	3,528	912
Deferred tax liabilities for temporary differences	Germany	(4,501)	(1,621)
Total balance of deferred tax assets (+) / liabilities (-) (of which 135 thousand euros recorded as other comprehensive income in 2023)		(707)	(709)

Deferred taxes consist of the following balance sheet items:

	Deferred tax assets		Deferred tax liabilities	
KEUR	2023	2022	2023	2022
Current assets				
Trade receivables and other assets	170	113	(116)	0
Contract assets	0	0	(360)	(331)
Inventories	115	145	(405)	(532)
Non-current assets				
Intangible assets	99	111	(709)	(709)
Property, plant and equipment	0	0	(594)	(600)
Capitalized costs to fulfill a contract	0	0	(2,260)	(2,528)
Shareholders' equity	283	206	0	0
Current liabilities				
Lease liabilities	563	605	0	0
Trade payables and other payables	0	0	(17)	(70)
Other provisions	81	101	0	0
Other current liabilities	0	104	(40)	0
Non-current liabilities				
Provisions for pensions and similar obligations	63	77	0	0
Contract liabilities	2,154	2,404	0	0
Total	**3,528**	**3,866**	**(4,501)**	**(4,771)**

The subsidiary DATA MODUL Electronic Technology (Shanghai) Co. Ltd., Shanghai, China, had a usable tax loss carryforward in the amounts of 1,063 thousand euros as of December 31, 2023. The carryforward is measured at an income tax rate of 25% and shown as a deferred tax asset.

Deferred tax assets arising from actuarial gains and losses on pension commitments recorded directly in equity increased equity by 62 thousand euros (previous year: 62 thousand euros). Deferred tax liabilities were not recognized for temporary differences in connection with investments in subsidiaries in the amount of 19,891 thousand euros, as it was not likely that these temporary differences would reverse in the foreseeable future. If this were the case, 5% of those temporary differences would be subject to tax.

[8] Earnings per share

Undiluted earnings per share is calculated by dividing the figure of after-tax consolidated net income for the year to which ordinary shareholders are entitled by the weighted average number of ordinary shares outstanding during the fiscal year. Diluted earnings per share are calculated applying the weighted average number of common shares outstanding after potentially diluting events during the period under review.

In the fiscal years ended December 31, 2023 and December 31, 2022, no shares were deemed dilutive applying the treasury stock method (stock redemption method).

The table below shows the computation of earnings per share (diluted and undiluted):

	2023	2022
Consolidated net income for the year in KEUR	14,487	18,367
Denominator (thousands of shares):		
Denominator for undiluted earnings per share – weighted average number of shares	3,526	3,526
Denominator for diluted earnings per share – adjusted weighted average shares	3,526	3,526
Undiluted earnings per share	EUR 4.11	EUR 5.21
Diluted earnings per share	EUR 4.11	EUR 5.21

6. Notes to the Statement of Financial Position

[9] Fixed assets 2023

	Acquisition cost						Depreciation/amortization and impairments						Carrying amount
KEUR	Balance as of 01/01/2023	Currency translation	Additions	Disposals	Reclassifi-cations	Balance as of 12/31/2023	Balance as of 01/01/2023	Currency translation	Additions	Disposals	Reclassifi-cations	Balance as of 12/31/2023	Balance as of 12/31/2023
Intangible assets/Goodwill													
Goodwill	3,112	0	0	0	0	3,112	693	0	0	0	0	693	2,419
Software	3,361	14	160	0	0	3,535	2,841	8	342	0	0	3,191	344
Development projects	10,897	0	312	0	0	11,209	8,698	0	315	0	0	9,013	2,196
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**17,370**	**14**	**472**	**0**	**0**	**17,856**	**12,232**	**8**	**657**	**0**	**0**	**12,897**	**4,959**
Property, plant and equipment													
Land and buildings	17,935	47	295	0	15	18,292	10,149	4	997	0	0	11,150	7,142
Technical equipment	8,726	166	459	0	1,574	10,925	4,339	59	993	0	0	5,391	5,534
Other equipment, fixtures and fittings, and office equipment	11,004	148	1,936	123	1,146	14,111	6,441	57	1,368	120	0	7,746	6,365
Assets under construction	789	8	5,790	0	(2,735)	3,852	0	0	0	0	0	0	3,852
Right-of-use assets	17,832	484	6,056	313	0	24,059	6,522	138	2,121	303	0	8,478	15,581
Total	**56,286**	**853**	**14,536**	**436**	**0**	**71,239**	**27,451**	**258**	**5,479**	**423**	**0**	**32,765**	**38,474**
Total	**73,656**	**867**	**15,008**	**436**	**0**	**89,095**	**39,683**	**266**	**6,136**	**423**	**0**	**45,662**	**43,433**

Fixed assets 2022

	Acquisition cost						Depreciation/amortization and impairments						Carrying amount
KEUR	Balance as of 01/01/2022	Currency translation	Additions	Disposals	Reclassifi-cations	Balance as of 12/31/2022	Balance as of 01/01/2022	Currency translation	Additions	Disposals	Reclassifi-cations	Balance as of 12/31/2022	Balance as of 12/31/2022
Intangible assets/Goodwill													
Goodwill	3,112	0	0	0	0	3,112	693	0	0	0	0	693	2,419
Software	3,137	(5)	64	5	170	3,361	2,353	(3)	496	5	0	2,841	519
Development projects	10,671	0	226	0	0	10,897	8,414	0	283	0	0	8,698	2,200
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**16,920**	**(5)**	**290**	**5**	**170**	**17,370**	**11,460**	**(3)**	**779**	**5**	**0**	**12,232**	**5,138**
Property, plant and equipment													
Land and buildings	17,726	(33)	252	17	7	17,935	9,185	(5)	986	17	0	10,149	7,786
Technical equipment	8,160	(30)	125	3	474	8,726	3,426	(6)	922	3	0	4,339	4,387
Other equipment, fixtures and fittings, and office equipment	9,505	(16)	1,515	218	218	11,004	5,563	(1)	1,096	217	0	6,441	4,563
Assets under construction	472	(2)	1,188	0	(869)	789	0	0	0	0	0	0	789
Right-of-use assets	15,983	(92)	2,682	741	0	17,832	5,119	(61)	2,037	573	0	6,522	11,310
Total	**51,846**	**(173)**	**5,762**	**979**	**(170)**	**56,286**	**23,293**	**(73)**	**5,041**	**810**	**0**	**27,451**	**28,835**
Total	**68,766**	**(178)**	**6,052**	**984**	**0**	**73,656**	**34,753**	**(75)**	**5,820**	**815**	**0**	**39,683**	**33,973**

All figures in KEUR

Many of the additions to property, plant and equipment reported for the year under review reflect investments to expand of production and logistics capacity at the plants in Weikersheim and Lublin.

See Note [10], Leases for further information on the right-of-use assets shown under fixed assets.

Non-current assets are depreciated over their useful life, with the exception of goodwill. Apart from goodwill, no intangible assets with an indefinite useful life are recognized.

Goodwill acquired in business combinations was allocated across multiple cash-generating units for impairment testing. The carrying amount of goodwill for the fiscal years ended December 31, 2023 is shown below, broken down by reportable segment and cash-generating unit.

KEUR	Displays	Systems	Total
Cash-generating unit	Display Solutions	Systems Solutions	
Balance as of 01/01/2022	1,032	1,387	2,419
Goodwill acquired during the period	0	0	0
Impairment during the period	0	0	0
Balance as of 12/31/2022	1,032	1,387	2,419
Goodwill acquired during the period	0	0	0
Impairment during the period	0	0	0
Balance as of 12/31/2023	**1,032**	**1,387**	**2,419**

Goodwill was impairment tested as of December 31, 2023. The recoverable amount for the cash-generating units was determined applying calculated value in use based on projected cash flows.

The cash flow projections for all cash-generating units are based on a three-year forecast (2024 - 2026) approved by management and the Supervisory Board, extrapolated for 2027 and years thereafter.

The before-tax discount rates used for cash flow projections and revenue growth rates starting in 2027 (for 2022 in 2026) are shown in the table below.

Cash-generating unit	Before-tax discount rates		Revenue growth rates	
in %	2023	2022	2023	2022
Display Solutions	11.37	9.43	2.0	2.0
System Solutions	11.06	9.50	2.0	2.0

The recoverable amount is primarily determined by the final value (perpetuity), which is particularly sensitive to changes in growth rate assumptions and discount rates.

Impairment testing of goodwill and of non-current assets yielded no indication of impairment losses for fiscal years 2023 or 2022.

Basic assumptions for calculating value in use

The following assumptions applied in calculating value in use of the cash-generating units are subject to particular uncertainty:
- Gross profit margins
- Discount rates
- Growth rates during the projection period and in perpetuity.

Gross profit margins

These margins are calculated based on average profit for the fiscal years prior to the projection period. The gross profit margin is adjusted during the projection period based on expected efficiency increases and corresponding risks.

Discount rates

Discount rates reflect current market estimates pertaining to specific risks attributable to the respective cash-generating units. The discount rate is estimated based on weighted average cost of capital (WACC), as commonly applied in the industry. Both debt and equity are factored into the weighted average cost of capital. Segment-specific risk is factored in by applying individual beta factors. Beta factors are defined annually based on publicly available market data for a relevant peer group of companies in the same industry. The higher discount rates applied principally reflect the increased interest rates on debt and the increased equity ratio.

Estimated growth rates

The growth rates are based on historical data from preceding years. For fiscal year 2022, revenue growth rates of 2.0% were applied for cash-generating units in and after the year 2026. In fiscal year 2023 the revenue growth rates of 2.0% were also applied for Display Solutions and for System Solutions, for 2027 and years thereafter.

The revenue growth rates used for the cash flow projections reflect the projected growth rates of the respective markets and product revenue growth projected by the DATA MODUL in the respective markets on the basis of a market analysis.

Assumption sensitivity

The management board is of the opinion that no changes appearing reasonably possible to basic assumptions made in order to determine value in use of cash-generating units would cause the carrying amount of a cash-generating unit to substantially exceed its recoverable amount.

[10] Leases

The Group has leases for real estate, motor vehicles and operating and office equipment which are utilized in business operations. Real estate leases usually have terms of 1-11 years. Lease terms for vehicles and operating and office equipment are usually 1-5 years in duration. The Group's obligations under lease contracts are secured by the leased assets owned by the lessor. Numerous lease contracts feature extension and termination options, which are discussed in greater detail below.

The Group also has real estate and motor vehicle leases with a term of twelve months or less, and leases for low-value office equipment. The Group applies the simplification options available for its current leases and leases with a low-value underlying asset.

The table below shows the carrying amounts of recognized rights of use and the change therein during the period under review:

KEUR	Real estate	Vehicles	Total
Balance as of 01/01/2023	10,863	447	11,310
Foreign currency translation	482	2	484
Additions	5,719	337	6,056
Disposals	(10)	0	(10)
Depreciation expense	(1,857)	(402)	(2,259)
Balance as of 12/31/2023	**15,197**	**384**	**15,581**

KEUR	Real estate	Vehicles	Total
Balance as of 01/01/2022	10,439	425	10,864
Foreign currency translation	(86)	(6)	(92)
Additions	2,288	394	2,682
Disposals	(164)	(3)	(167)
Depreciation expense	(1,614)	(363)	(1,977)
Balance as of 12/31/2022	**10,863**	**447**	**11,310**

The table below shows the carrying amounts of lease liabilities and the change therein during the period under review:

KEUR	2023	2022
Balance as of 01/01	13,813	13,380
Foreign currency translation	(181)	(71)
Additions	6,056	2,682
Disposals	(10)	(192)
Redemptions	(1,794)	(1,986)
Balance as of 12/31	**17,884**	**13,813**
Of which current	3,082	2,402
Of which non-current	14,802	11,411

The maturity breakdown of lease liabilities is shown in the Supplementary Disclosures, Note [8].

The amounts below were recorded in profit or loss in the period under review:

KEUR	2023	2022
Depreciation expense for right-of-use assets	2,101	2,015
Interest expenses for lease liabilities	862	541
Income (-)/expense (+) from deferred taxes	60	0
Foreign currency translation gains (-)/losses (+)	(608)	(4)
Expenses from short-term lease liabilities	303	234
Expenses from low-value asset leases	55	61
Total expense recorded through profit or loss	**2,773**	**2,847**

The Group recorded cash outflows of 2,650 thousand euros for leases (previous year: 2,534 thousand euros). The Group also reported non-cash additions to right-of-use assets in the amount of 6,047 thousand euros (previous year: 2,489 thousand euros) and disposals of right-of-use assets in the amount of 10 thousand euros (previous year: 167 thousand euros).

The Group has concluded a number of lease contracts which feature extension and termination options. Management negotiates to have such options to be able to more flexibly manage the portfolio of leased assets to meet the Group's various business requirements. Management has to make significant judgments in assessing whether there is sufficient certainty that renewal and/or termination options will be exercised (see Note 4, Recognition and Measurement Methods).

The table below shows the undiscounted potential future lease payments for periods not factored into the lease term which apply in case of exercise of extension and termination options.

For fiscal year 2023:

KEUR	Within five years	More than five years	Total
Extension options not expected to be exercised	0	4,736	4,736
Termination options not expected to be exercised	0	0	0
Total	**0**	**4,736**	**4,736**

For fiscal year 2022:

KEUR	Within five years	More than five years	Total
Extension options not expected to be exercised	0	4,374	4,374
Termination options not expected to be exercised	0	0	0
Total	**0**	**4,374**	**4,374**

The Group holds no significant leases as lessor.

[11] Capitalized costs to fulfill a contract

As of the reporting date, capitalized costs to fulfill a contract included costs for development work for specific customer development projects which are capitalized up until serial production and recorded as cost of sales when the products are sold. These costs in the amount of 9,136 thousand euros are shown as capitalized costs to fulfill a contract, in line with IFRS 15 (previous year: 9,927 thousand euros). Costs to fulfill a contract were capitalized in the amount of 3,115 thousand euros fiscal year 2023 (previous year: 4,185 thousand euros) and scheduled depreciation was recorded in the amount of 3,906 thousand euros (previous year: 2,774 thousand euros). No impairments were recorded in the year under review.

[12] Inventories

Inventories as of the reporting date were as follows:

KEUR	2023	2022
Raw materials and supplies	22,151	23,850
Work in progress, unfinished products	7,972	5,438
Finished goods and merchandise	73,118	83,430
Impairment	(3,026)	(2,915)
Total	**100,215**	**109,803**

DATA MODUL AG holds lower levels of inventories as a result of the significantly improved situation with global supply chain delays, and as a result of better working capital management.

Impairments on inventories affecting income in the amount of 2,230 thousand euros (previous year: 1,780 thousand euros) from the change in impairments and scrapping expense were recorded on the 2023 Statement of Income under cost of sales.

In fiscal year 2023, inventories in the amount of 202,710 thousand euros (previous year: 194,439 thousand euros) were included as cost of materials on the statement of income.

[13] Trade receivables, contract assets, tax receivables, other current assets and other current financial assets

Trade receivables, contract assets, tax receivables, other current assets and other current financial assets broke down as follows as of the reporting date:

KEUR	2023	2022
Trade receivables, including impairments	41,057	37,577
Contract assets including impairments	3,145	3,235
Tax claims and prepayments	643	429
Other current assets:		
Other assets	4,149	3,871
Other current financial assets:		
Suppliers with credit balances	27	99
Positive fair values of embedded derivatives	2,043	6,140
Other financial assets	417	398
Total	**51,481**	**51,749**

The financial assets shown in the table are classified as measured at amortized cost, except for embedded derivatives. Embedded derivatives are classified as held at fair value through profit or loss.

Trade receivables are not interested-bearing, and are generally due within 30 days. The allowance for expected bad debts as of December 31, 2023 and December 31, 2022 was 109 thousand euros and 408 thousand euros respectively.

Contract assets in the amount of 3,145 thousand euros (previous year: 3,235 thousand euros) consist exclusively of receivables from sales to consignment warehouse customers for the supplying of customer-specific items. Under IFRS 15, revenue is recognizable upon delivery of such items to the consignment warehouse, giving rise to the corresponding receivables.

Other assets consist primarily of sales tax refunds due in the amount of 2,496 thousand euros (previous year: 2,502 thousand euros), deferred assets in the amount of 985 thousand euros (previous year: 528 thousand euros) and prepayments in the amount of 668 thousand euros (previous year: 837 thousand euros).

Other financial assets consist of other receivables in the amount of 253 thousand euros (previous year: 234 thousand euros), security deposits in the amount of 164 thousand euros (previous year: 164 thousand euros) and supplier debit balances in the amount of 27 thousand euros (previous year: 99 thousand euros). These other current financial liabilities will in total generate a cash inflow for the Group at a future point in time.

Expected impairments on trade receivables are charged to impairment allowance accounts. Receivables are only derecognized after final clarification of the collection prospects. The change in the value adjustment accounts for expected bad debts as of the reporting date was as follows:

KEUR	2023	2022
Balance as of 01/01	408	422
Additions recorded in profit or loss	86	42
Utilization	(331)	(4)
Reversals	(49)	(75)
Effects from foreign currency translation adjustments	(5)	23
Balance as of 12/31	**109**	**408**

No impairments on contract assets or any other financial instruments had to be recorded for expected bad debts in fiscal year 2023.

Please see the comments on credit risk in the Supplementary Disclosures (Note 8) regarding default risk and the presentation of the impairment matrix applied to gauge expected bad debts on trade receivables.

[14] Cash and cash equivalents

Cash and cash equivalents held as of December 31, 2023 in the amount of 14,324 thousand euros (previous year: 15,669 thousand euros) consist of 14,318 thousand euros in bank balances (previous year: 15,661 thousand euros) and cash on hand of 6 thousand euros (previous year: 8 thousand euros).

[15] Shareholders' equity

Share capital

DATA MODUL AG is classified as a technology firm and has 10,578,546 euros of share capital. The shares are listed on the Regulated Market in Frankfurt (in the Prime Standard trading segment since January 1, 2003), on Xetra and in Munich and also trade on the Open Market in Berlin, Düsseldorf, Hamburg and Stuttgart. Share capital comprises 3,526,182 no-par-value bearer shares which are fully paid-in. Each share represents 3.00 euros of subscribed capital.

At the balance sheet date, DATA MODUL AG held no treasury shares, thus the number of shares outstanding was 3,526,182.

Dividend

For fiscal year 2023 the Executive and Supervisory Boards will recommend at the Annual Shareholders' Meeting payment of a cash dividend of 2.00 euro per share for a total distribution of 7,052 thousand euros to holders of the outstanding dividend-entitled shares. The amount of the per-share dividend for fiscal year 2022 distributed in 2023 was 0.12 euro (previous year: EUR 0.12 euro). The total distribution amount was thus 423 thousand euros (previous year: 423 thousand euros).

Retained earnings

Retained earnings broke down as follows as of December 31, 2022 and December 31, 2023 respectively:

KEUR	2023	2022
Retained earnings	96,165	78,513
Net income for the year	14,487	18,367
Other comprehensive income and dividend	(695)	(715)
Total	**109,957**	**96,165**

Other reserves

Other reserves consist exclusively of reserves for currency differences in the amount of 981 thousand euros (previous year: 917 thousand euros).

[16] Pension and non-current personnel liabilities

DATA MODUL maintains a non-contributory salary-based defined benefit plan that covers certain former Executive Board members under individual contractual commitments. The Company has purchased life insurance policies to cover the actuarial net present value of pension obligations.

The redemption value of these insurance policies as of the reporting date totaled 88 thousand euros (previous year: 155 thousand euros). The pledged reinsurance policies are netted out as plan assets in "Pensions and non-current personnel liabilities". The pension accruals as of December 31, 2023 and December 31, 2022 were calculated in December of the respective year. The mortality rates are based on the tables of Prof. Dr. Klaus Heubeck (2018 G). There were no changes to the defined benefit plan in the fiscal year ended.

The table below shows the amounts capitalized for pension commitments.

KEUR	2023	2022	2021	2020	2019
Present value of deferred pension obligations	1,134	1,236	1,570	1,682	1,694
Fair value of the plan assets	88	155	161	168	175
Funding status	1,046	1,081	1,409	1,514	1,519

Taking into account the principles of computation set forth in IAS 19, the current funding status of the pension obligations is as follows:

KEUR	2023	2022
Changes in the present value of pension obligations:		
Pension obligations forecast at beginning of year	1,236	1,570
Accruing interest on expected pension obligations	37	5
Actuarial profit or loss recorded in other comprehensive income resulting from changed interest and trend assumptions	(29)	(248)
Actuarial gain/loss recorded in other comprehensive income resulting from funding level changes	35	45
Pensions paid	(145)	(136)
Present value of pension obligations at year end	**1,134**	**1,236**
Plan assets	(88)	(155)
Pension obligations	1,046	1,081

The net pension expenditure breaks down as follows:

KEUR	2023	2022
Accruing interest on expected pension obligations	36	5
Net periodic pension cost	36	5

The table below shows the change in fair value of the plan assets:

KEUR	2023	2022
Plan assets at the start of the year	155	161
Interest income/expense	4	1
Other changes in the value of plan assets	(48)	17
Benefits paid out	(23)	(23)
Plan assets at the end of the year	**88**	**155**

Expenses on plan assets total -44 thousand euros (previous year: 18 thousand euros) The fair value of plan assets is determined applying quoted values from securities exchanges or other observable market value.

The following average factors were used as basis for calculating pension obligations as of the reporting date:

in %	2023	2022
Weighted average assumptions:		
Discount rate	3.50	3.09
Growth rate for future benefit payments	2.0 – 3.0	2.0 – 3.0

The average duration is 6 years (previous year: 8 years). The Company has pension plan benefit payment obligations as outlined below for respective fiscal years ending December 31:

	KEUR
2024	132
2025	127
2026	121
2027	115
2028	108
Cumulative 2029 through 2033	434

Expenses are recorded in profit or loss under net interest.

The sensitivity analysis provided below shows changes in carrying amounts resulting from changes in the applied parameters for calculating pension obligations using the projected unit credit method.

KEUR	12/31/2023
Discount rate increase by 1.0%	(65)
Discount rate decrease by 1.0%	72
Pension trend rise of 1.0%[1]	42
Pension trend decline of 1.0%[1]	(39)

[1] Pension trend sensitivity applies only to those portions of the pension obligations which have not been contractually agreed.

There were other long-term personnel obligations in addition to pension obligations as of the reporting date.

KEUR	2023	2022
Pension provisions	1,046	1,081
Long-term bonus claims	73	73
Amount reported on consolidated balance sheet	**1,119**	**1,154**

[17] Provisions

Quantifying warranty provisions are inherently subject to uncertainty regarding amount and due dates. The amount of the accrual is calculated based on historical data. Employment anniversary supplement obligations are reported under personnel provisions. Other provisions consist primarily of other liabilities, the amount of which is uncertain. The change in non-current and current provisions in fiscal year 2023 was as outlined below.

KEUR	Warranties	Personnel	Other	Total
Balance as of 01/01/2023	1,320	61	598	1,979
Currency translation	0	0	(7)	(7)
Additions	1,036	0	307	1,343
Utilization	(319)	0	(280)	(599)
Reversals	(843)	(7)	0	(850)
Balance as of 12/31/2023	**1,194**	**54**	**618**	**1,866**
Of which non-current	252	0	0	252
Of which current	942	54	618	1,614

The change in non-current and current provisions in fiscal year 2022 was as outlined below.

KEUR	Warranties	Personnel	Other	Total
Balance as of 01/01/2022	761	81	383	1,225
Currency translation	0	0	15	15
Additions	1,053	0	473	1,526
Utilization	(363)	0	(273)	(636)
Reversals	(131)	(20)	0	(151)
Balance as of 12/31/2022	**1,320**	**61**	**598**	**1,979**
Of which non-current	246	0	0	246
Of which current	1,074	61	598	1,733

Except for risks for which accruals have been recorded, Management is unaware of any matters potentially creating liabilities for the Company which could have a major adverse impact on the Company's financial position, financial performance and cash flows.

[18] Non-current and current contract liabilities

As of the reporting date, contract liabilities included deferred revenue for contractually agreed warranty benefits for our customers beyond the scope of statutory warranty and for upfront payments from customers for customer-specific development projects.

As of the reporting date, non-current contract liabilities totaled 7,290 thousand euros (previous year: 8,039 thousand euros), while current contract liabilities totaled 150 thousand euros (previous year: 206 thousand euros). Revenue from extended warranties was recognized in the amount of 205 thousand in 2023 (previous year: 225 thousand euros), and revenue from development projects was recognized in the amount of 3,317 thousand euros (previous year: 1,513 thousand euros).

[19] Other current liabilities, other current financial liabilities and tax liabilities

Other current liabilities, other current financial liabilities and tax liabilities consisted of the following items as of the reporting date:

KEUR	2023	2022
Taxes payable	3,735	4,487
Other current liabilities:		
Personnel-related liabilities	3,147	4,544
Social security and payroll taxes	954	980
Advance payments received	320	1,433
Value-added tax payable	3,485	4,457
	7,906	11,414
Other current financial liabilities:		
Outstanding invoices	1,244	1,228
Customers with credit balances	129	100
Negative fair values of embedded derivatives	1,917	6,461
Other liabilities	17	24
	3,307	7,813
Total	**14,948**	**23,714**

The financial liabilities shown in the table are classified as measured at amortized cost, except for embedded derivatives. Embedded derivatives are classified as held at fair value through profit or loss.

[20] Current liabilities due to financial institutions

Utilization of short-term credit facilities as of the reporting date is shown in the table below.

KEUR	2023	2022
Deutsche Bank, Munich	3,515	5,003
Commerzbank, Munich	2,510	6,505
Sparkasse Tauberfranken, Tauberbischofsheim	1,004	4,005
Bayerische Landesbank, Munich	1,003	4,506
Total	**8,032**	**20,021**

Current liabilities due to financial institutions are classified as measured at amortized cost.

In fiscal year 2023 these items were exclusively money market loans with a term of two to three months and interest rates ranging between 4.90% and 5.65% As of the reporting date, the unused amount of available credit lines, including the bank guarantee for the amount of 1,596 thousand euros (previous year: 938 thousand euros) totaled 38,372 thousand euros (previous year: 27,042 thousand euros).

KEUR	2023	2022
Commerzbank, Munich	15,000	15,000
Sparkasse Tauberfranken, Tauberbischofsheim	12,000	12,000
Bayerische Landesbank, Munich	14,000	14,000
Deutsche Bank, Munich	7,000	7,000
Total	48,000	48,000

In addition to these credit facilities, DATA MODUL has bank guarantees which it can use in lieu of rent deposits or supplier guarantees. These bank guarantees are equivalent to letters of credit. Instead of receiving a cash deposit, the bank guarantees, for example, the deposit amount without actually depositing assets. These guarantees affect the total amount of cash the Company can borrow, as the guarantees pose a potential risk to the issuing banks. As of December 31, 2023 DATA MODUL had drawn on bank guarantees for the amount of 1,596 thousand euros (previous year: 938 thousand euros).

[21] Financial instruments

Financial assets and liabilities are generally carried on the balance sheet at amortized cost in subsequent periods based on their applicable measurement category. Derivative financial instruments represent an exception to this, which are carried at fair value on the balance sheet.

The table below shows the carrying values of financial instruments and their fair values additionally statable under IFRS 7, as well as their hierarchy level per IFRS 13. If a fair value is not reported for a financial instrument, the stated carrying amount of the financial instrument represents a reasonable approximation of its fair value.

The fair value of foreign currency derivatives is measured based on customers orders on the books and purchasing orders with suppliers on the books as of the reporting date, taking foreign exchange movements into account. These derivatives are assigned to level 3 of the hierarchy per IFRS 13 because fair value is in part determined on the basis of internal information.

12/31/2023	IFRS 13 Level hierarchy	IFRS 9 Categories	Carrying amount	At amortized cost (AC)	Measured at fair value through profit or loss (FVPL)	Not assigned to any IFRS 9 category
Current assets						
Trade accounts receivable	-	AC	41,057	41,057	-	-
Other current financial assets	-	AC	2,487	-	-	-
Derivatives	Level 3	FVPL	2,043	-	2,043	-
Other	-	AC	444	444	-	-
Cash and cash equivalents	-	AC	14,324	14,324	-	-
Non-current liabilities						
Non-current lease liabilities	-	-	14,802	-	-	14,802
Current liabilities						
Trade accounts payable	-	AC	20,956	20,956	-	-
Current lease liabilities	-	-	3,082	-	-	3,082
Liabilities due to financial institutions	-	AC	8,032	8,032	-	-
Other current liabilities	-	-	2,062	-	-	-
Derivatives	Level 3	FVPL	1,917	-	1,917	-
Other	-	AC	145	145	-	-

12/31/2022	IFRS 13 Level hierarchy	IFRS 9 Categories	Carrying amount	At amortized cost (AC)	Measured at fair value through profit or loss (FVPL)	Not assigned to any IFRS 9 category
Current assets						
Trade accounts receivable	-	AC	37,577	37,577	-	-
Other current financial assets	-	AC	6,637	-	-	-
Derivatives	Level 3	FVPL	6,140	-	6,140	-
Other	-	AC	497	497	-	-
Cash and cash equivalents	-	AC	15,669	15,669	-	-
Non-current liabilities						
Non-current lease liabilities	-	-	11,411	-	-	11,411
Current liabilities						
Trade accounts payable	-	AC	19,708	19,708	-	-
Current lease liabilities	-	-	2,402	-	-	2,402
Liabilities due to financial institutions	-	AC	20,021	20,021	-	-
Other current liabilities	-	-	6,586	-	-	-
Derivatives	Level 3	FVPL	6,461	-	6,461	-
Other	-	AC	125	125	-	-

AC – Measured at amortized cost
FVPL – Fair value through profit or loss

7. Notes to the Statement of Cash Flows

The Statement of Cash Flows records inflow and outflow of funds from ordinary operations and investment and financing activities. Exchange rate changes are eliminated in the relevant line and presented separately.

Cash flows from operating activities include all cash flows from ongoing operating activities and are presented using the indirect method. All non-cash income and expense items are adjusted based on net income for the year. Cash flow from operating activities came to 23,848 thousand euros (previous year: -2,825 thousand euros), principally reflecting net income for the year of 14,487 thousand euros (previous year: 18,367 thousand euros), lower inventories and depreciation on fixed assets (a non-cash item). The year-over-year increase in trade receivables and other liabilities negatively affected cash flow from operating activities.

Cash flows from investing activities reflect the capital outflow related to capitalized development costs and to other asset additions, and the cash inflows from the disposal of assets. Net cash flow from investing activities came to -8,952 thousand euros for 2023, reflecting the higher level of investment in the year under review (previous year: -3,370 thousand euros).

Cash flow from financing activities in fiscal year 2023 was -16,272 thousand euros (previous year: 1,645 thousand euros). The cash flow from financing activities essentially results from the redemption of bank liabilities in the amount of 12,000 thousand euros. Cash flow from financing activities also includes cash outflows for leases, these payments being broken down into lease liability redemption and interest portions. The dividend distribution furthermore resulted in a cash outflow of 423 thousand euros in 2023 (previous year: 423 thousand euros). The amount of the per-share dividend for fiscal year 2022 distributed in 2023 was 0.12 euro (previous year: 0.12 euros).

Cash and cash equivalents comprise current bank deposits and cash on hand. Effects of exchange rate fluctuations on cash and cash equivalents are presented in a separate line item.

Reconciliation of debt movements to cash flows from financing activities

The reconciliation statement of debt to cash flow from financing activities required pursuant to IAS 7.44A is shown below.

Change in financing debt KEUR			Not affecting cash flow					
	Balance as of 01/01/2023	**Affecting cashflow**	**Additions/ disposals**	**Interest accrued but not yet paid**	**FX**	**Fair value**	**Reclassifications**	**Balance as of 12/31/2023**
Liabilities due to financial institutions	20,021	(12,021)	0	32	0	0	0	8,032
Lease liabilities	13,813	(1,794)	6,046	0	(181)	0	0	17,884
Total	33,834	(13,815)	6,046	32	(181)	0	0	25,916

Change in financing debt KEUR			Not affecting cash flow					
	Balance as of 01/01/2022	**Affecting cashflow**	**Additions/ disposals**	**Interest accrued but not yet paid**	**FX**	**Fair value**	**Reclassifications**	**Balance as of 12/31/2022**
Liabilities due to financial institutions	15,000	5,000	0	21	0	0	0	20,021
Lease liabilities	13,380	(1,986)	2,489	0	(70)	0	0	13,813
Total	28,380	3,014	2,489	21	(70)	0	0	33,834

8. Supplementary Disclosures

Objectives and methods of financial risk management

Business operations inevitably result in liquidity, credit and market risks. Market risks are effects from market price changes on fair value and future cash flows from financial instruments. Market risks include in particular interest rate-related cash flow risk, interest rate risk, foreign currency risk and other price risks. Strategies and control mechanisms for specific risks arising from the Group's use of financial instruments are outlined below. The Company has no significant concentration of credit risk.

Interest rate risk

Interest rate risk is risk of potential negative effects from changes in market interest rates affecting the fair values of or future payments from financial instruments.

The table below shows a sensitivity risk analysis of Group earnings before taxes and equity to interest rate changes in variable-rate current borrowings.

KEUR	**2023**	**2022**
Impact on earnings before taxes		
Interest rate change		
Increase by 1%	(80)	(200)
Decrease by 1%	80	200

Currency risk

Currency fluctuations may materially affect the Group's balance sheet due to the significant volume of transactions in foreign currency. Risk exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 52.2% (previous year: 51.1%) of Group revenue was generated in currencies other than the functional currency of the operating unit that generated the revenue, and 58.8% (previous year: 73.1%) of costs were incurred in a currency other than the functional currency of the operating unit to which they accrued. The Group may employ a range of hedging instruments such as currency futures contracts and options to minimize price and currency risks. Currency futures contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into currency hedges until a fixed obligation has been agreed on. It is the Company's policy to negotiate the terms of hedge derivatives to correspond to those of the hedged item in order to maximize hedge effectiveness. As of December 31, 2023, no currency forwards were held.

The table below shows a sensitivity analysis of Group earnings before taxes to exchange rate fluctuations in all key foreign currencies which are deemed reasonably possible on the basis of prudent business judgment. The most impact is seen from exchange rate fluctuations versus the USD, PLN and CNY. The impact on earnings before taxes due to an exchange rate increase or decrease relative to the average foreign exchange rate for the respective fiscal years was calculated. All other factors remain unchanged.

Impact on earnings before taxes

	Change in exchange rates 2023	
KEUR	Increase by 5%	Decrease by 5%
USD	(119)	108
PLN	(352)	318
CNY	257	(233)
Total	**(214)**	**193**

	Change in exchange rates 2022	
KEUR	Increase by 5%	Decrease by 5%
USD	(2,857)	2,585
PLN	(278)	252
HKD	(136)	123
Total	**(3,271)**	**2,960**

Credit risk

Credit risks arise from the potential of business partners not meeting their obligations in operating business and financial transactions. Risk related to credit standing is minimized by means of an efficient credit and collections management system.

The Group only enters into transactions with third parties with good credit standing. It is the Company's policy that all customers who wish to trade on credit are subject to verification of creditworthiness. Trade receivables balances are constantly monitored and allowances made for known and anticipated value adjustment risks.

For trade receivables and contract assets, DATA MODUL calculates expected default on the basis of historical default rates, applying an impairment matrix. The expected default rates are calculated based on the respective period overdue of the receivables. In addition, the values determined may also be adjusted to reflect available information of relevance to the future value/recoverability of customer receivables.

Impairments on trade receivables were calculated as follows:

Default rates as of 12/31/2023 for calculating impairment (in %)

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
DATA MODUL AG	0.0000	0.0000	0.0000	0.0000	8.2240
DATA MODUL France	0.0305	0.2278	0.0000	0.0000	27.0829
DATA MODUL Italia	0.0000	0.0000	0.0000	0.0000	0.0496
DATA MODUL Iberia	0.0009	0.0051	1.0717	1.4457	7.0880
DATA MODUL Ltd.	0.0000	0.0000	0.0000	2.2534	16.9584
DATA MODUL Inc.	0.0000	0.0000	0.0000	0.0000	9.6335
DATA MODUL Hong Kong	0.0000	0.0000	0.0000	0.0000	0.0000
DATA MODUL Shanghai	0.0000	0.0000	0.0000	0.0000	0.0000
Conrac Asia	0.0000	0.0000	0.0000	0.0000	0.0000

Gross carrying amounts of trade receivables as of 12/31/2023 (in KEUR)[1]

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days	Total	Currency
DATA MODUL AG	16,204	3,828	1,141	208	710	22,091	EUR
DATA MODUL France	653	141	0	0	10	804	EUR
DATA MODUL Italia	3,980	1,030	180	20	4	5,213	EUR
DATA MODUL Iberia	2,768	419	64	19	0	3,271	EUR
DATA MODUL Ltd.	759	179	71	62	0	1,070	GBP
DATA MODUL Inc.	5,669	1,084	377	74	154	7,357	USD
DATA MODUL Hong Kong	232	122	0	0	0	354	HKD
DATA MODUL Shanghai	657	175	38	273	0	1,144	CNY
Conrac Asia	95	0	17	95	0	208	SGD
						41,513	**Total in EUR**

Impairments as of 12/31/2023 (in KEUR)

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days	Total	Currency
DATA MODUL AG	0	0	0	0	56	56	EUR
DATA MODUL France	0	0	0	0	2	2	EUR
DATA MODUL Italia	0	0	0	0	0	0	EUR
DATA MODUL Iberia	0	0	1	0	0	1	EUR
DATA MODUL Ltd.	0	0	0	1	0	1	GBP (in EUR)
DATA MODUL Inc.	0	0	0	0	0	0	USD (in EUR)
DATA MODUL Hong Kong	0	0	0	0	0	0	HKD (in EUR)
DATA MODUL Shanghai	0	0	0	0	0	0	CNY (in EUR)
Conrac Asia	0	0	0	0	0	0	SGD (in EUR)
						60	**Total in EUR**

[1] Invoiced, unimpaired receivables

Default rates as of 12/31/2022 for calculating impairment (in %)

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
DATA MODUL AG	0.0003	0.0025	0.0385	0.1962	13.5797
DATA MODUL France	0.0305	0.2278	0.0000	0.0000	24.3805
DATA MODUL Italia	0.0000	0.0000	0.0000	0.0000	0.0000
DATA MODUL Iberia	0.1189	0.2943	1.3905	2.5936	7.0880
DATA MODUL Ltd.	0.7392	0.4886	1.3635	2.2534	8.9024
DATA MODUL Inc.	0.0095	0.5338	4.5177	2.9924	2.4396
DATA MODUL Hong Kong	0.0000	0.0000	0.0000	0.0000	0.0000
DATA MODUL Shanghai	0.0000	0.0000	0.0000	0.0000	0.0000
Conrac Asia	0.0000	0.0000	0.0000	0.0000	0.0000

Gross carrying amounts of trade receivables as of 12/31/2022 (in KEUR)[1]

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days	Total	Currency
DATA MODUL AG	13,960	3,178	218	144	27	17,526	EUR
DATA MODUL France	475	35	59	11	23	605	EUR
DATA MODUL Italia	4,502	1,173	496	5	14	6,190	EUR
DATA MODUL Iberia	1,710	677	47	4	18	2,455	EUR
DATA MODUL Ltd.	837	1,266	271	25	0	2,399	GBP
DATA MODUL Inc.	5,160	675	719	47	333	6,933	USD
DATA MODUL Hong Kong	610	188	0	0	0	798	HKD
DATA MODUL Shanghai	1,136	163	0	0	0	1,299	CNY
Conrac Asia	0	14	15	0	30	59	SGD
						38,265	**Total in EUR**

Impairments as of 12/31/2022 (in KEUR)

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days	Total	Currency
DATA MODUL AG	0	0	0	0	3	3	EUR
DATA MODUL France	0	0	0	0	0	0	EUR
DATA MODUL Italia	0	0	0	0	0	0	EUR
DATA MODUL Iberia	2	2	1	0	1	6	EUR
DATA MODUL Ltd.	6	6	4	1	0	17	GBP (in EUR)
DATA MODUL Inc.	0	4	32	1	2	40	USD (in EUR)
DATA MODUL Hong Kong	0	0	0	0	0	0	HKD (in EUR)
DATA MODUL Shanghai	0	0	0	0	0	0	CNY (in EUR)
Conrac Asia	0	0	0	0	0	0	SGD (in EUR)
						66	**Total in EUR**

[1] Invoiced, unimpaired receivables

Further impairments have been recorded in the amount of 48 thousand euros for trade accounts receivable (previous year: 271 thousand euros) with a gross carrying amount of 160 thousand euros (previous year: 292 thousand euros) due to default events which are expected but without reference to the historical default rates underlying the impairment matrix.

It was not necessary to present the impairment matrix because in the last three years no bad debts were recorded from customers whose receivables were reported under contract assets. Other than that there are no significant default risks connected with ongoing business activities. Additionally, credit sale insurance policies have been taken out to limit risk under a 10% benefit.

In transactions not conducted in the country of the respective operating unit, the Company does not offer credit terms without a credit check. The Group thus does not face a major concentration of credit risks. With other financial assets of the Group, such as cash and cash equivalents, the maximum credit risk exposure through counterparty default is equal to the carrying amount of those instruments.

Liquidity risk

Liquidity risk is the risk of the company not being able to fully meet all of its payment obligations in a timely manner.

The Group constantly monitors liquidity risk, employing a liquidity planning tool. This tool takes into account the maturities of both the financial investments and the financial assets, as well as projected cash flows from business operations.

The Company's objective is to meet liquidity requirements at all times while maintaining flexibility through the utilization of overdraft facilities and bank loans. As of December 31, 2023, 48.2% of the Company's debt reported on the Consolidated Financial Statements was due to mature within a period of one year (previous year: 54.8%)

As of the balance sheet date the company held 14,324 thousand euros in cash and cash equivalents (previous year: 15,669 thousand euros).

The table below shows the maturity structure of contractual, undiscounted and expected cash flows from financial liabilities. The cash flows consist of redemption payments and related interest.

12/31/2023 KEUR	< 12 months	1 - 5 years	> 5 years	Total
Liabilities due to financial institutions	8,032	0	0	8,032
Trade accounts payable	20,956	0	0	20,956
Lease liabilities	3,205	11,599	9,802	24,606
Other financial liabilities	3,307	0	0	3,307
Total	**35,500**	**11,599**	**9,802**	**56,901**

12/31/2022 KEUR	< 12 months	1 - 5 years	> 5 years	Total
Liabilities due to financial institutions	20,021	0	0	20,021
Trade accounts payable	19,708	0	0	19,708
Lease liabilities	2,509	8,738	6,844	18,091
Other financial liabilities	7,813	0	0	7,813
Total	**50,051**	**8,738**	**6,844**	**65,633**

Capital management

The main objective behind the Company's capital management activities is to maintain a high credit rating and a good equity ratio to support business operations and maximize shareholder value. The Company manages and adjusts its capital structure taking into account any changes to the general economic conditions. In order to maintain or adjust its capital structure, the Company may adjust dividend payments to shareholders, make share repurchases and issue new shares. No changes had been made to the objectives or policies as of December 31, 2023, nor in the previous year.

The Company monitors its capital levels with respect to a capital management ratio which is the ratio of net debt to total equity plus net debt. The Company's net debt is its interest-bearing loans and borrowings, trade payables, contract liabilities and other liabilities less cash and cash equivalents and current assets. Shareholders' equity is the equity shown on the balance sheet.

KEUR	2023	2022
Current borrowings	8,032	20,021
Trade payables and contract liabilities	28,397	27,953
Lease liabilities	17,884	13,813
Other liabilities	19,267	28,466
Minus cash and cash equivalents and other current assets	(20,960)	(26,177)
Net debt	52,620	64,076
Total shareholders' equity	**145,636**	**131,780**
Shareholders' equity and net debt	198,256	195,856
Capital management ratio in %	26.54%	32.72%

Fair value

The carrying amounts of the financial instruments the Group holds mostly correspond to their fair values because of their short term to maturity.

Embedded derivatives

DATA MODUL enters into sale contracts with customers and purchase contracts with suppliers in currencies that are not the functional currencies of both parties. The contractual currencies under these contracts are USD and JPY. These contracts therefore contain embedded foreign currency derivatives which have to be separated from the host contract in accounting. These embedded foreign currency derivatives were measured at fair value through profit or loss on the basis of material, observable valuation inputs. Fair value is calculated applying USD and JPY exchange rates quoted on an exchange over the period of the average fulfillment period of the customer and supplier orders weighted by order volume. Order contracts with customers and suppliers have a maximum fulfillment period of 7 months.

The fair values are stated in the Notes to the Statement of Financial Position—see Note [13], Other current financial assets, and Note [19], Other current financial liabilities.

Hedging activities

As of December 31, 2023, there were no financial instruments classifiable as hedges for projected sales to customers or purchases from suppliers for which these fixed obligations existed. As of the December 31, 2023 reporting date there were no hedged net investments in foreign business operations.

Contingent liabilities, contingencies and other financial obligations

Contingent liabilities and litigation

The Group may be subject to litigation from time to time as part of the ordinary course of business. The Group's Executive Board and its legal advisors are not aware of any claims that could have a material adverse effect on the Company's business, balance sheet or earnings.

Contingencies from guarantees and warranties as of the balance sheet date totaled 1,596 thousand euros (previous year: 938 thousand euros).

The maturities are as follows (in KEUR):

KEUR	< 1 year	1-5 years	> 5 years	Total
Guaranteed bills outstanding	0	100	1,496	1,596

Segment reporting

In accordance with IFRS 8 (Operating Segments), segments are defined using the "management approach". Segments are defined and information on these segments is thus disclosed according to internal criteria used by Company management to allocate resources and evaluate segment performance. The segment reports below were prepared in accordance with this definition, New orders, revenue and EBIT are the primary performance metrics. There are no inter-segment revenues. Segment costs are clearly allocatable to the segments. Assets and liabilities are not allocated to segments for management purposes, and are not utilized internally to gauge the performance of elements of the Company.

DATA MODUL displays and easyTOUCH displays, electronic subassemblies and custom products for use in industrial applications and the automotive industry comprise the Displays business segment.

The Systems business segment comprises our easyBoard, easyPanel and easyEmbedded solutions as well as special monitors for applications in marine navigation and medical devices. This business segment also serves customers in the airport, rail and digital signage industries.

Business segments

Segment results	Fiscal year 2023			Fiscal year 2022		
KEUR	Displays	Systems	Group total	Displays	Systems	Group
Revenue from product sales	180,929	101,246	282,175	177,064	97,784	274,848
Service revenue	521	539	1,060	359	846	1,205
Total revenue	**181,450**	**101,785**	**283,235**	**177,423**	**98,630**	**276,053**
Other operating income	49	0	49	102	1	103
Research and development expenses	(2,648)	(4,504)	(7,152)	(3,073)	(3,587)	(6,660)
Selling and general administrative expenses	(20,236)	(9,950)	(30,186)	(20,649)	(9,433)	(30,082)
Amortization of intangible assets and depreciation on property, plant and equipment	(2,504)	(1,511)	(4,015)	(2,443)	(1,340)	(3,783)
Income from investments	0	0	0	(18)	0	(18)
Segment results (EBIT)	**10,748**	**11,548**	**22,296**	**12,813**	**14,336**	**27,149**
Financial income	362	95	457	378	301	679
Financial expense	(877)	(984)	(1,861)	(468)	(481)	(949)
Income taxes	(3,506)	(2,899)	(6,405)	(4,338)	(4,174)	(8,512)
Net income for the year	**6,727**	**7,760**	**14,487**	**8,385**	**9,982**	**18,367**
Investments in intangible assets, property, plant and equipment, and financial assets	3,510	5,442	8,952	1,890	1,480	3,370

Breakdown by geographical region

Regarding the geographical region data, revenues are allocated to countries applying to the country of destination principle. Non-current assets are accounted for at the location of the asset in question. 'Domestic' refers to the headquarters of the parent company DATA MODUL AG located in Germany.

Revenue

Displays segment

KEUR	2023	2022
Domestic	71,630	65,757
International	109,820	111,666
Total	**181,450**	**177,423**

Systems segment

KEUR	2023	2022
Domestic	58,634	57,134
International	43,151	41,496
Total	**101,785**	**98,630**

Non-current assets

KEUR	2023	2022
Domestic		
Intangible assets	4,785	5,014
Property, plant and equipment	14,479	12,831
Total domestic	19,264	17,845
International		
Intangible assets	174	125
Property, plant and equipment	8,413	4,693
Total international	8,587	4,818
Total	**27,851**	**22,662**

Supplementary Disclosures

Related and affiliated companies

According to IAS 24 (Related party disclosures), transactions with persons and entities that are controlled by the reporting entity or could control the reporting entity are to be disclosed unless these have already been included in the Consolidated Financial Statements as consolidated entities. Companies and individuals which/who are related parties of DATA MODUL AG include company shareholders with significant control, the subsidiaries, Executive and Supervisory Board members, individuals who are related parties to those members and companies in which the aforementioned hold an equity interest.

On April 23, 2015, ARROW Central Europe Holding Munich GmbH notified the Company that its shareholding in DATA MODUL AG had exceeded the 50% threshold. Since that date, ARROW Central Europe Holding Munich GmbH has been the controlling company of DATA MODUL AG within the meaning of Sec. 17 AktG.

DATA MODUL AG in turn is a dependent company of Arrow Central Europe Holding Munich GmbH, Neu-Isenburg, and of the Arrow Group parent company Arrow Electronics Inc., Centennial, Colorado, USA. DATA MODUL AG is thus included in the consolidated financial statements of ARROW Electronics Inc as its largest group of companies. These consolidated financial statements are available at www.arrow.com.

Business transactions with the ARROW Group in fiscal 2023 included 113 thousand euros in purchases (previous year: 80 thousand euros) and 41 thousand euros in sales (previous year: 48 thousand euros). As of the reporting date, unsecured liabilities due to the ARROW Group totaled 0 thousand euros (previous year 3 thousand euros), while receivables from ARROW Group totaled 0 thousand euros (previous year: 48 thousand euros).

The DATA MODUL consolidated financial statements include all subsidiaries in which parent company DATA MODUL AG holds an indirect or direct majority of voting rights. Business transactions with the subsidiaries are eliminated as part of full consolidation.

Affiliated companies

Company name, registered office	Share-holding	IFRS equity	Net income for the year
	in %	KEUR	KEUR
DATA MODUL Weikersheim GmbH, Weikersheim, Germany	100	12,932	886
DATA MODUL France SARL, Paris, France	100	1,240	133
DATA MODUL Iberia S.L., Madrid, Spain	100	1,955	487
DATA MODUL Inc., New York, USA	100	4,547	2,290
DATA MODUL Italia S.r.l., Bolzano, Italy	100	3,033	678
DATA MODUL Ltd., Cannock, UK	100	355	126
DATA MODUL Hong Kong Ltd., Hong Kong, China	100	1,113	142
DATA MODUL Electronic Technology (Shanghai) Co., Ltd., Shanghai, China	100[1]	287	(319)
Conrac Asia Display Products PTE Ltd., Singapore	100	757	70
DATA MODUL Polska Sp. z o.o, Lublin, Poland	100	3,752	613

[1] Indirect holding via DATA MODUL Hong Kong Ltd.

For fiscal year 2023 the domestic subsidiary DATA MODUL Weikersheim GmbH utilized all of the permitted exemption options per Section 264 (3) of German Commercial Code (HGB).

Compensation report

The compensation scheme in place for members of the Management and Supervisory Boards is presented below.

Executive Board member compensation

The disclosures on compensation paid to Executive Board members in fiscal year 2023 take into account the recommendations per German Corporate Governance Code (GCGC) in addition to applicable accounting principles (GAS 17, HGB/German GAAP, IFRS):

Compensation packages granted	Dr. Florian Pesahl, CEO Appointment date: January 1, 2010			
KEUR	2022	2023	2023 (min.)	2023 (max.)
Fixed salary	230	250	250	250
Fringe benefits	18	19	19	19
Bonus Konzerntreue	100	100	0	100
Total	**348**	**369**	**269**	**369**
One-year variable compensation[1]	147	167	0	167
Multi-year variable compensation[2]				
Executive bonus 2021	73	0	0	0
Executive bonus 2022	0	73	0	73
Performance Bonus	220	55	0	250
Total compensation (in accordance with GCGC)	**788**	**664**	**269**	**859**
Pension contributions	0	0	0	0
Total compensation (in accordance with GAS 17)	**788**	**664**	**269**	**859**

[1] Not taking into account any deferrals.
[2] According to his employment contract, Dr. Pesahl's executive bonus package contains a long-term incentive by virtue of which only two-thirds of the accrued executive bonus is to be paid out upon adoption and approval of the Consolidated Financial Statements, the third portion only being disbursable if the Group remains profitable in the fiscal year following.

Compensation paid to the Executive Board member in fiscal year 2023 breaks down as follows:

Compensation	Dr. Florian Pesahl, CEO Appointment date: January 1, 2010	
KEUR	2023	2022
Fixed salary	250	230
Fringe benefits	19	18
Bonus Konzerntreue	100	100
Total	**369**	**348**
One-year variable compensation[3]	147	147
Multi-year variable compensation	73	37
Performance Bonus	220	110
Total compensation	**809**	**642**

[3] Not taking into account any deferrals.

As of the reporting date, the Group had pension commitments for former members of the Executive Board as shown in the table below, indicating annual contributions to the pension plan:

Pensions	Peter Hecktor		Walter Eichner	
KEUR	2023	2022	2023	2022
Provisions recorded as of the reporting date	182	195	140	192
Addition to (+) / reversal (-) of pension provisions	13	(53)	(21)	(30)
Pensions paid	26	25	31	30

In fiscal years 2023 and 2022, the Executive Board member did not receive any loans or similar benefits. Nor did the Executive Board member receive any compensation for offices held at other Group companies.

Supervisory Board member compensation

Annual compensation in KEUR	2023	2022
Kristin D. Russell	40	40
Rick Seidlitz	30	30
Eberhard Kurz	20	20
Grand total	**90**	**90**

Membership of the Executive and Supervisory Boards

Executive Board member:

Dr. Florian Pesahl, Munich, CEO

Supervisory Board members:

Kristin D. Russell, Chair
Richard A. Seidlitz, Deputy Chair
Eberhard Kurz (employee), Employee Representative

Auditors' fees

The Company recorded fees for auditing services in the amount of 153 thousand euros in accordance with Sec. 314 (1) No. 9a of German Commercial Code (previous year: 153 thousand euros). Tax consultancy expenses as per Sec. 314 (1) No.9c German Commercial Code in the amount of 0 thousand euros (previous year: 0 thousand euros) were recorded through profit or loss, as well as other services as per Sec. 314 (1) No. 9d German Commercial Code in the amount of 0 thousand euros (previous year: 0 thousand euros).

Events after the reporting period

We are unaware of any significant events that have occurred after the end of the fiscal year which would have had a major influence or impact on the Company's financial position, financial performance and/or cash flows.

Corporate governance declaration

In March 2024 the Executive and Supervisory Boards submitted the declaration per Section 161 of the German Stock Corporation Act (AktG), outlining which recommendations of the GCGC ("Government Commission on German Corporate Governance Code") have been/are being complied with. This declaration is posted on the DATA MODUL AG website www.data-modul.com as a document permanently accessible to the public.

Munich, March 21, 2024

Dr. Florian Pesahl
Chief Executive Officer
DATA MODUL AG

Independent Auditor's Report

To DATA MODUL Aktiengesellschaft Produktion und Vertrieb von elektronischen Systemen, Munich
Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions
We have audited the consolidated financial statements of DATA MODUL Aktiengesellschaft Produktion und Vertrieb von elektronischen Systemen, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cashflow statement for the financial year from 01 January to 31 December 2023 and the consolidated statement of changes in equity for the financial year from 1 January 2023 to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of DATA MODUL AG for the financial year from 01 January to 31 December 2023. In accordance with the German legal requirements we have not audited the components of the group management report mentioned in the section "other information" to our Auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,
- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 31 December 2023, and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the parts of the group management report mentioned in the section "other information".

Pursuant to § 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided nonaudit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

1) Valuation of inventory
Related disclosures in the annual financial statements
For the applied accounting and valuation principles for inventories, please refer to the information in the notes in chapter 4. Accounting and valuation methods Inventories.

Description of the Audit matter and risks for the audit
Inventories represent a significant part of DATA MODUL AG's assets. The valuation of inventories, in particular of semifinished and finished goods, is complex. Due to the partly tense supply chains and the general economic uncertainties, price risks can arise on the procurement and sales markets. Within the framework of the valuation routines, there is scope for discretion in estimating the marketability of certain inventories. Against this background and due to the complexity of the measurement principles for inventories, the valuation of the inventories were a Key audit matter within the scope of our audit.

Audit approach and results
Within the scope of our audit, we analyzed the processes implemented by the legal representatives as well as the accounting and valuation guidelines for the valuation of inventories for possible risks of error and obtained an understanding of the stages of the process. In addition, we assessed the design of the controls implemented by the legal representatives for the valuation of inventories for their basic effectiveness, and we additionally tested certain particularly important controls for their operational implementation. As part of the audit of the ERP system, we performed a system audit of the automated inventory valuation routines. We also questioned the management of DATA MODUL AG and other employees regarding the scope for discretion in determining the marketability discounts. In order to identify anomalies, we analyzed the writedowns over the course of the year and in comparison, to the previous year. We also tested the valuation of inventories on a test basis.

We were able to satisfy ourselves that the systems and processes put in place and the accounting policies applied are appropriate and that the estimates and assumptions made by the legal representatives are sufficiently justified and reasonable to ensure the proper valuation of inventories.

2) Recognition, measurement and amortization of capitalized costs to fulfil a contract

Related disclosures in the consolidated financial statements and the group management report
For further information on the recognition and measurement policies applied regarding the recognition, measurement and amortization of capitalized costs to fulfil a contract, please refer to the disclosures in the notes to the consolidated financial statements in section 4. Recognition and measurement methods "Significant judgments, estimates and assumptions – revenue from contracts with customers", "Revenue from contracts with customers and costs to fulfill a contract" as well as section 5. Notes to the Statement of Income "Revenues" and section 6. Notes to the Statement of Financial Position "Capitalized costs to fulfill a contract" and "Contract liabilities".

Description of the Audit matter and risks for the audit
Revenue from contracts with customers is based on various agreements that also contain development services related to series orders. The recognition, measurement and amortization of capitalized costs to fulfil a contract is subject to judgment and estimates made by the executive directors of DATA MODUL AG. It has to be assessed whether the development services represent a distinct performance obligation, a performance obligation to be bundled with series production or an activity to fulfill an order for series production. In addition, the measurement and amortization of capitalized costs to fulfil a contract are based on estimates of the expected term of the contract to which these development costs are to be allocated. Against this background, the recognition, measurement and amortization of capitalized costs to fulfil a contract was a key audit matter in our audit.

Audit approach and results
We verified whether the accounting policies of DATA MODUL AG regarding the capitalized costs to fulfil a contract provide a suitable basis for the IFRS consolidated financial statements. In order to identify anomalies, we analyzed the capitalization and amortization of the capitalized costs to fulfil a contract in the course of the year. We compared the capitalized costs and amortization of selected projects with the customer contracts and timeline of the series production related to these development costs and other project documents of the Company.

We also interviewed the executive directors of DATA MODUL AG and other employees with regard to the status of the contractspecific development and the measurement of the capitalized costs to fulfil a contract. We reconciled the capitalized costs to the time sheets and analyzed the hourly rates. In addition, we performed a margin analysis for selected customer contracts in order to identify the need to recognize impairment losses on capitalized costs to fulfil a contract. Furthermore, we reviewed the completeness of the disclosures pursuant to IFRS 15 in the notes to the consolidated financial statements.

We were able to satisfy ourselves that the systems and processes put in place and the accounting policies applied are appropriate and that the estimates and assumptions made by the legal representatives regarding the accounting of the capitalized costs to fulfil a contract are sufficiently justified and reasonable.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises the following parts of the Group management report that have not been audited:

- The corporate governance statement pursuant to § 289f and § 315d of the German Commercial Code (HGB), to which reference is made in the group management report
- The remuneration report in accordance with § 162 AktG, to which reference is made in the group management report

The other information also includes:

- the assurances pursuant to § 297 (2) sentence 4 and § 315 (1) sentence 5 of the German Commercial Code (HGB) on the consolidated financial statements and the Group management report
- the report of the Supervisory Board, and
- the other parts of the Annual Report without further cross-references to external information with the exception of the audited consolidated financial statements and Group management report and our auditors' report.

The legal representatives and the Supervisory Board as a whole are responsible for the remuneration report. The Supervisory Board is responsible for the Report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and the group management report do not cover the other information, and accordingly we do not express an audit opinion or any other form of conclusion on it.

In connection with our audit, our responsibility is to read the other information and to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i. e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering, of the consolidated financial statements and the group managemnt report, prepared for publication purposes in accordance with § 317 (3A) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „529900TID8A3AEWPG697-2023-12-31-de.zip" (MD5-Hashwert: 721697b84c4f7a5bd40038da1c9eaa26) and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained. within these renderings nor to any other information contained in the file identified above.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 01 January to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the assurance opinion

We conducted our assurance work on the rendering, of the consolidated financial statements and the group management report, contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410) (06.2022) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm has applied the quality management system requirements of the International Standard on Quality Management (ISQM 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional noncompliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional noncompliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- identify and assess the risks of material intentional or unintentional noncompliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file (made available,) containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enables an XHTML rendering with content equivalent to the audited consolidated financial statements and of the audited group management report.
- evaluate whether the tagging of ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machinereadable XBRL copy of the XHTML rendering.

Other information according to Art. 10 EUAPrVO

We were elected as group auditor by the Annual General Meeting on 9 May 2023. We were engaged by the Supervisory Board on 7 November 2023. We have been the group auditor of DATA MODUL AG without interruption since financial year 2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Art. 11 EUAPrVO (audit report [Prüfungsbericht]).

OTHER MATTERS USE OF THE AUDIT OPINION

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents The consolidated financial statements and the group management report converted to the ESEF format including the versions to be published in the Federal Gazette are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The auditor responsible for the audit is Christian Schönhofer.

Munich, 21 March 2024

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Helge Schäfer	Christian Schönhofer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Management Representation

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

Dr. Florian Pesahl
Chief Executive Officer

Financial Calendar 2024

Quarterly report dated March 31, 2024	May 08, 2024
Annual Shareholders' Meeting	May 08, 2024
Half-year financial report dated June 30, 2024	August 09, 2024
Quarterly report as of September 30, 2024	November 08, 2024

The DATA MODUL 2023 Annual Report is available in German and English.

Further information about DATA MODUL:

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