Exasol

The analytics database

Half-Year Report 2021

Turning Data into Value

Exasol's world-leading and fastest database for data analytics and data warehousing technology, helps companies and organizations to turn their ever-increasing data volumes into added value to make better operational and strategic decisions.

Exasol was established in 2000 as a result of a scientific project designed to solve tasks in the field of high-performance computing. From day one, database systems and data analytics were rethought in a revolutionary way – in-memory technology, an MPP (massively parallel processing) architecture and self-optimization as a turbo for the data warehouse. Exasol uses the random access memory (RAM) of computers and servers instead of hard drives to analyze the data. Processing power in the RAM is a factor of up to 100,000 faster than the speed on hard disks. Exasol's highly specific MPP architecture allows several RAMs to be connected into a kind of "supercomputer".

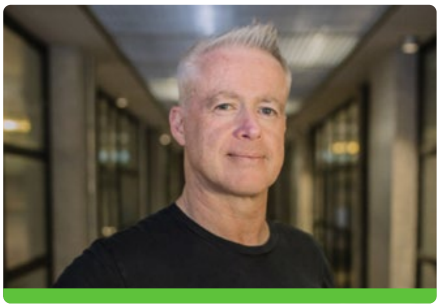
With its successful IPO in May 2020, Exasol has ushered a new era of growth. To increase brand awareness and global reach, the focus is on new product initiatives, expanding the partner network, growing the workforce and strengthening sales and marketing functions.

Exasol has over 200 international customers such as Revolut, Zalando, adidas and Piedmont Healthcare.

Content

A message from the Management Board

Dear Shareholders and Business Associates,



Aaron Auld, CEO
Exasol AG

At Exasol, the year 2021 will continue to be marked by the investment cycle we have already initiated. With the proceeds from the IPO and the capital increase at the end of last year, we have begun to invest in our locations and to significantly expand the number of our highly specialized employees in the German-speaking countries, the UK and the USA. As of 30 June 2021, the Exasol team has increased by 138 to 288 employees compared to the same time last year and is expected to increase to more than 300 by the end of 2021. Despite the organizational challenges that such an expansion brings in terms of integrating personnel and designing processes, Exasol posted respectable growth in the first half of the year.

At the end of the second quarter, annual recurring revenue (ARR), our key financial indicator, amounted to EUR 26.5 million, up 27.4% compared to the end of the first half of 2020. The slightly weaker ARR growth from April to June compared to the first quarter of 2021 is due to delays in larger projects, which we are confident will be completed before the end of this financial year. Overall, we have a strong pipeline of new business, so that we remain confident that we will achieve our target of more than 45% growth in annual recurring revenue to over EUR 35 million by the end of 2021.

In addition to expanding our workforce, we focused on expanding our sales and marketing structures in the first half of the year to strengthen our positioning and visibility in our core markets. In total, we signed 11 new customer contracts and entered into 13 new partnerships that strengthen our sales activities and global reach.

The market for high-quality data analytics is still in a state of upheaval and offers huge potential. Conventional database management systems do not meet today's customer requirements in terms of complexity, performance, usability and scalability in data analytics. This is exactly where our strengths come into play, as our solution has been geared to these requirements. Our new cloud-native SaaS (Software-as-a-Service) solution, which will be available to the first customers in the AWS cloud (Amazon Web Services) starting in the third quarter, enables companies to use our technology even more intuitively, flexibly and tailored to their individual needs, and most importantly to make use of cloud elasticity to choose between a data volume-based and consumption-based payment method.

We were also very active in the field of sustainability in the first half of 2021, as you can see from our CSR report on page 17-23 of this half-year report. Exasol has set up a Green Team to drive environmentally friendly initiatives throughout the company, from initiating and monitoring carbon reduction projects at all locations to training the entire team on sustainability awareness. From the product perspective, Exasol is committed to supporting the clean tech movement by providing highly efficient solutions that enable our customers to save time and energy costs.

Overall, we look forward to the coming months with confidence. We firmly believe that our extensive investments in employees, locations, technologies and processes will already pay off in 2021, but especially and more significantly in the coming year and enable us to further accelerate our growth.

I am also particularly pleased about the strengthening of the Executive Board by Jan-Dirk Henrich, who has been on board since 1 September and will accompany Exasol on its further growth path as its new CFO and COO.

I thank you for your trust and support and send you my warmest regards,

Aaron Auld | CEO

Interim Group Management Report

1. General corporate information

1.1 Business activity

Exasol was established in 2000 with the aim of developing innovative database technology optimized for data analytics applications, enabling customers to store and analyze data. The Executive Board considers the product marketed by Exasol to be a world leading analytical database management system. In today's state-of-the-art database management systems, terms such as data lake, big data, data science, (operational) business intelligence, predictive analysis and data democratization play an important role. In this market environment, Exasol operates as a software supplier.

Exasol's core technology is a relational database management system designed for analytical applications. Exasol is one of the technology leaders in the market, based on the core architectural features of in-memory processing, scalable parallelization across many processors and servers (MPP, massively parallel processing), automated (tuning-free) optimization methods and open integration platforms with well over 50 open-source projects that allow Exasol to integrate with many data management technologies.

Self-learning algorithms decide which data is currently required and should be stored in the main memory. This innovative approach differs fundamentally from legacy database architectures, where the data is predominantly stored on hard disks.

By connecting several hardware components or several servers, Exasol's approach creates a kind of "supercomputer", which is, however, based on standard infrastructure in the cloud or in the data center.

Exasol thus enables organizations to evaluate rapidly increasing data volumes more quickly and to grant more users access to analyses, which facilitates data-driven decision-making. What is more, Exasol's database solution is largely platform-independent and therefore suitable for highly flexible use. Customers can decide for themselves whether they want to use it on their own infrastructure, e.g. in their own data center, in one of the common public cloud environments such as AWS, Microsoft Azure or Google, in private cloud environments or in hybrid infrastructures.

Exasol's business model is in the transformation phase. Historically, Exasol mainly sold one-off license contracts in combination with maintenance services. Today, the company largely bases its business model on the marketing and licensing of its analytics database solution in the form of term-based contracts to generate recurring revenue (subscription model). This business model allows Exasol to build up effective protection against economic influences through stable and predictable revenues and cash flows. Moreover, from the management's point of view, the business model contains an additional growth component, as increasing data volumes and the growing role of data applications in corporate strategies usually result in rising recurring revenue. From the point of view of the management, the transformation from the one-off license model to a term-based contract model is almost complete. Going forward, the company intends to offer only term-based contracts.

It is of great importance for the business model that Exasol is able to continuously develop and refine its technology and software. For instance, Exasol has recently launched its Release 7 and is in the process of bringing its SaaS solution to the market. The SaaS offering goes beyond existing cloud support (AWS, Azure, GCP). In the future cloud-native version, Exasol will offer the existing managed services of ExaCloud also in the public cloud, thereby enabling more elastic usability (scale-up/scale-down) by separating cloud storage and cloud computation.

The new Release 7.0 launched by the company includes numerous improvements and extensions. The focal points were, for instance, increased agility for customers in the data warehouse environment through improvements in data vault modelling, enhanced support for unstructured and semi-structured data, and GPU support to accelerate data science applications in Exasol.

To ensure constant further development, Exasol needs highly qualified software specialists.

Besides the technological component, sales structures and brand awareness are critical factors for the company's success. It is therefore essential for Exasol to find qualified sales and marketing specialists in the labor market. Exasol has used the proceeds from the capital increases to expand its headcount compared to the previous year.

1.2 Corporate structure and locations

Exasol's main location is at the headquarters of its parent company, Exasol AG, in Nuremberg, Germany. Exasol used the proceeds from the capital measures in the financial year 2020 not only to expand its branches in the DACH region, but also strengthened its subsidiaries in the UK and the USA by increasing the number of employees. In addition, Exasol acquired yotilla GmbH and will use the latter's technology to realize its vision to enable users to build their own data warehouses or data marts with the help of a graphical interface and without needing data engineering teams.

In the first half of 2021, the Group started to simplify its corporate structure through mergers. Firstly, yotilla GmbH was merged directly into Exasol AG. On the other hand, within the framework of a so-called chain merger, the internal service sub-subsidiaries Exasol Cloud Computing GmbH and Exasol Big Data Technologies GmbH were first merged into the subsidiary Exasol Vertriebsholding GmbH which then was transferred to its parent company Exasol AG (conclusion of the merger agreements on 21 May 2021). The streamlined group structure as of 30 July 2021 (registration in the commercial register) consists of five local sales companies in addition to the parent company.

1.3 Research and development

In the first half of 2021, Exasol again invested in R&D to strengthen its market position through innovative technology improvements and to support the constantly changing requirements in heterogeneous data management environments.

The focus in the first half of 2021 was on the further development of Exasol's SaaS solution. In the future cloud-native version, Exasol plans to offer the existing managed services of ExaCloud also in the public cloud, thereby enabling more elastic usability (scale-up/scale-down) by separating cloud storage and cloud computation.

For the development, EUR 1.2 million in own work and EUR 0.6 million in associated material costs were capitalized in the reporting period. Total personnel expenses for research and development in the reporting period amounted to EUR 2.4 million, which means that a total of 50% of the R&D expenses were capitalized. Depreciation/amortization reported for the period under review included a total of EUR 0.9 million in intangible depreciation/amortization for capitalized R&D expenses.

2. Economic Report of the Exasol Group

2.1 The macroeconomic environment

According to the latest International Monetary Fund (IMF) forecast of June 2021, the world economy will grow by 6.0% in the full year 2021. This expectation is supported by strong recovery effects compared to the previous year, when the consequences of the coronavirus pandemic led to a significant decline in global economic growth. According to the IMF, rising vaccination rates and additional financial support are favoring further normalization, especially in the industrialized countries. Here, economic output is expected to increase by 5.6%. For Germany, the IMF expects growth of 3.6%.[1]

2.2 The industry environment

There are signs of a significant recovery of the IT sector in 2021. According to the US market research institute Gartner, global IT spending is expected to increase by 8.4% to USD 4.1 trillion. Particularly strong growth is expected in the area of enterprise software, where spending is forecast to increase by 10.8% to USD 517 billion. The global market for IT services is expected to grow by 9.0% to USD 1.1 trillion.[2] In Germany, the industry association Bitkom expects the software market to grow by 6.0%. The market for IT services is forecast to increase by 3.7%.[3]

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[1] IMF, June 2021
[2] Gartner, April 2021 – IT spending
[3] Bitkom, July 2021

Exasol operates in high-volume markets with attractive growth prospects. According to the International Data Corporation (IDC), the market volume for big data and business analytics already totaled USD 189 billion in 2019 and will rise at a compound annual growth rate (CAGR) of 13.2% to USD 274 billion in 2022.[4] The growing cloud segment also offers great potential. According to Gartner, global spending on public cloud services is expected to grow by 23.1% to USD 332 billion in 2021.[5]

2.3 Business trend in the first half of 2021

Exasol's business model continued to undergo transformation in the first half of 2021. Historically, Exasol marketed its software under one-off license contracts in combination with maintenance services. In the financial year 2015, Exasol started to change its business model to term-based contracts to improve the quality and predictability of its revenues over time. During the phase of transition, the transformation temporarily had an adverse effect on reported revenue. For internal management, Exasol therefore uses the non-HGB-based key figure annual recurring revenue (ARR) in addition to the reported revenue.

In the first half of 2021, Exasol achieved year-on-year revenue growth of 29.7%.

At 27.4%, the increase in ARR, which is a strategically important performance indicator, is on the same level.

Exasol generated annual recurring revenue of EUR 26.5 million (PY period: EUR 20.8 million). ARR growth was driven by both new business and higher revenues generated with existing customers. At the bottom line, Exasol won 11 new customers in the first half of 2021, resulting in a total customer base of 202.

Operating result driven by staff expansion and increase in sales and marketing activities

In the first half of 2021, Exasol's EBITDA amounted to EUR -14.6 million, compared to EUR -15.0 million in the same period of the previous year. EBITDA adjusted for share-based remuneration and expenses in connection with capital measures amounted to EUR -14.1 million in the reporting period (PY period: EUR -1.8 million), representing a decrease of EUR 12.3 million.

This decline is mainly attributable to the increase in adjusted personnel expenses of EUR 8.4 million and increased growth initiatives in the area of sales and marketing.

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[4] IDC, 2019
[5] Gartner, April 2021 – Cloud spending

Executive Board satisfied with business performance in the first half of 2021

On balance, the Executive Board is satisfied with the performance in the first half of 2021. Exasol's equity capitalization and liquidity was increased substantially in the previous year, enabling the company for the first time to make higher investments in staff, internationalization and products. These investments inevitably lead to higher personnel and material costs and initial losses in the initial phase. Despite adverse external circumstances, Exasol was able to increase its annual recurring revenue to EUR 26.5 million in the first six months of the financial year 2021, representing a 12-month growth rate of 28%.

2.4 Financial and non-financial performance indicators

In order to provide a clear and transparent presentation of Exasol Group's business performance, the Group's annual and interim financial statements include not only the disclosures required by German HGB reporting standards but also additional financial performance indicators, mainly annual recurring revenue (ARR). ARR is the most important financial performance indicator for Exasol.

ARR is defined and calculated as follows:

Annual recurring revenue

Annual Recurring Revenue (ARR) is defined as the value of the contractually agreed recurring revenue component of term-based contracts, annualized over a 12-month period. ARR is an indicator that shows the amount of recurring revenue, excluding new business volume, that is expected over the next twelve months provided that no contracts are terminated. For the reporting period, the contractually agreed recurring revenue components of the month of June are multiplied by 12 to calculate ARR.

It is important to distinguish between the annual recurring revenue and the recurring revenue of the reporting period.

Recurring revenue of the reporting period includes revenue from software rental as well as ongoing support and maintenance services that are based on a term-based contract. Recurring revenue of the reporting period refers to the period from 1 January to 30 June, whereas the period from 1 June to 30 June is considered to calculate ARR.

2.5 Results of operation, financial and net asset position

2.5.1 Results of operation

Revenues in the first half of 2021 amounted to EUR 13.1 million (PY period: EUR 10.1 million). The strategically important recurring revenue of the reporting period was increased by 30.4% to EUR 12.0 million (PY period: EUR 9.2 million) and represented 91.6% of total revenues (PY period: 91.1%). It should be noted that the recurring revenue for the reporting period comprises the revenue for the period from 1 January 2021 to 30 June 2021, while non-HGB-based annual recurring revenue represents the value of the contractually agreed recurring revenue component of term-based contracts in the month of June 2021, annualized to a period of 12 months.

in EUR m	30 Jun. 2021	30 Jun. 2020	Change
Annual recurring revenue (ARR)	26.5	20.8	27.4%
Revenue	13.1	10.1	29.7%
Recurring revenue	12.0	9.2	30.4%
in % of revenues	91.6%	91.1%	+0.5 pp
Other revenue	1.1	0.9	22.2%
in % of revenues	8.4%	8.9%	-0.5 pp

Geographically, Exasol breaks down its revenues into four regions, i.e. DACH (Germany, Austria, Switzerland), Great Britain, North America and Rest of the World. In the DACH region, which is currently the most important region for Exasol, the company grew its revenue by 36.2% to EUR 9.4 million in the reporting period, which represents 71.7% (PY period: 68.3 %) of the total Group revenues.

in EUR m	30 Jun. 2021	30 Jun. 2020	Change
DACH	9.4	6.9	36.2%
North America	1.7	1.4	21.4%
United Kingdom	0.8	0.7	14.3%
Rest of the World	1.2	1.1	9.1%
Total	**13.1**	**10.1**	**29.7%**

Share of revenues in %	30 Jun. 2021	30 Jun. 2020
DACH	71.7%	68.3%
North America	13.0%	13.9%
United Kingdom	6.1%	6.9%
Rest of the World	9.2%	10.9%

Own work capitalized relates to internally developed intangible assets, in particular internally generated software. Own work in the amount of EUR 1.2 million (PY period: EUR 1 million) was capitalized in the reporting period. Besides personnel expenses, this also includes the associated material costs.

The cost of materials essentially comprises expenses for the ExaCloud infrastructure (leasing of servers and expenses relating to the operation of the data center), the cost of hardware purchased for appliance revenues (bundling of hardware and software) as well as purchased third-party services (for consulting services charged on).

In the reporting period, the cost of materials increased by 70.0% to EUR 1.7 million (PY period: EUR 1.0 million). This increase is due to the cost of third-party services amounting to EUR 0.9 million (PY period: EUR 0.0 million), which are attributable to a major customer project.

In the first half of 2021, personnel expenses decreased by -6.5% to EUR 17.4 million (PY period: EUR 18.6 million). This decline is due to lower allocations to provisions recognized as expenses for share-based remuneration programs compared to the prior-year period.

Adjusted for the share-based remuneration payments, personnel expenses relevant for the company's operations would have stood at EUR 16.9 million (PY period: EUR 8.5 million). The 98.8% increase in adjusted personnel expenses is mainly due to the large number of new employees hired in the last twelve months after the IPO as part of the growth strategy.

Depreciation and amortization increased by EUR 0.3 million to EUR 1.3 million (PY period: EUR 1 million). The increase was driven by scheduled amortization of internally generated intangible assets amounting to EUR 0.9 million (PY period: EUR 0.6 million) and depreciation of property, plant and equipment amounting to EUR 0.3 million (PY period: EUR 0.2 million).

Other operating expenses increased by EUR 3.6 million to EUR 10.3 million (PY period: EUR 6.7 million). The increase in the period under review is mainly attributable to higher sales and marketing expenses as well as the absence of expenses for capital measures compared to the same period of the previous year.

In the reporting period, earnings after taxes amounted to EUR -16.2 million (PY period: EUR -16.2 million), resulting in EBITDA of EUR -14.6 million (PY period: EUR -15.0 million).

EBITDA adjusted for the cost of share-based remuneration and capital measures amounted to EUR -14.1 million in the reporting period (PY period: EUR -1.8 million). The reasons for the decline are the already mentioned growth initiatives, i.e. the expansion of the workforce as well as the sales and marketing activities.

Reconciliation of consolidated net loss to adjusted EBITDA

in EUR m	30 Jun. 2021	30 Jun. 2020
Consolidated net loss	-16.2	-16.2
+ taxes	0.2	0.0
+ financial result	0.1	0.2
+ depreciation/amortization	1.3	1.0
EBITDA	-14.6	-15.0
+ share-based remuneration	0.5	10.1
+ expenses for capital measures	0.0	3.1
= adjusted EBITDA	-14.1	-1.8

2.5.2 Net assets and capital structure

Cash and cash equivalents and securities of EUR 46.6 million represent 76.4% of total assets as of 30 June 2021

Total assets decreased by EUR 21.2 million during the reporting period and stood at EUR 61.0 million as of 30 June 2021, compared to EUR 82.2 million at the previous year's reporting date as of 31 December 2020. At EUR 9.0 million, non-current assets (fixed assets) were up on the previous year's EUR 7.7 million and represented 14.8% of total assets. At EUR 6.7 million, internally generated software (internally generated industrial property rights and similar rights and assets) represents the largest fixed asset item.

Current assets declined from EUR 72.9 million on the previous year's reporting date to EUR 50.0 million at the end of the reporting period and accounted for 82.0% of the company's assets. The decrease in current assets is mainly attributable to liquidity outflows.

At the end of the reporting period, cash and cash equivalents and securities held for cash management in the amount of EUR 46.6 million represented 76.4% of total assets.

Equity ratio of 52.5% as of the reporting date of 30 June 2021

As at the balance sheet date, equity amounted to EUR 32.0 million, which was equivalent to an equity ratio of 52.5%. As at the previous year's reporting date, the Exasol Group reported equity of EUR 48.3 million. The change in equity is attributable to the negative result for the first half of 2021.

Provisions decreased by 34.6% to EUR 17.8 million (PY period: EUR 27.2 million) and represent 29.2% (PY period: 33.1%) of total equity and liabilities. The decline in provisions is attributable to payouts of the first share-based remuneration tranches. As at the reporting date 30 June 2021, provisions for share-based remuneration amounted to EUR 15.7 million (PY period: EUR 22.2 million).

Liabilities amounted to EUR 2.8 million as at the balance sheet date (PY period: EUR 2.0 million) and represented 4.6% of total equity and liabilities. Other liabilities increased by EUR 1.1 million and amounted to EUR 1.9 million as at the reporting date. This is largely due to liabilities from wage tax payments for June 2021, which were paid on time in the following month.

Deferred income increased to EUR 8.1 million as at the reporting date 30 June 2021 (PY period: EUR 4.4 million) and represented 13.3% of total equity and liabilities.

2.5.3 Changes in cash and cash equivalents

Operating cash flow stood at EUR -20.2 million in the reporting period, compared to EUR -4.8 million in the reporting period 1 January 2020 to 30 June 2020. The increase reflects the higher cash-effective personnel expenses resulting from the increase in the number of employees and the higher material costs due to the increased sales and marketing activities.

Cash flow from investing activities in the reporting period 2021 amounted to EUR 19.0 million (PY period: EUR -1.2 million) and was mainly driven by payouts and reinvestments in short-term securities for cash management in the amount of EUR 21.6 million.

Cash flow from financing activities amounted to EUR 0.1 million in the reporting period (PY period: EUR 47.9 million).

Cash and cash equivalents totaled EUR 32.6 million as at the reporting date 30 June 2021 (30 June 2020: EUR 40.4 million).

At the time of preparing this report, the Executive Board expects to be able to meet the payment obligations known and expected to date. The Executive Board is not aware of any business developments that could lead to potential liquidity bottlenecks.

2.6 Overall assessment by the Executive Board

The global COVID-19 pandemic has caused economic distortions and has disrupted the global supply chains since 2020. Although Exasol considers itself very well positioned with its business model and forward-looking technologies, the company was not able to completely defy the effects resulting from the pandemic.

Following the capital measures carried out in the previous financial year 2020 and the associated cash flows, the Executive Board considers the financial and net asset position to be solid in the first half of 2021 as well, so that the further growth plans can be implemented successfully.

In the first half of 2021, the Exasol Group was able to reach its growth targets and increase its currently most important financial performance indicator for internal management – annual recurring revenue (ARR) – by 10% to EUR 26.5 million in the first six months. On balance, the Executive Board regards revenues and ARR generated in the first half of 2021 as satisfactory.

In view of the company's financial resources and its technology, the Executive Board considers the Exasol Group to be well positioned to successfully implement its growth plans for the future.

3. Opportunities and risk report

Compared to the opportunities and risk report contained in the Annual Report 2020, the following significant changes have occurred:

As a result of several internal and external audits and certifications, both the risks from the breach of data protection regulations and the cyber risks were ranked lower in the internal risk assessment. Due to Exasol's business model and the associated risk exposure in the above areas, the risks remain, however, in the "high" risk category overall.

In the opinion of the Executive Board, the risks from the infringement of patent and IP rights could be downgraded to the "medium" risk category as a result of internal measures and external advice.

Overall assessment of the risk situation

The Executive Board is convinced that the identified risks do not pose a threat to the continued existence of Exasol AG or the Exasol Group, either individually or cumulatively.

4. Forecast

4.1 Macroeconomic environment and forecast

The IMF expects the strong recovery of the global economy to continue in 2022. Global gross domestic product is expected to increase by 4.9%. Compared to the World Economy Outlook published in spring, the forecast was raised again in July 2021 as additional monetary policy stimulus is expected in the USA, which in turn is expected to have a positive effect on the global economy. For the industrialized countries, the International Monetary Fund forecasts overall economic growth of 4.4% in 2022. In Germany, an increase of 4.1% is expected.[6]

4.2 Industry-specific environment

According to Gartner, global IT spending will continue to rise in 2022. In its latest analysis, the market research company forecasts growth of 5.5% to USD 4.3 trillion. Especially the enterprise software segment is expected to grow strongly, by 10.6% to USD 572 billion.[7]

According to Gartner, global end-user spending on public cloud services is expected to grow by 19.6% to USD 397 billion.[8] In addition, the global data warehousing market will have a volume of over USD 30 billion by 2025, according to MarketWatch.[9] According to estimates by the analyst firm IDC, the market volume for big data and business analytics will rise at a compound annual growth rate (CAGR) of 13.2% to USD 274 billion by 2022.[10]

4.3 Company outlook and expected business performance

Forecast for the financial year 2021

For the financial year 2021, Exasol expects ARR growth in the medium double-digit percentage range compared to the previous year's EUR 24.1 million. According to the management, increasing ARR generated with existing customers (upselling) and contracts with new customers will contribute to the expected ARR growth. Exasol also estimates that the still promising outlook in the sector for database management systems will support the expected ARR growth.

In addition, Exasol continues to invest in the expansion of its globally oriented marketing and sales team with the aim of increasing brand awareness and pushing ahead with the Group's international expansion. In the financial year 2021, the company also expects to successively introduce its newly developed SaaS / cloud-native solution to the market.

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[6] IMF, June 2021
[7] Gartner, April 2021 – IT spending
[8] Gartner, April 2021 – Cloud spending
[9] MarketWatch 2021 – Data warehousing market
[10] IDC, 2019

Medium-term forecast until 2024

Exasol expects to generate annual recurring revenue of at least EUR 100 million in the course of the financial year 2024.

Overall statement of the Executive Board on the expected performance

The Executive Board of Exasol AG is optimistic about the future. Based on the cash provided by the capital measures implemented in the financial year 2020, the Executive Board believes the company to have sufficient liquidity and capital to successfully and sustainably implement its growth targets.

In the financial year 2021, the focus will be on expanding the customer base, further boosting sales in Exasol's core markets, significantly intensifying marketing activities and strengthening the brand. In addition, the Executive Board plans to launch the SaaS / cloud-native product currently in the pipeline, to expand partnerships and to push ahead with the promising autonomous data warehouse solution.

Forward-looking statements and forecasts

The present management report contains forward-looking statements. These statements are based on the information, expectations, assumptions, estimates and forecasts available at the time of the preparation of the report. The forward-looking statements made in this report are inherently subject to risks, imponderables and uncertainties. Accordingly, the estimates, expectations, forecasts and assumptions may change or prove to be inaccurate. Exasol does not guarantee that the forward-looking statements will prove to be accurate. In particular, no obligation is assumed to adjust or update forward-looking statements.

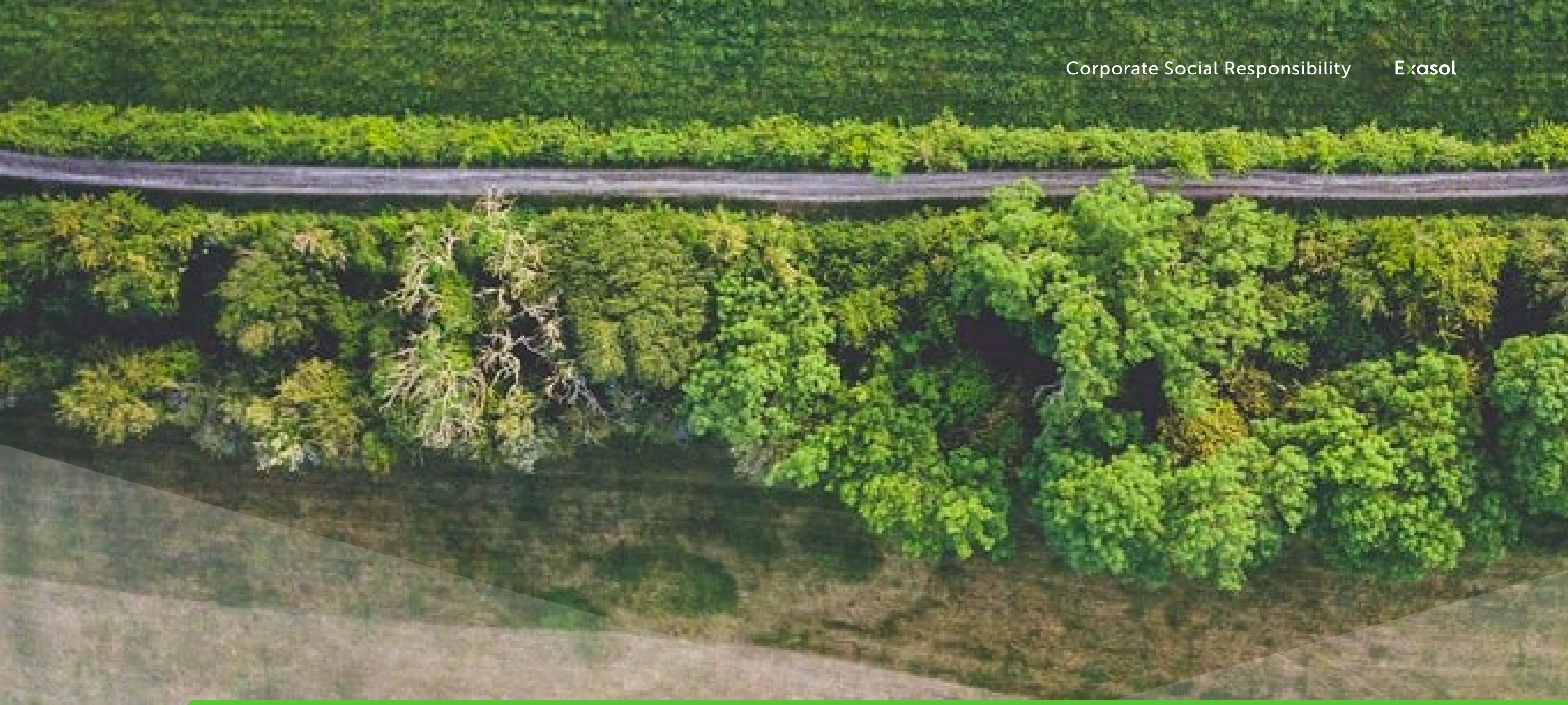
Nuremberg, 21 September 2021

EXASOL AG
Executive Board

Aaron Auld

Mathias Golombek

Jan-Dirk Henrich



Corporate Social Responsibility

Exasol's vision is to be the analytics platform trusted by the world's most ambitious organizations. This ambition is matched by the team in its work to constantly improve performance with regards to environmental, social and governance issues. These are vitally important areas of focus for the business, so much so that Exasol is in the process of committing to the Ten Principles of the United Nations Global Compact. These principles underline the importance of the work we've completed in the first half of 2021, not only for Exasol as an individual organization, but for our global society.

Environment

Exasol has established a Green Team that drives environmentally responsible initiatives across the business, from managing carbon reduction projects in all operations, through to finding ways to improve behaviors across the company and reduce its carbon footprint.

The Green Team is setting aggressive targets focused on reducing emissions and waste within Exasol's offices, as well as educating the wider team and raising awareness around the topic of sustainability. From a product perspective, Exasol is making efforts to support the clean tech movement by allowing customers to save time and energy costs as a result of making its products more and more efficient, thereby reducing related emissions.

The company's environmental initiatives are centered around the UN's Sustainable Development Goals, especially (SDG) 13 (Climate Action), SDG15 (Life on Land), SDG 12 (Responsible Consumption and Production) and SDG 5 (Gender Equality). This group has the full support of the Exasol management team, with CTO Mathias Golombek operating as Green Team Ambassador and CCO, Deborah Thomas as an active team member. Thomas Otto, Exasol's Environmental Officer, leads the team with support from an external consultant.

Carbon Footprint Measurement and Offsetting

2019

Driven by its Green Team and supported by management and employees across the company, Exasol officially received certification that it had achieved carbon neutrality for 2019. The certification was officially awarded by Planetly, a technology start-up on a mission to help build a carbon neutral economy, and announced publicly in May 2021.

After assessing and measuring direct and energy-related emissions (GHG Protocol Scopes 1 and 2) as well as emissions generated in the value chain by service providers and purchased products and services (Scope 3), Exasol's emissions in 2019 totaled 1077 tCO2e. The company offset this through supporting three REDD+ projects in Indonesia, Peru and Cambodia, to the value of 1125 tCO2e.

2020

In H1 2021, Exasol committed to continuously monitor and actively improve its carbon footprint in the long-term. As a result, through the first half of this year work was completed to measure Exasol's carbon footprint for 2020. The final report from Planetly found Exasol's total carbon footprint for 2020 to be 1320 tCO2e, which will be offset in H2 2021 through Exasol's commitment to support accredited projects, similar to 2019.

This total was predictably larger than 2019, due to Exasol hiring a significant number of employees as the organization grew post-IPO.

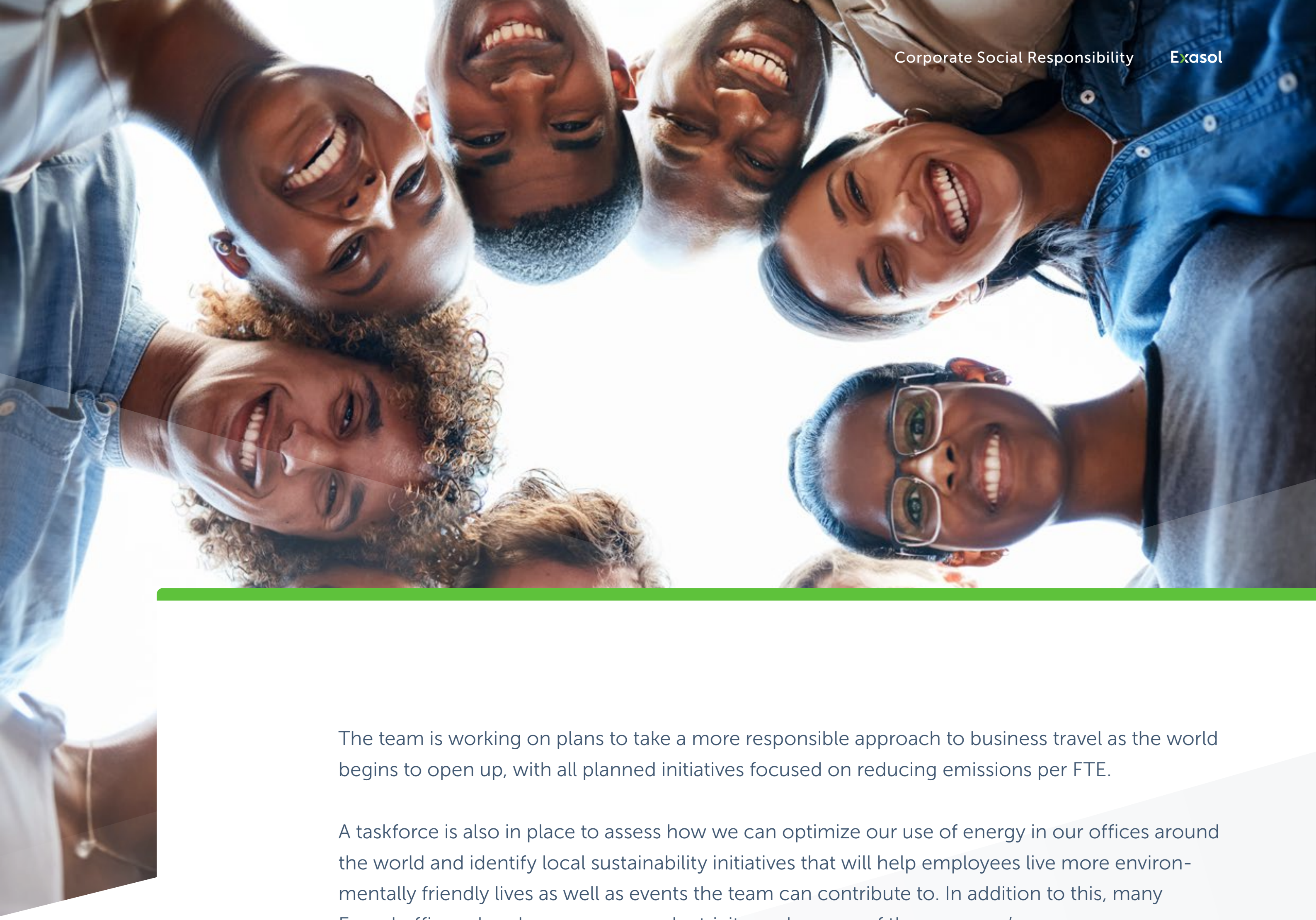
Steps taken to reduce Exasol's carbon footprint

The Green Team is split into different areas of responsibility across Exasol's global locations. The team is constantly working on new environmentally friendly measures to introduce across the organization and has started with the following steps:

Procurement

The German offices have committed to buying the majority of stationary products from a sustainable online shop, memo.de.

The food and snacks provided in the company HQ are now 100% organic products and, where possible, are sourced locally within the region to reduce unnecessary emissions related to growing and transporting goods.



The team is working on plans to take a more responsible approach to business travel as the world begins to open up, with all planned initiatives focused on reducing emissions per FTE.

A taskforce is also in place to assess how we can optimize our use of energy in our offices around the world and identify local sustainability initiatives that will help employees live more environmentally friendly lives as well as events the team can contribute to. In addition to this, many Exasol offices already run on green electricity as do some of the company's servers.

Environmental Policy

Exasol updated its Environmental Policy in May 2021. This current version was shared with all employees so that the entire team is clear on what the company is committing to and the action it is taking to improve its carbon footprint, reduce the environmental impact of its operations and encourage environmentally conscious behaviors and processes across the company.

Publicizing progress

In June 2021, Exasol began its 'I am Change' program which shines a light on employees who are taking measures in their personal lives to improve their impact on the environment. The first two stories have been shared on the Exasol blog, including *this article*, covering how one employee sold his family car in favor of using bicycles and public transport. Regular contributions will follow throughout the year to inspire others to make changes, however small, in their daily lives. The company has also created a CSR homepage on its website where progress across D&I, environmental and corporate governance initiatives is tracked.

Environmental Management System

The development of a comprehensive Environmental Management System (EMS) is in progress and will be an area of focus in H2 2021.

Social

Exasol's social responsibilities are always at the forefront of thinking across the business. From the work that's done each day to make sure the organization is diverse and inclusive through to the considerations involved in hiring, developing and managing its people, improvements and refinements are constantly being made. The first six months of 2021 has continued to pose new challenges and demand a huge amount of attention as many of the team continue to work remotely and experience upheaval and stress in their personal lives.

Diversity and Inclusion (D&I)

Throughout H1 2021, Exasol's group of Diversity Champions continued to drive forward initiatives that contribute to making the company inclusive and representative of every member of society.

D&I training

Training sessions run by external consultants from the EW Group have continued to take place on a regular basis, meaning that all new starters and existing employees benefit from expert insight and advice with regards to diversity and inclusion. These regular sessions ensure that key messages and positive behaviors are firmly embedded across the team. There is also a dedicated section of Exasol's onboarding training, focused on Diversity and Inclusion, so every Exasol employee will receive the benefits of this education from the start of their time with the company.

Launch of D&I hub

The team has built a dedicated section on Exasol's intranet that provides a wide range of re-sources that all employees can access to learn more about Diversity and Inclusion and how each individual can make a positive contribution in this regard, within the workplace.

As part of this knowledge sharing and opportunities for learning and development, the Diversity Champions team has organized TED-talk style voluntary sessions that employees can drop into, covering a wide range of D&I topics, from rethinking privilege and racism to unconscious bias and disability awareness. These sessions will continue on a regular basis throughout the year.

Human Capital Development

Global learning and development policy

One of Exasol's core values is that the team is 'always learning' and a huge part of the work done in Human Capital Development is focused on ensuring this is continuously put into practice for all employees.

To manage these initiatives, Exasol's Global Learning and Development Policy was established in January 2021. It is fully focused on making sure that employees are supported in their development in an individual and structured way. As a part of this policy, every employee has a dedicated training budget with 10 days per year set aside for training, fully paid. In addition to methods such as attending events, formal training sessions and job shadowing, all employees have access to a license with Udemy, a global marketplace for leading and instruction. Udemy provides employees with access to materials and training courses covering a huge range of topics, from technical skills directly relevant to the day job through to options to learn more about personal development and wellbeing. Employees also have full access to courses within Exasol's own Exacademy.

Employee engagement

Monthly Pulse surveys to measure employee engagement are shared with the business to make sure management is constantly taking on feedback from the global team and, most importantly, acting on it to make positive changes across the business. The implementation of the global learning and development policy is a clear example of this. This policy was created following employee feedback and is already making a difference to the team globally.

Rewards and benefits

A clear procedure was implemented in March 2021 to ensure efficiency and transparency with regards to what, how and when benefits are available to all permanent global employees. This will continue to be monitored and reviewed to ensure that employees are appropriately rewarded and motivated in their roles.

Recruiting Procedure

As a rapidly growing international company, there needs to be a clear strategic approach to recruitment that is continuously adapted as needs and requirements change. To meet this need, Exasol introduced a comprehensive Recruitment Procedure in February 2021 that outlines the role that HR, managers, Head of Finance and the Executive Board have to play in the process. As part of the procedure, HR holds the recruitment plans for each department and a clear approval structure is in place to ensure Exasol hires people with the right expertise to drive the business forward. As a next step, training for hiring managers is due to be rolled out to help the team conduct better interviews and incorporate Exasol's values into the recruitment process.

Onboarding/offboarding/transition procedure

To build on an optimized recruitment process, Exasol implemented clear procedures that describe the structures for how employees are introduced to Exasol, how they are assigned a new role within the organization and how they leave the company. Introduced in March 2021, these play an important role in ensuring that any onboarding, offboarding or transition procedures run smoothly across all departments and locations within the organization.

Succession Planning Process

The HR team created and implemented Exasol's new succession planning process in May 2021. It gives employees and managers an overview of how succession planning is handled and a clear guide to ensure that key positions are replaced efficiently without disrupting any part of the business.

Corporate Governance & Compliance

Exasol appointed Katharina Kränzle as its independent Compliance and Risk Manager in February 2021 to organize, monitor and maintain the Compliance and Risk Management System and to support the compliance and risk agents with their duties and the alignment with other departments.

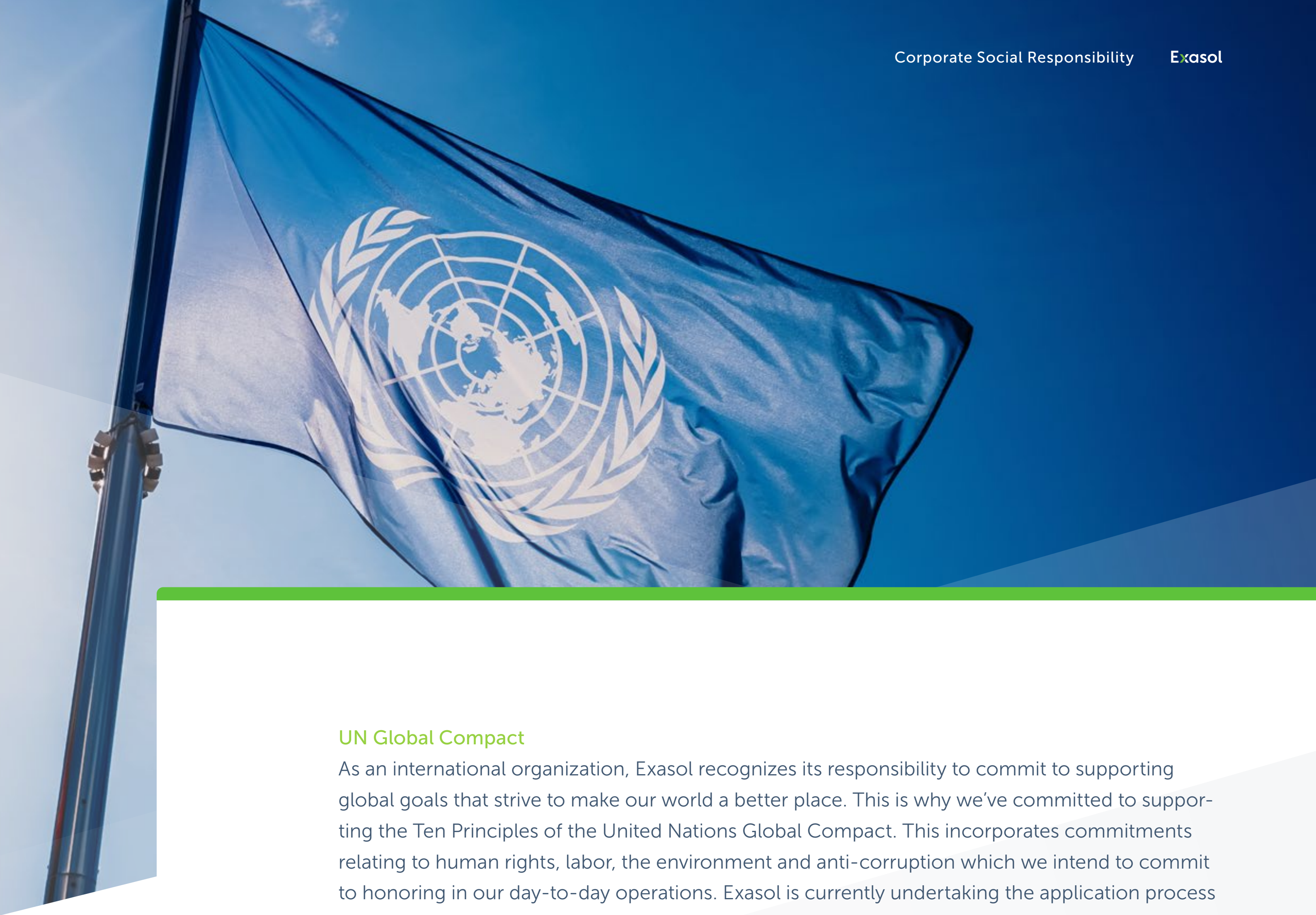
ISO certification

Exasol announced ISO/IEC 27001 (Information Technology – Security Techniques – Information Security Management Systems – Requirements) and ISO 9001 (Quality Management Systems – Requirements) certification in June and August 2021 respectively. This included checks of its Compliance and Risk Management System, to ensure Exasol is operating to the highest industry standards.

Code of Conduct

The company shared a revised Code of Conduct with employees in May 2021 that describes the basic commitments all Exasol employees are expected to adhere to. This commitment is endorsed by the Management Board and incorporates the company's new values so that everyone within the company can take these into their daily work. The next step in this regard is underway, with the team developing a Code of Conduct designed specifically for suppliers and business partners, that will be finalized and shared in H2 2021.

The team has also incorporated the key commitments from its Code of Conduct into an updated company-wide training program which is being rolled out to strengthen ethical business practices across the organization.



UN Global Compact

As an international organization, Exasol recognizes its responsibility to commit to supporting global goals that strive to make our world a better place. This is why we've committed to supporting the Ten Principles of the United Nations Global Compact. This incorporates commitments relating to human rights, labor, the environment and anti-corruption which we intend to commit to honoring in our day-to-day operations. Exasol is currently undertaking the application process with a view to confirming its status as a signatory of the report in H2 2021.

Next steps

Exasol will relaunch its Investor Relations website homepage complete with publicly available content relating to its Governance and Sustainability work. This will provide continued transparency so that stakeholders can see what Exasol's corporate governance structure looks like.

Furthermore, Exasol is updating its Third Party Compliance procedures and checks, in order to make sure that its suppliers follow the high standards that Exasol is committing to, as evidenced by integrating the afore mentioned Code of Conduct for Suppliers and Business Partners to its templates.

Data Security & Privacy Report

Exasol's vision is to be the database company trusted by the world's most ambitious organizations. In order to live up to this trust, Exasol has made huge efforts in the first half of 2021 to further expand its internal organization and associated processes with respect to information and data security as well as data privacy. The company also created the necessary structural and organizational conditions to have these areas certified and audited.

Information Security Management System (ISMS) and Quality Management System (QMS) combined in the Integrated Management System (IMS)

Exasol has decided to address information security and quality management together by implementing an Integrated Management System to ensure that all internal processes are coordinated and all synergies can be exploited. To identify, analyze, assess and mitigate information security and quality risks in an appropriate and standardized manner, both the Information Security Management System (ISMS) and the Quality Management System (QMS) have been and are being defined, implemented, monitored and reviewed with a view to continuous improvement. An internal Integrated Management System organization has been established, which includes a Board-level committee, an Information Security Officer and a Quality Manager. This organization is accompanied by a defined framework of policies, guidelines, processes and the like (e.g. access control policy, physical security policy, encryption policy and incident response plan). The above framework defines reciprocal reporting obligations so that it is organizationally ensured that all relevant stakeholders are informed in a timely and comprehensive manner and are able to act in accordance with the specified processes.

Security Incident Response Team

Any security incidents are addressed by the Security Incident Response Team in a focused and effective manner in accordance with the specified processes. In addition, Exasol's systems are subject to regular safety checks. Software development is based on a secure software development lifecycle.

ISO/IEC 27001 and ISO 9001 certification

Both ISO/IEC 27001 certification and ISO 9001 certification were successfully completed in the first half of 2021.

In addition, regular internal and external audits are carried out as part of the Group-wide audit program. The external monitoring audits (ISO 27001 and 9001) for the financial year 2022 have already been scheduled. ISO/IEC 27001 stipulates regular – at least annual – external audits.

All employees are regularly trained in IT security in line with their respective position in the company. Awareness of IT security is raised through regular measures.

By achieving ISO/IEC 27001 certification, Exasol, as a software company, can in particular demonstrate that it meets high best practice requirements in the area of data and information security that have been established by an internationally recognized and independent organization.

Data privacy – policy

As an analytics database provider, data privacy is one of Exasol's top priorities. The company therefore attaches great importance to an appropriate data protection organization and an effective data protection management system to ensure that data privacy requirements are taken into account in all business processes.

The high data privacy standards of the GDPR are the benchmark for the implementation of data privacy, although stricter national regulations are also taken into account.

Data privacy is taken very seriously as a top priority at Exasol (top-down issue): there is a comprehensive set of rules on data privacy which has been defined by the highest management level. In addition, the data protection team regularly discusses data privacy issues with the top management. The company's management of course also attaches great importance to providing all the necessary human and financial resources to implement the data privacy requirements.

Data protection organization – auditing

In a data protection audit conducted in the first half of 2021, Projekt 29 GmbH und Co. KG (which also provides the external Data Protection Officer for the German Exasol companies) certified Exasol's data protection organization as having a very high level of maturity. Data protection audits will be carried out annually in the future. The audit confirmed that awareness and knowledge of data privacy requirements are very well developed throughout the company. The controller's obligation to demonstrate compliance stipulated in Articles 5 and 24 GDPR was used as the basis for the audit of the data protection organization.

The organization is based on a uniform, Group-wide set of rules, defined processes, regulations, policies and procedures, which together form the Data Protection Management System (DPMS). As an internationally operating company, Exasol attaches great importance to the uniform application of the high data privacy standards set by the GDPR.

The most important element of the DPMS is the Data Protection Manual, which is communicated to all employees. It serves as the basis for handling data privacy-related issues at Exasol (e.g. directory of processing activities, review of order processing contracts, international data transfers and technical and organizational measures).

Minimal processing of data, dealing with service providers

Exasol has ensured that the processing of customer data complies with the applicable data privacy requirements at all times. Its business model does not include any sale of data. The rights of the persons affected in the context of data processing are taken into account comprehensively and there are elaborate processes for complying with any reporting obligations. No personal data or real data are, of course, used under any circumstances during product development; test data and customer data are strictly separated at all times. Service providers who process personal data are checked for data privacy compliance. They are only commissioned if the legally required contractual agreements have been concluded (especially data processing agreements) and Exasol is convinced that the respective service provider meets Exasol's high data privacy standards.

Training, Data Protection Coordinators

All employees are responsible for compliance with data protection regulations. Data privacy is therefore a mandatory component of the compliance training concept, both for employees and freelancers. Data privacy training is also part of the onboarding process: Access to personal data or the corresponding systems will only be granted after participation in the data privacy training. The Data Protection Manual and all further information are available to all employees in the company's internal network. In addition to the external Data Protection Officer, there are highly experienced internal Data Protection Coordinators who represent important interfaces between the company and the Data Protection Officer. Besides the relevant expertise, the coordinators have the necessary contacts to the various departments and a comprehensive overview of the relevant processes and workflows.

Exasol
The analytics database

Interim Consolidated Financial Statements

for the period from 1 January 2021 to 30 June 2021

Consolidated balance sheet

as at 30 June 2021

Assets	30 June 2021		31 December 2020	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
1. Internally generated industrial property rights and similar rights and assets	6,688,340.84		5,808,275.63	
2. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	945,616.08		1,057,473.22	
3. Goodwill	257,523.62	7,891,480.54	274,885.23	7,140,634.08
II. Property, plant and equipment				
Other equipment, operating and office equipment		1,067,403.70		582,647.29
		8,958,884.24		**7,723,281.37**
B. Current assets				
I. Inventories, goods		372,826.00		20,170.00
II. Receivables and other assets				
1. Trade receivables	2,734,889.53		3,264,790.46	
2. Other assets	371,380.46	3,106,269.99	155,801.10	3,420,591.56
III. Other Securities		14,000,000.00		35,604,032.04
IV. Cash and cash equivalents		32,614,711.96		33,877,724.40
		50,093,807.95		**72,922,518.00**
C. Prepaid expenses		**1,979,462.78**		**1,433,480.24**
		61,032,154.97		**82,079,279.61**

Equity and liabilities	30 June 2021		31 December 2020	
	EUR	EUR	EUR	EUR
A. Equity				
I. Issued capital				
1. Subscribed capital	24,438,870.00		24,438,870.00	
2. Nominal value of own shares	-596,794.00	23,842,076.00	-596,794.00	23,842,076.00
II. Capital reserve		107,672,906.48		107,672,906.48
III. Difference in equity due to currency translation		301,472.08		373,363.92
IV. Accumulated deficit brought forward		-83,620,525.81		-49,293,187.55
V. Consolidated net loss for the year		-16,199,600.17		-34,327,338.26
		31,996,328.58		**48,267,820.59**
B. Provisions				
1. Provisions for taxes		14,463.00		41,500.00
2. Other provisions		17,808,044.51		27,151,197.16
		17,822,507.51		**27,192,697.16**
C. Liabilities				
1. Liabilities to banks		50,533.96		71,141.43
2. Trade payables		871,034.74		1,092,712.52
3. Other liabilities – thereof for taxes EUR 1,470,356.02 (PY: EUR 419,153.79) – thereof for social security EUR 103,707.08 (PY: EUR 70,439.04)		1,913,495.73		823,073.40
		2,835,064.43		**1,986,927.35**
D. Deferred income		**8,120,731.33**		**4,356,950.28**
E. Deferred tax liabilities		**257,523.12**		**274,884.23**
		61,032,154.97		**82,079,279.61**

Consolidated income statement

from 1 January to 30 June 2021

1 JANUARY - 30 JUNE	2021		2020	
	EUR	EUR	EUR	EUR
1. Revenue		13,078,216.96		10,129,698.11
2. Other own work capitalized		1,183,687.73		948,000.00
3. Other operating income – thereof from currency translation EUR 334,684.15 (PY: EUR 53,099.31)		511,413.17		218,520.36
4. Cost of materials a) Cost of raw materials, supplies and purchased goods b) Cost of purchased services	-838,952.83 -887,334.88	-1,726,287.71	-992,716.01 -7,317.14	-1,000,033.15
5. Personnel expenses a) Wages and salaries b) Social security, pension and other benefits – thereof for pensions EUR -10,653.74 (PY: EUR -9,111.94)	-15,642,779.47 -1,754,219.04	-17,396,998.51	-17,733,066.69 -872,801.48	-18,605,868.17
6. Amortization of intangible assets and depreciation of property, plant and equipment		-1,334,181.57		-1,036,039.10
7. Other operating expenses – thereof from currency translation EUR -6,471.67 (PY: EUR -13,121.97)		-10,254,921.28		-6,709,760.47
8. Other interest and similar income		10,104.31		788.97
9. Interest and similar expenses – thereof to shareholders EUR 0.00 (PY: EUR 151,882.73)		-86,002.85		-169,738.39
10. Income taxes		-181,835.42		-3,225.70
11. Earnings after taxes		**-16,196,805.17**		**-16,227,657.54**
12. Other taxes		-2,795.00		-2,562.00
13. Consolidated net loss for the half year		**-16,199,600.17**		**-16,230,219.54**

Consolidated statement of cash flows

from 1 January to 30 June 2021

1 JANUARY - 30 JUNE	2021 KEUR	2020 KEUR
Profit for the period (net income including share of profit of other shareholders)	-16,200	-16,230
Amortization, depreciation and write-downs on fixed assets	1,334	1,036
Increase/decrease in provisions	-9,343	5,980
Other non-cash expenses/income	-2,914	-3,623
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-2,106	-53
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	8,989	7,986
Interest expense/income	76	169
Income tax expense/income	182	3
Income taxes paid	-226	-28
Cash flows from operating activities	**-20,207**	**-4,760**
Acquisition of intangible assets	-1,770	-1,161
Acquisition of property, plant and equipment	-800	-43
Proceeds due to cash investments within the scope of the short-term cash management	35,604	0
Disbursements due to cash investments within the scope of the short-term cash management	-14,000	0
Interest received	10	1
Cash flows from investing activities	**19,044**	**-1,203**
Proceeds from equity contributions by shareholders of the parent company	0	48,450
Proceeds from the issuance of bonds and from borrowings	0	1,200
Repayments of bonds and borrowings	-39	-3,164
Proceeds from subsidies/grants received	0	0
Proceeds from the sale of treasury stock	0	2,708
Interest paid	-86	-1,305
Cash flows from financing activities	**-125**	**47,889**
Net increase/decrease in cash and cash equivalents	-1,288	41,926
Effect of movements in exchange rates and remeasurements on cash held	25	-38
Cash and cash equivalents at the beginning of the period	33,878	-1,465
Cash and cash equivalents at the end of the period	**32,615**	**40,423**

Cash and cash equivalents consist of the following	**30 JUNE 2021** **KEUR**	30 JUNE 2020 KEUR
Cash and cash equivalents	32,615	40,423
Current account liabilties	0	0
	32,615	**40,423**

Other non-cash expenses and income result from changes in prepaid expenses and deferred income.

Consolidated statement of changes in equity

as of 30 June 2021

	Parent company's equity							
	Issued capital							
	Share capital	Own shares	Sum	Capital reserve	Difference in equity due to currency translation	Accumulated deficit brought forward	Consolidated net loss for the year	Consolidated equity (PY. Deficit not covered by equity)
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2019	**15,654,000.00**	**-502,127.00**	**15,151,873.00**	**13,457,859.97**	**181,713.08**	**-35,314,144.09**	**-13,979,043.46**	**-20,501,741.50**
Currency translation	0.00	0.00	0.00	0.00	191,650.84	0.00	0.00	191,650.84
Purchase/sell of own shares	0.00	-94,667.00	-94,667.00	2,802,167.00	0.00	0.00	0.00	2,707,500.00
Issue of shares	7,321,000.00	0.00	7,321,000.00	84,386,300.00	0.00	0.00	0.00	91,707,300.00
Other changes	0.00	0.00	0.00	0.00	0.00	-13,979,043.46	13,979,043.46	0.00
Transfer	1,463,870.00	0.00	1,463,870.00	7,026,579.51	0.00	0.00	0.00	8,490,449.51
Consolidated net loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	-34,327,338.26	-34,327,338.26
As at 31 December 2020	**24,438,870.00**	**-596,794.00**	**23,842,076.00**	**107,672,906.48**	**373,363.92**	**-49,293,187.55**	**-34,327,338.26**	**48,267,820.59**
Currency translation	0.00	0.00	0.00	0.00	-71,891.84	0.00	0.00	-71,891.84
Purchase/sell of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00	0.00	-34,327,338.26	34,327,338.26	0.00
Transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated net loss for the half year	0.00	0.00	0.00	0.00	0.00	0.00	-16,199,600.17	-16,199,600.17
As at 30 June 2021	**24,438,870.00**	**-596,794.00**	**23,842,076.00**	**107,672,906.48**	**301,472.08**	**-83,620,525.81**	**-16,199,600.17**	**31,996,328.58**

Notes to the Consolidated Financial Statements

for the period from 1 January 2021 to 30 June 2021

A. GENERAL INFORMATION AND EXPLANATORY NOTES

(1) EXASOL AG is based in Nuremberg and listed in the commercial register of the Nuremberg District Court (register file number HRB 23037).

(2) The interim consolidated financial statements for the period from 1 January 2021 to 30 June 2021 were prepared in accordance with the provisions of Sections 290 et seqq. of the German Commercial Code [HGB] and the supplementary provisions of the German Stock Corporation Act [AktG].

The functional currency is the euro.

The financial year for the Group and the consolidated companies is the calendar year.

B. Consolidated group

The interim consolidated financial statements of EXASOL AG, Nuremberg, encompass the wholly owned subsidiaries included pursuant to Section 313 (2) HGB.

Disclosures pursuant to Section 313 (2) HGB

Name and registered office of the company	Share in %	Currency
EXASOL Vertriebsholding GmbH, Berlin	100	EUR
EXASOL Cloud Computing GmbH, Nuremberg	100	EUR
EXASOL Europa Vertriebs GmbH, Nuremberg	100	EUR
EXASOL UK Ltd., London (United Kingdom)	100	GBP
EXASOL USA Inc., San Francisco (USA)	100	USD
EXASOL France S.A.S., Paris (France)	100	EUR
EXASOL Schweiz AG, Zurich (Switzerland)	100	CHF
yotilla GmbH, Cologne	100	EUR

All companies listed above are fully included in the interim consolidated financial statements through full consolidation. Therefore, except for the first-time consolidation of EXASOL France S.A.S, Paris, of yotilla GmbH, Cologne, and of EXASOL Schweiz AG, Zurich, the date of first-time consolidation is 1 January 2017. EXASOL France S.A.S., Paris, was founded on 1 September 2017 and consolidated for the first time on this date. yotilla GmbH, Cologne, was acquired by share purchase agreement dated on 7 September 2020 and consolidated for the first time on 1 October 2020. EXASOL Schweiz AG, Zurich, was founded on 1 September 2020 and consolidated for the first time on this date. The investments are, except for yotilla GmbH, Cologne, as direct subsidiary, indirectly held by EXASOL AG through EXASOL Vertriebsholding GmbH, Berlin.

EXASOL Big Data Technologies GmbH was merged with its wholly owned parent company EXASOL Vertriebsholding GmbH as of the date of registration on 10 June 2021 with the court of registration of the absorbing EXASOL Vertriebsholding GmbH on the basis of the merger agreement dated 21 May 2021 and the consent resolutions of the same date by transferring its assets to EXASOL Vertriebsholding GmbH as a whole with dissolution without liquidation.

C. Accounting policies

(1) The interim financial statements of the companies included in EXASOL AG's interim consolidated financial statements were prepared in accordance with uniform accounting policies, the general accounting policies specified in Sections 246 – 256a HGB and the special recognition and measurement policies applicable to corporation (Sections 264 – 277 HGB in conjunction with Section 298 (1) HGB). The income statement has been prepared using the nature of expense method. The following accounting policies were used to prepare the interim consolidated financial statements.

(2) The assets and liabilities were measured under the assumption that the Company is able to continue as a going concern.

(3) Fixed assets are generally stated at cost less amortization and depreciation. If permanent impairment is likely, assets are written down beyond amortization/depreciation to the lower fair value. Additions are depreciated pro rata temporis. Any low-value assets acquired at a cost of EUR 800.00 or less are written down in full in the year of acquisition.

(4) Internally generated intangible fixed assets are recognized and valued in accordance with Section 248 (2) and Section 255 (2a) HGB. The manufacturing costs in this regard include all direct and indirect costs directly attributable to the production process. Exercising the capitalization option shows financial performance in a better light and reflects better the potential of the developments in the financial position. These assets are amortized on a straight-line basis over two to five years.

(5) Intangible assets acquired for a consideration (including advance payments) are stated at cost and, if they have a limited life, amortized on a straight-line basis over their respective useful lives. Recognized goodwill is amortized over its useful life of five years. As the goodwill is based on established and consistent business, the Company continues to consider the total useful life approach as being appropriate. Purchased property rights are amortized over a useful life of five to ten years and the remaining intangible assets are written down over a useful life of three to twenty years.

(6) Property, plant and equipment are stated at cost less depreciation where subject to wear and tear. Items of property, plant and equipment are depreciated based on their estimated useful life in line with the highest rates recognizable for tax purposes. Fixed assets are depreciated on a straight-line basis. The useful lives vary between three and fourteen years.

(7) Receivables and other assets are stated at nominal value. A general bad debt provision has been recognized for general credit risk and the costs usually incurred in connection with delayed payment. Specific allowances are recognized for all discernible individual risks.

Non-current receivables denominated in foreign currency are translated at the rate prevailing on the transaction date or the lower rate on the balance sheet date. Short-term receivables denominated in foreign currency are translated at the average spot exchange rate applicable as at the reporting date.

(8) Other securities are recognized at cost respectively written off to the lower market value as at the reporting date. Insofar as the reasons for a write-off to a lower market value do not longer exist, the requirement to reinstate original values has been taken into account.

(9) Cash and cash equivalents are recognized at nominal value or, in the case of foreign currency balances, at the average spot exchange rate as at the balance sheet date.

(10) Other provisions are recognized at the settlement amount deemed necessary based on sound business judgement and take account of all identifiable risks. Provisions with a remaining term of more than one year are discounted using a market rate with matching maturity.

(11) Liabilities are stated at their settlement amounts.

Non-current liabilities denominated in foreign currency are translated at the rate prevailing on the transaction date or the higher rate on the balance sheet date. Short-term liabilities denominated in foreign currencies are translated at the average spot exchange rate as at the balance sheet date.

(12) Prepaid expenses and deferred income include receipts or expenditures prior to the reporting date that represent income or expenses after the reporting date.

(13) In accordance with Section 274 HGB, deferred tax assets and liabilities are recognized for temporary differences between the values stated in the tax balance sheet and the values reported under the German Commercial Code (temporary concept).

In addition, deferred taxes are recognized in respect of loss or interest carryforwards provided it is expected that these can be used in the near future.

Deferred taxes are determined on the basis of the tax rates that, according to the current legal situation in the countries concerned, will apply or are expected to apply at the time of realization. Deferred tax assets are recognized only if it is expected that these can be realized.

For differences between values reported in the financial statements and for tax purposes, which are likely to be offset in future financial years, deferred tax assets and liabilities are recognized and measured pursuant to Section 306 HGB.

The option to net deferred tax assets and liabilities has been exercised.

D. Currency translation

The Company uses the modified closing rate method for translating foreign currencies.

The balance sheet items of the foreign subsidiaries are translated at the respective average spot exchange rate on the balance sheet date. Equity is translated at the historical exchange rates.

Income statement items of foreign subsidiaries are translated using the average annual exchange rate. In order to incorporate the net income for the year from the income statement (translated at the average annual rate) into the balance sheet, the difference from the rate prevailing on the reporting date is allocated to a separate item entitled „Difference in equity due to currency translation".

The following exchange rates provided the basis for foreign currency translation:

EUR 1 is equivalent to	Closing rate on 30 June 2021	Average rate from 1 Jan. 2021 to 30 June 2021
US dollar (USD)	1.19 (PY: 1.23)	1.21 (PY: 1.10)
British pound (GBP)	0.86 (PY: 0.90)	0.87 (PY: 0.87)
Swiss franc (CHF)	1.10 (PY: 1.08)	1.09

E. Consolidation policies

The reporting date of the interim consolidated financial statements is 30 June 2021 and corresponds to the Parent Company's balance sheet date and that of the subsidiaries.

Capital consolidation

Capital as at the date of first-time consolidation 1 January 2017 is consolidated pursuant to Section 301 (2) sentence 5 HGB using the values recognized at the date the entities became subsidiaries, as all subsidiaries were established by cash contribution in the past. The differences from netting the acquisition costs of the shares upon establishment (date of acquisition) and the equity at book value as at 1 January 2017 of the subsidiaries are solely from accumulated profits and losses and were offset against the consolidated retained earnings brought forward.

Capital of EXASOL Schweiz AG and yotilla GmbH is consolidated pursuant to Section 301 (2) sentence 1 HGB using the values recognized at the date the entities became subsidiaries. Within the first-time consolidation of yotilla GmbH, the hidden reserves inherent in the intangible assets amounted to EUR 904,224.44 were disclosed and capitalized under the fixed assets against the revaluation reserve with no effect on profit or loss. Depreciation is carried out over the individual period of use of five years. Deferred tax liabilities amounted to EUR 289,351.82 were recognized in accordance with Section 306 HGB on the differences between the carrying amounts in the financial statements and the tax base resulting from this consolidation. Correspondingly, goodwill was capitalized against the revaluation reserve with no effect on profit or loss; this goodwill is also carried out over the individual period of use of five years.

Consolidation of liabilities

On account of Section 303 (1) HGB, receivables and liabilities between companies included in the interim consolidated financial statements are eliminated during the course of debt consolidation.

Elimination of intercompany profit or loss

Assets included in the interim consolidated financial statements, which are based on supplies or services between the companies included in the interim consolidated financial statements, are recognized at group production cost. The Group's manufacturing costs include appropriate material and production overheads and are otherwise calculated using the same method that is uniformly used in the interim financial statements of the group companies. If intercompany trade profits or losses are realized between companies included in the interim consolidated financial statements, then these were determined and eliminated pursuant to Section 304 (1) HGB for the purpose of the interim consolidated financial statements.

The elimination of intercompany profits and losses led to a KEUR 82 change in the Group's earnings as at 30 June 2021 (PY: KEUR 117).

Consolidation measures in the interim consolidated income statement

Both revenue and other trade income between consolidated companies are set off in the interim consolidated income statement against expenses attributable to them with respect to recipients of goods and services.

F. Disclosures and explanatory notes on the interim consolidated balance sheet

1. Fixed assets

The movements in fixed assets during the financial year between 1 January 2021 and 30 June 2021 as well as the breakdown of the individual items are presented in the movements in the Group's fixed assets (appendix to the notes).

Intangible assets include purchased property rights and IT software as well as internally generated intangible assets (capitalized development services for software) and goodwill. KEUR 1,780 in internally developed intangible fixed assets were capitalized in the first half of 2021 (PY: KEUR 2,405). Overall, R&D expenses were incurred in the amount of KEUR 1,780 (PY: KEUR 2,405) in the form of personnel expenses and directly allocable overheads for rent, the IT infrastructure and administration. Purchased property rights include property rights acquired as part of purchase and transfer agreements along with other acquired rights.

Additions in the first half of 2021 to fixed assets mainly included investments in internally generated intangible assets and IT infrastructure.

2. Current assets

Receivables and other assets are as follows:

KEUR	30 June 2021	thereof due after more than one year	31 Dec. 2020	thereof due after more than one year
Trade receivables	2,735	0	3,265	0
Other assets	371	7	156	44
	3,106	7	3,421	44

'Other assets' does not include any larger amounts that are not legally incurred until after the reporting date.

Securities

The financial instruments reported under other securities are exclusively shares in a money market fund and time deposits.

3. Equity

(1) Subscribed capital

in EUR	1 Jan. 2021	Increase	Decrease	30 June 2021
Original capital	86,950	---	---	86,950
Capital increase	24,351,920	---	---	24,351,920
Share capital	**24,438,870**	---	---	**24,438,870**

(2) Capital reserve

in EUR	1 Jan. 2021	Increase	Decrease	30 June 2021
Offering premium arising from capital increase	104,653,613	---	---	104,653,613
Other additional payments	596,794	---	---	596,794
Offering premium arising from reselling treasury stocks	2,422,500	---	---	2,422,500
	107,672,907	---	---	107,672,907

(3) Treasury stock

As of the balance sheet date, the Company held a total of 596,794 treasury shares of which 881,794 were contributed by the shareholders free of charge in December 2019, January 2020 and February 2020 and 285,000 were sold in May 2020. The 596,794 treasury shares represent EUR 596,794.00 (2.44%) of the share capital. The Company was obliged to return the no-par value shares if no IPO would have been carried out by 31 December 2020. Due to the IPO in May 2020, the obligation to return the no-par value shares ceased.

(4) Condition capital

By resolution of the Company's extraordinary general shareholders' meeting held on 5 December 2019, the registered share capital of the Company was conditionally increased by up to EUR 6,200,000.00 by issuing up to 6,200,000 new registered shares with no-par value ("Conditional Capital 2019/I"). The Conditional capital is limited until the end of 4 December 2024. The Conditional Capital 2019/I was registered with the Nuremberg Local Court on 6 February 2020.

Besides this, the general shareholder meeting held on 22 July 2020 resolved the creation of Conditional capital ("Conditional Capital 2020/I"). The registered share capital of the Company was conditionally increased by up to EUR 2,221,787.00 by issuing up to 2,221,787 new registered shares with no-par value. The Conditional capital is solely designed to serve the granting of stock options to selected employees or members of the Executive Board. The Conditional Capital 2020/I was registered with the Nuremberg Local Court on 2 October 2020.

The general shareholder meeting held on 30 June 2021 resolved to increase the Conditional capital of 22 July 2020 (Conditional Capital 2020/I). The share capital of the Company was conditionally increased by up to EUR 2,443,887.00 by resolution of 30 June 2021. The Conditional Capital 2020/I is solely designed to serve the granting of new shares to selected employees of the Company and to selected employees of companies affiliated with the Company to whom stock options have been or will be granted on the basis of the authorization of the general shareholder meeting on 22 July 2020 or on the basis of the authorization of the general shareholder meeting on 30 June 2021.

This was registered with the Nuremberg Local Court on 30 July 2021.

4. Other provisions

The other provisions mainly include provisions for bonuses, commissions, stock appreciation rights (SAR) and stock awards (KEUR 16,026; PY: KEUR 23,818), outstanding invoices (KEUR 506; PY: KEUR 2,234), personnel expenses (KEUR 939; PY: KEUR 678), external year-end closing expenses (KEUR 161; PY: KEUR 169), compensation for the Supervisory board (KEUR 85; PY: KEUR 110) and litigation (KEUR 91; PY: KEUR 91).

5. Liabilities

The remaining terms of liabilities are as follows:

		thereof due		
KEUR	Total amount as of 30 June 2021	up to one year	between one and five years	more than five years
To banks	51 (PY: 71)	47 (PY: 42)	4 (PY: 29)	0 (PY: 0)
Trade payables	871 (PY: 1,093)	871 (PY: 1,079)	0 (PY: 14)	0 (PY: 0)
Other liabilities	1,913 (PY: 823)	1,913 (PY: 823)	0 (PY: 0)	0 (PY: 0)
	2,835 (PY: 1,987)	2,831 (PY: 1,944)	4 (PY: 43)	0 (PY: 0)

None of the liabilities are securitized.

6. Deferred taxes

The Company does not report any deferred tax assets. Deferred tax assets were offset against deferred tax liabilities – to the extent permissible and if they arose in the same tax office (Germany, UK, USA, France and Switzerland).

Deferred tax assets were recognized on tax loss carryforwards up to the amount of the net excess over deferred tax liabilities on temporary differences. The excess amount was written down because the usability of loss carryforwards in the next five years cannot be reliably estimated.

Temporary differences between the values stated for intangible assets and goodwill in the commercial and tax balance sheets resulted in deferred tax liabilities as of the balance sheet date, whereas deferred tax assets result from other provisions and items denominated in foreign currencies.

Within the first-time consolidation of yotilla GmbH, deferred tax liabilities have been recognized due to existing differences between the carrying amounts in the financial statements and the tax base in accordance with Section 306 HGB.

The company-specific tax rates of the EXASOL single entities are used to calculate deferred taxes. In this regard, the German companies used a tax rate of 32.17%, EXASOL UK Ltd. 19%, EXASOL USA Inc. 21%, EXASOL France S.A.S. 31% and EXASOL Schweiz AG 26.8%.

in EUR	1 Jan. 2021	change	30 June 2021
Deferred tax liabilities	274,884.23	17,361.11	257,523.12

G. Disclosures and explanatory notes on the interim consolidated income statement

1. Revenue

Revenue is broken down as follows:

By region	1 Jan. 2021 to 30 June 2021 KEUR	1 Jan. 2021 to 30 June 2021 %	1 Jan. 2020 to 30 June 2020 KEUR	1 Jan. 2020 to 30 June 2020 %
Germany, Austria, Switzerland (DACH)	9,402	72	6,938	68
Rest of Europe (excluding the United Kingdom) and Rest of World	1,185	9	1,101	12
United Kingdom	835	6	730	7
Region America	1,656	13	1,361	13
Total	**13,078**	**100**	**10,130**	**100**

2. Other operating income

There are no items of exceptional incidence or amount.

Income related to other periods amounted to KEUR 52 (PY: KEUR 4) mainly relates to reversals of provisions.

3. Personnel expenses

Personnel expenses amounted to KEUR 17,397 (PY: KEUR 18,606).

4. Other operating expenses

Other operating expenses include expenses relating to other periods amounted to KEUR 178 (PY: KEUR 0). These are mainly attributable to accrual accounting.

5. Income taxes

Taxes on income include current income tax expense of KEUR 5 (PY: KEUR 3) and income tax expense for previous years as well as income tax revenue from the reversal of deferred tax liabilities of KEUR 177 (PY: KEUR 0)

H. Contingencies and other financial obligations

1. Contingent liabilities pursuant to Section 251 HGB

There were no contingent liabilities in accordance with Section 251 HGB.

2. Off-balance sheet transactions

Material off-balance sheet transactions exist in terms of real estate rental agreements for business office space as well as leases for server capacity. This approach helps to reduce capital tie-up and means that the investment risk is borne by the lessor. Refer to the information on other financial obligations for more information.

3. Other financial obligations

Type of obligation	payable within one year KEUR	total KEUR
Rent for offices	463	1,623
Rents and leases for office equipment	493	1,004
Advertising rights	4,088	6,138
Stock awards	538	807
	5,582	**9,572**

The underlying agreements for the rents for business premises have terms of two to nine years. The remaining terms for the leased office equipment have remaining terms of one to three years. Regarding the advertising rights, the remaining terms are one and a half years.

The members of the Executive Board were granted stock awards as a component of their remuneration for the first time in 2020. The number of stock awards is calculated on the basis of the respective fixed remuneration multiplied by a percentage based on the per formance of the EXASOL AG share. For each fiscal year, the share package is calculated on the basis of the data for the respective fiscal year. The entitlement does not arise in full at the end of the respective fiscal year, but in three tranches, the maturity of which arises when the entitlement arises.

The number of stock awards for the first tranche 2020 was 42,534, 30,689 for each of the second and third tranch 2020 and 0 for all three tranches for 2021.

For the first half of 2021, half of the second tranche of 2020 and half of the first tranche of 2021, which is zero, have been included in other provisions due to pro rata accrual. The second half of the second tranche of 2020 and the third tranche of 2020 amounted to KEUR 807 as well as the second half of the first tranche 2021, the second and third tranche of 2021, each 0, are not recognized as provisions due to the lack of entitlement. For the subsequent financial years, new main tranches will then again be created with three tranches each, insofar as the members of the Executive Board still have an existing employment contract.

Other financial obligations amounted to KEUR 9,572 as at the reporting date.

I. Other disclosures

1. Number of employees

	30.06.2021
Administration / Sales / Marketing	204
R&D / Cloud / Services	96
Total	**300**
Thereof Executive Board	3

2. Executive Board

Members of the Executive Board in the first half of 2021:
Aaron Auld, CEO, Munich
Mathias Golombek, CTO, Ottensoos
Michael Konrad, CFO, Karlsruhe

As of the date of preparation of the interim consolidated financial statements, Aaron Auld and Mathias Golombek continue to be appointed. Michael Konrad left EXASOL AG at the end of 30 June 2021. This was entered in the commercial register of the Nuremberg Local Court on 6 July 2021.

Jan-Dirk Henrich, Cologne, was appointed as CFO on 1 September 2021.

The total remuneration paid to the Executive Board is not disclosed as provided for under Section 314 (3) in conjunction with Section 286 (4) HGB (exemption clause).

3. Supervisory Board

Members of the Supervisory Board in the first half of 2021:
Prof. h.c. Jochen Tschunke, corporate consultant, Munich
Gerhard Rumpff, corporate consultant, Munich (until 30 June 2021)
Dr. Knud Klingler, corporate consultant, Engerwitzdorf/Austria
Karl Hopfner, corporate consultant, Oberhaching
Volker Smids, corporate consultant, Hamburg (from 30 June 2021)

The total remuneration paid to the Supervisory Board in the first half of the financial year amounted to KEUR 110.

J. Information on the cash flow statement

The cash flow statement was prepared in accordance with GAS 21.

Cash and cash equivalents consist of „cash at bank“, „cash on hand“ and overdraft bank facilities within „liabilities to banks“.

Material non-cash expense and income largely included the reversal of prior year's amounts for prepaid expenses (KEUR 1,433; PY: KEUR 463) and deferred income (KEUR 4,357; PY: KEUR 4,152).

K. Subsequent events

EXASOL Cloud Computing GmbH was merged with its wholly owned parent company EXASOL Vertriebsholding GmbH as of the date of registration on 1 July 2021 with the court of registration of the absorbing EXASOL Vertriebsholding GmbH on the basis of the merger agreement dated 21 May 2021 and the consent resolutions of the same date by transferring its assets under dissolution without liquidation as a whole.

Furthermore, EXASOL Vertriebsholding GmbH and yotilla GmbH were each merged with their wholly-owned parent company EXASOL AG on the date of registration on 30 July 2021 with the court of registration of the respective absorbing EXASOL AG on the basis of the merger agreements dated 21 May 2021 and the respective resolutions of consent of the same date by transferring their respective assets with dissolution without liquidation as a whole.

Nuremberg, 21 September 2021

EXASOL AG
Executive Board

Aaron Auld

Mathias Golombek

Jan-Dirk Henrich

Exasol
The analytics database

Appendix - Notes to the Consolidated Financial Statements

Movements in the Group's fixed assets as of 30 June 2021

Appendix - Notes to the Consolidated Financial Statements

Movements in the Group's fixed assets as of 30 June 2021

	Purchase and productions costs			
	1 January 2021	Additions	Disposals	30 June 2021
	EUR	EUR	EUR	EUR
I. Intangible assets				
1. Internally generated industrial property rights and similar rights and assets	14,853,421.32	1,780,007.10	0.00	16,633,428.42
2. Concessions, industrial properts rights and similar rights and assets acquired for a consideration	9,842,664.80	0.00	10,120.38	9,832,544.42
3. Goodwill	7,583,762.86	0.00	0.00	7,583,762.86
	32,279,848.98	1,780,007.10	10,120.38	34,049,735.70
II. Property, plant and equipment				
Other equipment, operating and office equipment	2,768,202.26	799,897.72	257,195.93	3,310,904.05
	35,048,051.24	2,579,904.82	267,316.31	37,360,639.75

Accumulated amortization, depreciation and write-downs				Book Value	
1 January 2021	Amortization, depreciation and write-downs during 1 Jan. 2021-30 June 2021	Disposals	30 June 2021	30 June 2021	31 December 2020
EUR	EUR	EUR	EUR	EUR	EUR
9,045,145.69	899,941.89	0.00	9,945,087.58	6,688,340.84	5,808,275.63
8,785,191.58	101,736.76	0.00	8,886,928.34	945,616.08	1,057,473.22
7,308,877.63	17,361.61	0.00	7,326,239.24	257,523.62	274,885.23
25,139,214.90	1,019,040.26	0.00	26,158,255.16	7,891,480.54	7,140,634.08
2,185,554.97	315,141.31	257,195.93	2,243,500.35	1,067,403.70	582,647.29
27,324,769.87	1,334,181.57	257,195.93	28,401,755.51	8,958,884.24	7,723,281.37

Responsibility statement

To the best of our knowledge, and in accordance with applicable reporting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operation of the Group and the interim consolidated management report includes a fair review of the business trend including the performance and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nuremberg, 21 September 2021

EXASOL AG
Executive Board

Aaron Auld

Mathias Golombek

Jan-Dirk Henrich

Financial Calendar

Publication
Interim Financial Statements 30-06-2021
21 Sep 2021

Publication
Trading Update 9M/20201
4 Nov 2021

Conferences
Deutsche Börse Eigenkapitalforum; Analyst Conference
24 Nov 2021

Frankfurt am Main

Exasol
The analytics database

Exasol AG
Neumeyerstr. 22-26
90411 Nuremberg
Germany

T: +49 911 239 91-0
F: +49 911 239 91-24
Mail: info@exasol.com