

Half-Year Report 2024

Content

Interim Group management report	03	Interim Consolidated Financial Statements	07
Overall assessment by the Executive Board	03	Consolidated balance sheet Assets	08
Economic performance January to June 2024	04	Consolidated balance sheet Equity and Liabilities	09
Changes to the opportunities and risk report	06	Consolidated income statement for the period	10
Forecast	06	Consolidated statement of cash flows	11
		Financial Calendar	12

Interim Group management report

for H1 2024

Overall assessment by the Executive Board

Exasol's start to the financial year was in line with the Executive Board's expectations. As Group revenues continued to grow, a positive operating result was achieved already in the first three months. This trend continued and even accelerated slightly in the second quarter, which means that the first six months of 2024 were profitable overall.

Annualized recurring revenue (ARR) increased by 11.8% year on year. Both the EMEA region and the North America region recorded noticeable growth. Looking at the first six months, new business with new and existing customers was slightly higher than in the previous year, climbing from EUR 2.2 million in H1 2023 to EUR 2.3 million. However, this new business contrasted with a higher churn rate among existing customers, which is mainly attributable to reduced business with two major customers in the EMEA region. As expected, ARR in the first half of 2024 was thus down by a total of EUR 1.1 million compared to year-end 2023 in spite of the positive new business trend. The measures already initiated in late 2023 for a more focused market positioning and an improved customer approach will have a greater effect in the second half of the year, which will result in a once more rising ARR towards the end of the year.

This trend will primarily be driven by the more customer-oriented product range, with last year's launch of Espresso, Espresso Plus and the Exasol Data Warehouse laying the basis for future growth. In the second half of the year, the effects of this will become particularly visible in business with new customers. In addition, business with existing customers, especially in the financial services sector, is expected to be expanded further. Combined with a reduced churn, growth will thus accelerate again in the second half of the year.

Moreover, the launch of Espresso AI in February 2024 means that the company has begun to tap into the huge growth potential of artificial intelligence in the field of data analytics. Espresso AI allows the company's customers to integrate AI applications directly into their analytical databases to leverage their potential. This is an important element to secure the company's long-term growth potential.

Group revenues increased by 9.3% to EUR 19.4 million in the first half of the current financial year. At 14.0%, the strongest increase was achieved in the DACH region. Double-digit growth was also recorded in North America, where revenues picked up by around 12%. On the expense side, the continued discipline, especially

with regard to marketing expenses, had a positive impact and resulted in an overall positive operating result (EBITDA) of EUR 0.7 million. This trend will continue in the second half of the year and lead to profitable growth for the year as a whole.

Cash flow also showed a positive trend in the first half of 2024, resulting in an increased net cash position. With cash and cash equivalents of EUR 19.7 million at the end of the first half of 2024, Exasol has solid capital resources which, together with the profitability achieved, provide a good basis for further development.

The Executive Board thus considers the general business performance as well as the net assets, financial position and results of operation to be satisfactory on balance. The profitability achieved represents a milestone in the company's history. Together with a further increase in Group revenues, a focused market approach and the introduction of artificial intelligence in the product portfolio, Exasol is well prepared for the challenges of the future.

Economic performance January to June 2024

Revenues

ARR stood at EUR 39.7 million at the half-year stage 2024. This represented an 11.8% increase on the same period of the previous year (30 June 2023: EUR 35.5 million) and a slight decline by 2.7% compared to year-end 2023 (31 December 2023: EUR 40.8 million). A total of nine new customers were won in the first six months of 2024 (H1 2023: six new customers), while 21 customers terminated their contracts during the same period (H1 2023: 14); as a result, the total number of customers declined to 195 in the first half of 2024 (31 December 2023: 207).

Revenues rose by 9.3% to EUR 19.4 million in the first half of 2024 (H1 2023: EUR 17.8 million). The share of recurring revenues increased to 99.8% (H1 2023: 95.5%). Recurring revenues are not the same as ARR, but are a subset of total revenues that have a recurring nature.

In EUR millions	H1 2024	H1 2023	Change
Annual recurring revenue (ARR)	39.7	35.5	11.8%
Revenue	19.4	17.8	9.3%
Recurring revenue	19.4	17.0	14.2%
In % of revenues	99.8	95.5	4.3 pp
Other revenue	0.0	0.8	-96.1%
In % of revenues	0.2	4.5	-4.3 pp

A breakdown of total revenues by the four regions – DACH (Germany, Austria, Switzerland), Great Britain, North America and Rest of World – is provided below:

In EUR millions	H1 2024	H1 2023	Change
DACH	13.1	11.5	14.0%
Great Britain	1.1	1.3	-17.3%
North America	3.4	3.0	11.9%
Rest of the world	1.9	2.0	-5.2%
Total revenues	19.4	17.8	9.3%

The share of revenues of the DACH region, which is currently the most important region for Exasol, remained high and rose by 14.0%. At 11.9%, North America was the region recording the second highest revenue growth. Between them, both regions account for about 84% of total Group revenues (H1 2023: 82%).

In % of total revenues	H1 2024	H1 2023
DACH	67	65
Great Britain	6	7
North America	17	17
Rest of the world	10	11

Earnings

In EUR millions	H1 2024	H1 2023	Change
Revenue	19.4	17.8	1.7
Other operating income	1.6	1.6	0.0
Cost of materials	-1.0	-1.6	0.6
Personnel expenses	-13.7	-14.9	1.2
Other operating expenses	-5.6	-6.5	0.9
EBITDA	0.7	-3.7	4.4
Depreciation/amortization	-1.0	-1.3	0.3
Financial result	0.1	0.0	0.1
Result from ordinary activities	-0.2	-5.1	4.8
Taxes	-0.1	0.1	-0.2
Consolidated net income	-0.3	-5.0	4.7

Other operating income amounted to EUR 1.6 million in the first half of 2024 and thus remained at the same level as in the prior year period (H1 2023: EUR 1.6 million). The figures for both the first half of 2024 and for the prior year period include a research grant for the development of product innovations under the Research Grant Act, which amounted to EUR 1.0 million in the first half of 2024 (H1 2023: EUR 1.4 million).

The **cost of materials** declined to EUR 1.0 million in the first half of 2024 (H1 2023: EUR 1.6 million). The main reason for this is a changed product mix due to lower revenues from appliances (bundling of hardware and software) and reduced energy costs.

The **cost of materials** also comprises expenses for the ExaCloud infrastructure (leasing of servers and expenses relating to the operation of the data center), which remained essentially unchanged compared to the previous year.

At EUR 13.7 million, **personnel expenses** in H1 2024 were slightly lower than in the same period of the previous year (H1 2023: EUR 14.9 million). The decline is mainly attributable to a reduced headcount, which stood at 177 at the end of the first half of 2024 (30 June 2023: 190).

Other operating expenses amounted to EUR 5.6 million in the first half of 2024, which was below the previous year's EUR 6.5 million. The figure for the previous year includes one-time expenses of approx. EUR 0.3 million for the capital increase in late June 2023 and costs of EUR 0.5 million in connection with the application for research funding. In the first half of 2024, the expenses for the application for research funding amounted to EUR 0.2 million. Adjusted for these one-time effects, other operating expenses were more or less on a par with the prior year period.

Total earnings before interest, taxes, depreciation and amortization (**EBITDA**) improved to EUR 0.7 million in the first half of 2024, with the figures for both the first and the second quarter positive at EUR +0.3 million and +0.4 million, respectively. The improvement is mainly due to the increase in revenues in combination with further improved cost efficiency, especially with regard to marketing and human resources. In the prior year period, operating losses were incurred in both quarters, which added up to -3.7 million in the first six months of 2023.

Depreciation and amortization declined slightly to EUR 1.0 million in the first half of 2024 (H1 2023: EUR 1.3 million). Together with a financial result of EUR 0.1 million (H1 2023: EUR 0.0 million) and a tax result of EUR -0.1 million (H1 2023: EUR 0.1 million), **earnings after taxes** in the reporting period improved to EUR -0.3 million (H1 2023: EUR -5.0 million).

Net assets and financial position

Compared to the prior year reporting date, **total assets** increased to EUR 26.6 million as of 30 June 2024 (31 December 2023: EUR 20.0 million). This is essentially due to the increase in advance payments made by customers for term contracts, which is reflected in higher cash and cash equivalents on the assets side and in higher deferred income on the liabilities side.

Assets

In EUR millions	30 Jun. 2024	31 Dec. 2023	Change
Intangible assests	2.7	3.6	-0.9
Property, plant and equipment	0.2	0.3	0.0
Total fixed assets	3.0	3.9	-0.9
Inventories	-	-	-
Receivables and other assets	2.6	1.4	1.2
Cash and cash equivalents	19.7	13.3	6.4
Total current assests	22.3	14.7	7.6
Prepaid expenses	1.3	1.4	-0.1
TOTAL ASSETS	26.6	20.0	6.6

Intangible assets declined to EUR 2.7 million in the first half of 2024 (31 December 2023: EUR 3.6 million). This trend was mainly driven by the change in the methods used to manage software development resources and the fact that own work was no longer capitalized as of 1 January 2022. Depreciation/amortization of earlier capitalizations was therefore no longer offset by additions in the reporting period, resulting in a decrease in the balance

sheet item as of 30 June 2024. Accordingly, fixed assets declined from EUR 3.9 million as of 31 December 2023 to EUR 3.0 million on the balance sheet date. As of the end of the reporting period, intangible assets represented 92.0% of total fixed assets (31 December 2023: 93.4%).

At the same time, **current assets** rose sharply to EUR 22.3 million (31 December 2023: EUR 14.7 million). This is mainly due to the increase in short-term cash and cash equivalents, which stood at EUR 19.7 million at the end of the reporting period (31 December 2023: EUR 13.3 million). Optimized working capital management also had an improving effect on liquidity.

Equity and liabilities

In EUR millions	30 Jun. 2024	31 Dec. 2023	Change
Equity	4.1	4.4	-0.3
Provisions	4.5	4.9	-0.4
Liabilitites	1.9	2.2	-0.3
Deferred Income	16.0	8.4	7.6
Deferred tax liabilities	0.1	0.1	0.0
TOTAL EQUITY AND LIABILITIES	26.6	20.0	6.6

Group equity declined to EUR 4.1 million as of the balance sheet date (31 December 2023: EUR 4.4 million). This is equivalent to a consolidated equity ratio of 15.3% (31 December 2023: 22.0%). The change in equity is mainly attributable to the negative consolidated result for the first half of 2024 of EUR -0.3 million.

Provisions were down by 7.8% compared to 31 December 2023 and amounted to EUR 4.5 million as of 30 June 2024 (31 December 2023: EUR 4.9 million). This represents 17.0% of total assets (31 December 2023: 24.5%). The decline is essentially attributable to the payment of the last tranche of employee entitlements under the SAR program in the amount of EUR 0.4 million, which were acquired in the context of the 2020 IPO. Liabilities were down to EUR 1.9 million as of 30 June 2024 (31 December 2023: EUR 2.2 million).

Deferred income climbed to EUR 16.0 million as of the balance sheet date (31 December 2023: EUR 8.4 million). This was mainly attributable to the increased business volume.

Change in cash and chash equivalents

In EUR millions	H1 2024	H1 2023	Change
Operating cash flow	6.3	-1.0	7.3
Cash flow from investing activities	-2.0	0.0	-2.0
Cash flow from financing acitivites	0.0	0.0	0.0
Net change in cash and cash equivalents	4.3	-1.0	5.4

Cash funds comprise the item “Cash on hand and bank balances” less a fixed-term deposit (KEUR 3,000; previous year: KEUR 1,000) with a remaining term of 3 months, which is shown under “Proceeds/payments due to investment of cash funds for short-term cash management”.

Operating cash flow for the first six months of 2024 stood at EUR 6.3 million, which represented a clear improvement compared to the same period of the previous year (H1 2023: EUR -1.0 million). This is mainly due to the increased business volume as well as to Exasol achieving operating profitability in the first half of the year.

Cash flow from **investing activities** amounted to EUR -2.0 million in the reporting period (H1 2023: EUR 0.0 million) and is attributable to short-term cash management.

As Exasol still has not raised any debt capital for financing purposes, cash flow from **financing activities** amounted to EUR 0.0 million in the first half of 2024 (H1 2023: EUR 0.0 million). Cash funds thus amounted to EUR 16.7 million as at the reporting date 30 June 2024 (30 June 2023: EUR 11.7 million). In addition, the company has an unused credit line of EUR 1 million with its principal bank. At the time of the preparation of this report, the Executive Board assumes that it will be able to meet in full all payment obligations known and expected to date. The Executive Board is not aware of any business developments that could lead to potential liquidity bottlenecks.

Changes to the opportunities and risk report

The assessment of the opportunities and risks of Exasol AG has not changed materially compared to the statements made in the 2023 Annual Report.

Forecast

As the 2024 half-year report is published, the forecast for the financial year 2024 remains unchanged, with Exasol expecting ARR for FY 2024 to increase by up to 10% compared to the previous year. The growth initiatives launched in late 2023 are expected to take effect in the second half of 2024 and to lead to a positive ARR trend.

Exasol projects a 10 - 15% increase in consolidated revenues and positive EBITDA clearly above the prior year level. Cash and cash equivalents should remain stable at over EUR 10 million as of the end of 2024.

Interim Consolidated Financial Statements H1 2024

Consolidated balance sheet

Consolidated income statement for the period

Consolidated statement of cash flows

Consolidated balance sheet

as at 30 June 2024

Assets	30 June 2024		31 December 2023	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
1. Internally generated industrial property rights and similar rights and assets	2,381,737.00		3,119,840.00	
2. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	288,761.10		397,820.55	
3. Goodwill	72,340.97	2,742,839.07	101,275.15	3,618,935.70
II. Property, plant and equipment				
Other equipment, operating and office equipment		239,189.36		256,265.62
		2,982,028.43		3,875,201.32
B. Current assets				
I. Inventories				
Goods		0.00		0.00
II. Receivables and other assets				
1. Trade receivables	1,366,859.81		934,984.01	
2. Other assets	1,275,729.97	2,642,589.78	467,069.47	1,402,053.48
III. Cash and cash equivalents		19,681,622.35		13,325,118.92
		22,324,212.13		14,727,172.40
C. Prepaid expenses		1,304,604.12		1,401,652.71
		26,610,844.68		20,004,026.43

Consolidated balance sheet

as at 30 June 2024

Equity and liabilities	30 June 2024		31 December 2023	
	EUR	EUR	EUR	EUR
A. Equity				
I. Issued capital				
1. Subscribed capital	26,882,757.00		26,882,757.00	
2. Nominal value of own shares	-298,397.00	26,584,360.00	-298,397.00	26,584,360.00
II. Capital reserve		113,533,933.79		113,533,933.79
III. Difference in equity due to currency translation		374,759.80		433,763.35
IV. Accumulated deficit brought forward		-136,149,237.90		-127,932,531.63
V. Consolidated profit/loss for the year		-262,370.19		-8,216,706.27
		4,081,445.50		4,402,819.24
B. Provisions				
1. Provisions for taxes		6,401.21		13,789.00
2. Other provisions		4,518,554.47		4,896,290.01
		4,524,955.68		4,910,079.01
C. Liabilities				
1. Liabilities to banks		0.00		0.00
2. Trade payables		1,180,545.82		1,144,687.47
3. Other liabilities		739,790.96		1,063,416.02
– thereof for taxes: EUR 365,617.52 (PY: EUR 508,595.04)				
– thereof for social security: EUR 31,091.79 (PY: EUR 105,125.63)				
		1,920,336.78		2,208,103.49
D. Deferred income		16,011,768.75		8,381,751.55
E. Deferred tax liabilities		72,337.97		101,273.14
		26,610,844.68		20,004,026.43

Consolidated income statement

for the period from 1 January to 30 June 2024

	2024		2023	
	EUR	EUR	EUR	EUR
1. Revenue		19,441,753.28		17,779,421.46
2. Other operating income – thereof from currency translation: EUR 28,697.19 (PY: EUR 11,849.42) –		1,563,160.63		1,573,339.08
3. Cost of materials				
a) Cost of raw materials, supplies and purchased goods	-843,677.23		-1,491,445.78	
b) Cost of purchased services	-156,851.18	-1,000,528.41	-155,512.04	-1,646,957.82
4. Personnel expenses				
a) Wages and salaries	-11,799,306.34		-12,858,459.16	
b) Social security, pension and other benefits – thereof for pensions: EUR 55,316.08 (PY: EUR 74,601.55) –	-1,891,295.83	-13,690,602.17	-2,022,736.81	-14,881,195.97
5. Amortisation of intangible assets and depreciation of property, plant and equipment		-1,017,287.93		-1,339,922.34
6. Other operating expenses – thereof from currency translation: EUR 13,295.87 (PY: EUR 40,175.38) –		-5,639,987.06		-6,547,265.97
7. Other interest and similar income		146,985.96		19,925.17
8. Interest and similar expenses – thereof to shareholders: EUR 0.00 (PY: EUR 0.0)		-5,492.77		-7,904.96
9. Income taxes – thereof to deferred tax: EUR 28,935.18 (PY: EUR 86,806.63)		-58,401.72		73,717.02
10. Earnings after taxes		-260,400.19		-4,976,844.33
11. Other taxes		-1,970.00		-1,773.00
12. Consolidated profit/loss for the year		-262,370.19		-4,978,617.33

Consolidated statement of cash flows

for the period from 1 January to 30 June

	2024	2023
	TEUR	TEUR
Profit for the period (net income including share of profit of other shareholders)	-262	-4,979
Amortisation, depreciation and write-downs on fixed assets	1,017	1,340
Increase/decrease in provisions	-3,760	-2,911
Other non-cash expenses/income	4,463	-503
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-1,297	-457
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	7,342	6,083
Interest expense/income	-141	20
Income tax expense/income	59	74
Other operating income from grants	-1,042	0
Income taxes paid	-55	322
Cash flows from operating activities	6,323	-1,011
Acquisition of property, plant and equipment	-124	-19
Cash for financial investment as part of current treasury management	-2,000	0
Interest paid	147	0
Cash flows from investing activities	-1,977	-19
Proceeds from grants received	1	0
Interest paid	-5	20
Cash flows from financing activities	-4	20
Net increase/decrease in cash and cash equivalents	4,342	-1,010
Effect of movements in exchange rates and remeasurements on cash held	14	0
Cash and cash equivalents at the beginning of the period	12,325	12,728
Cash and cash equivalents at the end of the period	16,682	11,718
Cash and cash equivalents consist of the following	30 June 2024	30 June 2023
	TEUR	TEUR
Cash and cash equivalents	16,682	11,718
Current account liabilities	0	0
	16,682	11,718

Financial Calendar

Publications

Trading Update 9M/2024

13 November 2024

Conferences

Capital Markets Conference

“Eigenkapitalforum”

Frankfurt am Main

25-27 November 2024



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