



Exasol
The analytics database



**Annual
Report 2021**

Highlights from the 2021 financial year

EUR 30.5 million

**Annual Recurring Revenue
(ARR)**

Growth of 29.8%
(based on comparable exchange rates)

212

Broad customer base

with many global players
from various industries

95%

Customer retention rate

Customer Churn Rate with 5% very
low compared to industry

Content

Message from the Management Board	04	2.4 Business trend in the financial year 2021	15	Consolidated Financial Statements	26
Report of the Supervisory Board	07	2.5 Results of operation, financial and net asset position	16	Consolidated balance sheet Assets	27
Exasol on the capital market	10	2.6 Overall assessment by the Executive Board	18	Consolidated balance sheet Equity and Liabilities	28
Consolidated Management Report	12	3. Opportunities and risk report	18	Consolidated income statement for the period	29
1. General corporate information	12	3.1 Risk report	18	Consolidated statement of cash flows	30
1.1 Business activity	12	3.2 Opportunities report	21	Consolidated statement of changes in equity	31
1.2 Corporate structure and locations	13	4. Forecast	22	Movements in the Group's fixed assets	32
1.3 Research and development	13	4.1 Expected macroeconomic environment	22	Notes to the Consolidated Financial Statements	34
2. Economic Report of the Exasol Group	14	4.2 Expected industry environment	23	Responsibility Statement	42
2.1 Macroeconomic environment	14	4.3 Expected company performance and outlook	23	Independent Auditor's Report	43
2.2 The industry environment	14	5. Management report of Exasol AG	24	Financial Calendar	46
2.3 Financial and non-financial performance indicators	15				

Message from the Management Board



Aaron Auld, CEO
Exasol AG

Dear shareholders,

In 2021 we experienced a year of light, but also some shade. On the one hand, we were able to continue to build on the positive trajectory of previous years with renewed strong growth on the sales side, by continuing to win global brands as new customers and growing our footprint with existing customers. Overall, we were successful in broadening and deepening our customer base, even if we know we can further improve. We also achieved further critical milestones in our product development, in particular in terms of our public Cloud capabilities. On the other hand, in the second half of the year we were forced to recognize that certain investments and expansion plans were not translating into the accelerated topline growth we had originally anticipated. With this realization we quickly moved to analyze the situation and took rapid remedial action by sharpening our go-to-market approach and restructuring our sales and marketing organization. Unhappily, this also meant that we failed to meet the high market expectations we had raised ourselves, which in turn adversely affected the share price. We fully understand that we have to rebuild confidence and trust in our ambitious growth plans and in our ability to execute. As a first step in this direction and as a result of the course-correction which we began to execute in October, we are now building a much stronger foundation for scalability, and are quietly confident that we are moving into a much better position to leverage the vast market opportunity and to set course for accelerated mid- and long term growth.

Overall, in terms of progress, 2021 was an incredibly important period in our company's development, particularly in bringing together the right combination of people and processes. Despite the adjustments we had to make in the second half of the year and the short-term disruption they brought to our organization, we learnt quickly from our missteps and were able to maintain growth momentum and, most importantly, the unbroken trust of our customers. This led to an increase in our annual recurring revenues (ARR) of 29.8% compared to the previous year, although of course our mid-term growth expectations are higher still. Our mission always was and always will be to win and maintain the trust of the world's most ambitious companies. With the last year's results and the changes we have made to our organization we took several important steps towards that goal – with many more yet to follow.

Even during a quite tumultuous year by any standards we not only continued to demonstrate strong revenue growth, we also worked tirelessly on the further development of our products. Our roadmap is now well advanced and fully aligned with our go-to-market strategy and will enable us to effectively address new and expanded markets and use cases. In view of the rapidly growing volumes of data worldwide and the increasingly critical role of high-speed data analytics for business, our unique performance advantage remains a decisive competitive advantage and will

enable us to compete at a global level. Moving forward our capabilities and license models will put performance into the hands of many more users and customers worldwide.

We also continued to excel in customer relationships as numerous top ratings and customer recommendations scores in various independent studies demonstrate. We also continued to sharply refocus our partner strategy towards demonstrably value-add alliances and collaborations. A great example of this focus in action is how we successfully developed the partnership with Amazon Web Services (AWS). In 2020 we made the strategic decision to re-engineer our technology to be able to better leverage public cloud architectures and provide easier access and scalability to our customers and partners. We opted for AWS as the first platform for this new Software as a Service (SaaS) business model and quickly established a strong partnership with AWS, which resulted in their selecting Exasol as their Technology Partner of the Year 2021 in the DACH region. This represents clear validation of where and how our go-to-market strategy and sharpened partner and alliance focus come together.

The outcome we expect specifically from this partnership is access to additional markets while strengthening our strategic positioning with existing customers. In our view, the trend among customers to increasingly manage their data in the cloud will continue, while many customers will by necessity or choice continue to work on premises within their own infrastructure. With our approach of making our software available both in the cloud, on-premises and as a SaaS application in all environments, we can offer a highly flexible way to serve the growing performance needs of very different customers and business owners.

In addition to our operational successes, we also increased our focus on sustainability last year. Our software is already helping our customers to consume less energy to process their data, as our database architecture allows a more efficient usage of available infrastructure, thus minimizing hardware and energy requirements to achieve the same or better results. But we also strive to set the highest standards in other critical sustainability criteria, such as data security. We are therefore particularly pleased that one of the leading rating agencies has recognized our efforts with the highest award of a prime rating. For us, this is both validation, but also motivation: we will continue to attach the greatest importance to the issue of sustainability in the future while significantly expanding our reporting on this topic.

Our market, and with it the volume of data to be processed, continues to expand unabated at high growth rates among companies worldwide. We have built a significant technological lead over our competitors in terms of performance and platform independence, and with our SaaS product we are opening up additional customer groups and thus revenue potential. And last but not least: with a highly qualified and highly motivated team, we are confident about our growth opportunities for this year and beyond. With the reorganization and a new and experienced management team, we are setting the company up for both efficiency and growth, and have already seen the first successes in terms of our profitability in the fourth quarter. We remain fully confident for the current year to achieve a planned ARR growth of between 38.5 million euros and 40.0 million euros and reduce our EBITDA loss by half to between -14 million euros and -16 million euros on an adjusted basis. This means that we are sufficiently well financed to achieve this year's target, but also our ambitious mid-term target



Mathias Golombek, CTO
Exasol AG



Jan-Dirk Henrich, CFO/COO
Exasol AG

of a 100 million euros ARR run-rate in the course of 2025. The investments we have made in our technology and in our organization will already positively affect this year's development and will be even more tangible in the coming years.

None of this would be possible without our incredibly motivated and dedicated employees. We would therefore like to take the opportunity to thank them for all their passion and commitment they bring to Exasol every day. And we would also like to thank you, dear shareholders, for the always open and constructive dialogue and your trust in us and the development of Exasol. We look forward with you to a successful year 2022!

Yours sincerely,

Aaron Auld | CEO

Mathias Golombek | CTO

Jan-Dirk Henrich | CFO/COO

Report of the Supervisory Board

Dear Shareholders,

The present report is designed to inform you about the activity of the Supervisory Board in the financial year 2021 as well as about the result of the audit of the separate and the consolidated financial statements for 2021.

Activity of the Supervisory Board

In the year under review, the Supervisory Board conscientiously performed the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure. The Supervisory Board continuously assisted the Executive Board in the management of the company, regularly advised it and monitored its activities. Monitoring was based on the lawfulness, regularity, expediency and efficiency of the actions of the Executive Board. The cooperation was characterized by openness and trust. Whenever decisions of fundamental and strategic importance for the company were taken, the Supervisory Board was involved in a timely and appropriate manner. Transactions and other matters requiring approval were correctly presented by the Executive Board. The Supervisory Board was continuously informed by the Executive Board about all measures and events that were important for the company at the regular Supervisory Board meetings as well as in written, telephone and personal exchanges. As a result, the Supervisory Board was always up to date on the company's business situation, business developments, material budgeting

and planning aspects, including investment, financial and HR planning, as well as on the results of operations, organizational measures and the overall situation of the Group. The information exchange also included regular reports on the financial position as well as on the risk position and risk management. Deviations from the plans and targets were explained by the Executive Board if and when applicable and reviewed by the Supervisory Board.

Focus of the Supervisory Board's deliberations

In the reporting year, a total of five ordinary Supervisory Board meetings and two extraordinary Supervisory Board meetings were held, most of them by video or phone conference because of the COVID-19 pandemic.

At its ordinary meetings, the Supervisory Board dealt in detail with the company's business and financial situation. Subjects of these regular deliberations at the Supervisory Board meetings were the revenue, earnings and headcount trend as well as the financial position and changes in liquidity of Exasol AG and the Exasol Group. In addition, the members of the Supervisory Board discussed and resolved numerous issues and measures requiring their approval. No conflicts of interest on the part of the members of the Supervisory Board in connection with the exercise of their office were reported in the reporting period.

At the first ordinary meeting of the Supervisory Board on **12 April 2021**, which was attended by all members of the Supervisory Board, the remuneration of the Executive Board was discussed. For this purpose, the Supervisory Board invited an external remuneration consultant, who informed the Supervisory Board about appropriate and market-consistent variable remuneration components in Executive Board contracts. The target agreement for the special annual remuneration (bonus) of the Executive Board for 2021 was adopted. In preparation for the Annual General Meeting 2021, a candidate for the Supervisory Board introduced himself and an external analysis on the compliance of the Supervisory Board remuneration with market standards was discussed; it was decided to propose an increase in the Supervisory Board remuneration to the Annual General Meeting. The corporate strategy 2021 and a project for the streamlining of the Group structure by merging subsidiaries with Exasol AG were presented.

The extraordinary meeting of the Supervisory Board on **26 April 2021** was attended by all members of the Supervisory Board. At this meeting, Mr Jan-Dirk Henrich was appointed to the Executive Board with effect from 1 September 2021, the Executive Board contract was approved, and the revised schedule of responsibilities was adopted.

At the second ordinary meeting of the Supervisory Board on **10 May 2021**, which was attended by all members of the Supervisory Board and by the auditor, the deliberations focused on the audit of the separate and the consolidated financial statements. In the presence of the auditor, the Supervisory Board adopted the separate financial statements of Exasol AG for the period ended 31 December 2020 and approved the consolidated financial statements of Exasol AG for the period ended 31 December 2020. In addition, the Supervisory Board approved the agenda items for the Annual General Meeting of Exasol AG on 30 June 2021 and the holding of the Annual General Meeting as a virtual Annual General Meeting. The report of the Supervisory Board for the financial year 2020 was adopted. The Supervisory Board also resolved to pay out the bonus for 2020 to the Executive Board.

The third ordinary meeting on **30 June 2021**, which was attended by all members of the new Supervisory Board elected by the Annual General Meeting, was held as a constituent meeting after the Annual General Meeting. Prof. Jochen Tschunke was confirmed as Chairman of the Supervisory Board, and Mr Karl Hopfner was elected Vice Chairman of the Supervisory Board.

At the fourth ordinary meeting of the Supervisory Board on **21 September 2021**, which was attended by all members of the Supervisory Board, the business trend as well as Exasol's patent strategy were presented. Several items on the agenda of the Supervisory Board meeting related to the company's corporate governance. The revised Rules of Procedure for the Executive Board and the Supervisory Board as well as the principles for reimbursement of expenses of Supervisory Board members were adopted.

At the extraordinary meeting of the Supervisory Board on **11 October 2021**, which was attended by all members of the Supervisory Board, the Executive Board reported on the organizational and personnel measures decided in the USA and UK, which the Supervisory Board took note of and concurred with.

The last ordinary meeting in the financial year 2021 was held on **15 December 2021**. It was attended by all members of the Supervisory Board. At this meeting, Mr Jan-Dirk Henrich was appointed Vice Chairman of the Executive Board and the schedule of responsibilities was adapted. The expected 2021 results and the presentation of the 2022 – 2025 budget were discussed. The deliberations on the company's corporate governance were continued, and a gap analysis regarding compliance with the German Corporate Governance Code, which is not mandatory for Exasol AG due to its listing on the open market, was presented. In agreement with the Executive Board, the Supervisory Board defined the goal of further reducing the deviations from the German Corporate Governance Code. An external remuneration consultant was again consulted on Executive Board remuneration; the consultation focused on the structure of the long-term component of the Executive Board remuneration. In addition, the Supervisory Board discussed the profile of skills and expertise for the Supervisory Board and the objectives for the composition of the Supervisory Board, and resolved the procedure for expanding the Supervisory Board.

Besides the resolutions adopted at meetings, several resolutions were adopted by way of written vote. On 31 January 2021, the Supervisory Board resolved, for example, to terminate the contract of Executive Board member Michael Konrad, who had asked the Supervisory Board to approve his resignation from office be-

fore the end of his term of office. In several resolutions adopted by way of written vote, the Supervisory Board approved the issue and allocation of tranches of the stock option program. The planned mergers of subsidiaries for simplification purposes were presented in detail to the Supervisory Board at the meeting on 12 April 2021. The conclusion of the respective merger agreements was subsequently approved by way of written vote.

Attendance at Supervisory Board meetings

As all meetings of the Supervisory Board in the financial year 2021 were attended by all members of the Supervisory Board, attendance at the individual meetings is not disclosed separately.

Separate and consolidated financial statements

At the Annual General Meeting on 30 June 2021, KPMG AG, Wirtschaftsprüfungsgesellschaft, Nuremberg, was appointed auditor of the separate and the consolidated financial statements for the reporting year. On 3 January 2022, the Supervisory Board issued the respective audit assignment for the separate and the consolidated financial statements 2021. KPMG AG, Wirtschaftsprüfungsgesellschaft, audited the separate financial statements of Exasol AG and the consolidated financial statements of the Exasol Group as well as the management report of Exasol AG and the Exasol Group. The auditor issued an unqualified audit opinion for both the separate financial statements and the consolidated financial statements for the period ended 31 December 2021. The financial statements were signed by Markus Zippel and Dr. Joachim Schroff as responsible audit partners. KPMG AG, Wirtschaftsprüfungsgesellschaft, stated that the management report of Exasol AG and the Exasol Group accurately reflects the situation of the company and the Group as well as the opportunities and risks of their future development.

In accordance with section 317 (4) of the German Commercial Code (HGB), the auditor examined and found that the Executive Board has established a suitable monitoring system, that the statutory requirements for the early identification of risks threatening the company's existence have been met, and that the Executive Board has taken suitable measures to identify developments and avert risks at an early stage.

The auditor's reports and financial statements documents were made available to the members of the Supervisory Board in good time before the Supervisory Board's annual accounts meeting and examined in detail. At the annual accounts meeting of the Supervisory Board on 10 May 2022, KPMG AG, Wirtschaftsprüfungsgesellschaft, reported on the main findings of the audit.

After detailed examination of the separate and the consolidated financial statements for the financial year 2021 and the management report of Exasol AG and the Exasol Group, the Supervisory Board raised no objections in this regard. The Supervisory Board thus concurred with the audit result of KPMG AG, Wirtschaftsprüfungsgesellschaft, and approved the separate financial statements of Exasol AG and the consolidated financial statements of the Exasol Group for the financial year 2021. The financial statements of Exasol AG have thus been adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (AktG).

Composition of the Executive Board and the Supervisory Board

In the reporting period, there were personnel changes on both the Executive Board and the Supervisory Board. Executive Board member Michael Konrad left the company with effect from 30 June 2021. At the meeting on 26 April 2021, the Supervisory Board

appointed Mr Jan-Dirk Henrich as member of the Executive Board for a three-year term of office with effect from 1 September 2021. He has assumed the duties of Chief Financial Officer (CFO) and Chief Operating Officer (COO). The following changes took place on the Supervisory Board: Mr Gerhard Rumpff resigned from the Supervisory Board with effect from 30 June 2021, and Mr Volker Smid was newly appointed to the Supervisory Board by the Annual General Meeting. As the Supervisory Board consists of only four members, no committees were formed in the financial year.

Thank you

The Supervisory Board thanks the Executive Board and all employees of Exasol AG for their great personal commitment and hard work, without which the positive performance of the company would not have been possible. The Supervisory Board's thanks also go to our shareholders for their interest and confidence in our company.

Nuremberg, May 2022

For the Supervisory Board

Jochen Tschunke
Chairman of the Supervisory Board

Exasol on the capital market

The Exasol share was unable to continue the successful trend of the previous year in 2021. Having repeatedly reached new highs in 2020, supported by positive growth expectations, the share closed its first year on the stock exchange close to its high for the year at EUR 27.86. At the beginning of 2021, the share was able to mark another new high in a generally positive market environment, closing at EUR 28.80 on 4 January 2021, the highest price since the IPO in May 2020. At increased volatility, this level was maintained for most of the time until around May 2021, even though the share already slightly underperformed the stock markets in general.

Despite positive news on the general business trend and the acquisition of new customers, the share price started moving downwards in May. This trend intensified at the beginning of September and continued until the end of the year. This was mainly due to concerns about the large amounts of capital consumed in building up the organization and the related issue of further financing requirements. In addition, Exasol had to announce the adjustment of its annual forecast for the financial year 2021 at the end of October. In this context, the medium-term growth target of achieving recurring revenue of EUR 100 million in the course of 2024 was postponed by one year to 2025. As a result of this news, the share hit its low for the year 2021 on 13 December, closing at EUR 5.99.

From this low, it began to recover slightly in mid-December. After a disappointing performance overall, the share closed the year at EUR 7.65. This corresponds to a decline of -72.5% over the year as a whole. Exasol thus clearly underperformed both the SDAX (+11.2%) and the Scale 30 Index (+9.7%).

Annual General Meeting 2021

On 30 June 2021, Exasol held its Annual General Meeting. Due to the pandemic, the event was held virtually and broadcast live on the internet. During the event, registered shareholders were able to listen to the statements of the Executive Board as well as to the answers to the questions previously submitted in writing. All items on the agenda were approved by a large majority.

Given that the further course of the COVID-19 pandemic can not be reliably predicted at the moment, the company plans to hold the Annual General Meeting for the financial year 2021 also as a virtual event.

Investor relations

Management used the year 2021 to intensify its dialog with investors, analysts and financial journalists. At roadshows and capital market conferences, the Executive Board was available for discussions with a growing number of interested parties. In addition, quarterly results were presented in public webcasts and

the questions of capital market participants were answered. In the course of the year, the level of detail was gradually increased, improving transparency in the process. An extensive relaunch of the company website took place in May 2021. In this context, the range of information offered in the investor relations section was also increased further to enhance transparency here, too.

Exasol is currently closely covered by two banks, which regularly publish detailed analyses of the share. With an average price target of EUR 21.50, both analysts recommend the share as a buy. Exasol AG will continue its intensive dialog with capital market participants in the current financial year and provide information on the current business performance and strategic decisions.

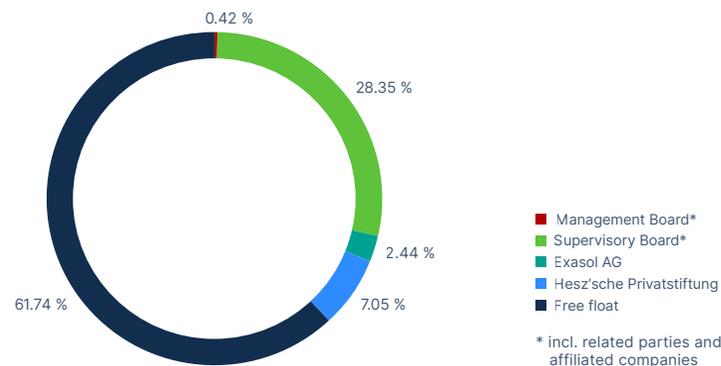
Key data of the Exasol share

WKN	A0LR9G
ISIN	DE000A0LR9G9
Stock exchange code	EXL
Stock exchange listing	Frankfurt Stock Exchange
Stock exchange segment	Open Market (Scale)
Index membership	Scale all Share, DAXsector All Software
Designated Sponsor	Hauck & Aufhäuser
Number of shares	24,438,870
Share capital in EUR	24,438,870
Share class	Ordinary registered shares without nominal value (no-par shares)
Highest price (Xetra)	28.80 EUR (4 Jan. 2021)
Lowest price (Xetra)	5.99 EUR (13 Dec. 2021)
Closing price (Xetra)	7.65 EUR (30 Dec. 2021)
Average daily trading volume (Xetra)	67.173 shares
Market capitalization (30 Dec. 2021)	EUR 187 million
Free float	62.16%

Share price performance 2021



Shareholder structure



Current coverage

Bank	Recommendation
Hauck & Aufhäuser	Buy
Warburg Research	Buy

Consolidated Management Report

for the financial year 2021

1. General corporate information

1.1 Business activity

The increasing degree of digitalization produces a constantly growing amount of data. These data tell something about existing or future customers, about a company's own processes and products and about the market as a whole. Continuously analyzing these data and gaining insight from them is therefore of growing importance for any organization. If analysis, insight and the resulting business decision can be made faster and more efficiently than the competition, this additionally represents a significant potential competitive advantage. Organizations often have to deal with very large, heterogeneous and unstructured data from which knowledge and a basis for decision-making are to be extracted. It is our vision and our mission to drive insight from the global data volume and to help our customers generate the critical competitive advantage from this insight.

The continuously growing amount of data and applications leads to huge growth rates in big data and data analytics. According to independent studies, this market is growing at a compound

annual growth rate of 13%. Starting from a global market size of approx. USD 108 billion in 2021, the market is expected to reach USD 197 billion by 2025.¹

When evaluating these data volumes, speed, efficiency and flexibility will be the essential key for companies in the future. The installed base of older analysis and database systems no longer meets the above-mentioned requirements: results are sometimes available only after hours or even days, making significant demands on the installed hardware. Exasol's analytical database technology has made speed and performance its brand core. Established in 2000, the company today has the fastest and most powerful analytical database technology in the market, as regularly confirmed by numerous independent studies.

In our opinion, our technological lead is based on three pillars: The processing of data in main memory or RAM (in-memory technology), the combination of several main memories into a distributed, virtual "supercomputer" (massive parallel processing), and the use of intelligent algorithms for optimal and intervention-free

operation of the system. Moreover, the design and product know-how support the very cost-efficient use of the installed hardware.

Today's common systems all have the same challenge: the analysis of data is mainly done on hard disks, which are inexpensive to purchase, but work much more slowly than main memory. This limits the possibility to gain important insights from these data quickly and on a large scale. These processes only pick up speed when processing takes place in the main memory. Main memory can process data up to 100,000 times faster², but is expensive and is only available to a limited extent in most applications. However, intelligent algorithms such as those used in Exasol's database can cost-efficiently analyze any amount of data in main memory. In this process, several RAMs are connected in parallel and interconnected to form a kind of "supercomputer", thus raising processing speed to a new level. Our self-learning algorithms reliably distinguish between "hot" and "cold" data, enabling greatly optimized use of the available main memory. If required, many users can access the data easily and simultaneously. This innovative approach differs fundamentally from legacy database architectures.

1 https://www.reportlinker.com/p06246484/Big-Data-and-Analytics-Services-Global-Market-Report.html?utm_source=GNW

2 <https://wikis.gm.fh-koeln.de/Datenbanken/InMemory-DB>

Customers can use the Exasol platform regardless of whether their data are stored in a public cloud, a private cloud, in their own data center or in hybrid environments. In the public cloud, the Exasol database can be deployed on all relevant providers such as Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform.

Exasol customers are typically companies with large data sets that use them with high frequency for business-critical processes and applications. A powerful and fast analytical database solution is therefore mission-critical for their daily business success. 65% of Exasol's customers come from the financial services, e-commerce, software/IT, media and healthcare sectors.³ But the performance of our solution not only allows data to be analyzed and used more quickly. What is more, the demands made on the infrastructure are much lower, enabling our customers to use existing systems more cost-efficiently or to implement given data applications with a leaner infrastructure and reduced computing effort than the competition.

This results not only in an economic advantage. Today already, the storage and processing of data have an influence on global energy consumption that should not be underestimated. According to Greenpeace, data centers worldwide consume roughly the same amount of energy as global aviation.⁴ This aspect is therefore also becoming increasingly important with regard to companies' sustainability efforts. And energy consumption increases in line with the growing data volumes. The Exasol solution allows customers to implement a given analytical data appli-

cation with optimal footprint in terms of energy consumption and carbon emissions.

Many business models are barely conceivable already today without the insights gained from big data and data analytics. Accordingly, Exasol has a very low customer churn rate of just about 4%. Companies that have opted for Exasol use the products and services for many years and typically expand the use continuously. Upselling, i.e. revenue growth with existing customers, is thus an important growth driver. Winning new customers is the second pillar of the company's growth. In 2022, the company additionally started offering Exasol as software as a service (SaaS), thus facilitating access to a fully Exasol-managed system and targeting additional customer groups and applications. Extending usage-based billing models to all platforms – in the cloud or in our own data center, i.e. "on-premise" – will also clearly lower the commercial entry barrier for using our products. At the same time, Exasol is continuously expanding the existing partnerships with AWS, Microsoft Azure and Google Cloud Platform and is pushing ahead the ongoing internationalization of its business.

1.2 Corporate structure and locations

The Exasol Group currently comprises Exasol AG, headquartered in Nuremberg, Germany, and a total of five subsidiaries. All of these are pure sales companies that are responsible for operational sales in the respective regions.

The subsidiaries Exasol BigData Technologies GmbH and Exasol Cloud Computing were merged into Exasol Vertriebsholding

GmbH during the financial year. Exasol Vertriebsholding GmbH and yotilla GmbH were also merged into Exasol AG in the financial year 2021.

The organizational chart below shows the corporate structure after the reorganization:



1.3 Research and development

2021 saw Exasol continue its investments in R&D with a view to strengthening its competitive position. The development activities focused on the development of Exasol's SaaS (Software as a Service) solution, which was launched in early 2022 as a managed service in the public cloud. The native cloud implementation and the separation of cloud storage (data storage) and cloud computation (computing capacity) make Exasol's analytic database fully elastic for customers to use, meaning its computing power can be increased or decreased at short notice depending on customer needs and applications. Also, simple user guidance makes it much easier to get started using Exasol. Besides the

3 <https://ir.exasol.com/de/publikationen/#other> (Presentation on preliminary figures 2021, slide 6)

4 <https://web.de/magazine/wissen/wissenschaft-technik/stromfresser-internet-energie-daten-verbrauchen-33170202>

general market trend towards cloud and SaaS, the usage-based SaaS pricing model offers great potential as the upfront investment barrier is much lower, and over time revenue growth increases in line with usage.

Exasol's SaaS solution forms the final building block for maximum customer flexibility, as they are now free to decide how they want to use the Exasol software: as complete implementation including hardware, as a pure software variant in their own data center or in their own cloud account (on AWS, Google Cloud Platform or Microsoft Azure), or as an SaaS managed service, in which the full infrastructure and operation are provided by Exasol. From the point of view of the Executive Board, Exasol is thus the ideal solution as a bridge between the cloud and the on-premise world, or as a hybrid solution that combines the best of both worlds. The Executive Board believes that this gives Exasol a critical competitive advantage over cloud-only providers, which we will continue to push ahead and expand again this year, e.g. by supporting the elasticity in customers' own cloud accounts and by offering a flexible, usage-based pricing model across the different operation options.

In August 2021, we additionally launched Release 7.1 of our software, which offers many improvements and enhancements. These include various performance improvements, e.g. for metadata queries and data generation functions, better scalability for parallel user sessions as well as security-related enhancements. Based on this new software version, the latest TPC-H performance

benchmarks were published, which repeatedly underlined the market-leading performance of our solution.⁵

As far as integration is concerned, we developed a large number of new and optimized connectors, which improve connection to the systems of hyperscalers AWS, Microsoft Azure and Google Cloud Platform, as well as to the on-premise systems of IBM.

Following the acquisition of startup yotilla GmbH in 2020, the development team for the new software solution was expanded from five to nine people and important further developments were driven forward during the year. The aim is to launch the product in the second half of 2022. The product is intended to target new customer groups in the field of data warehouse automation and promises to make it faster and easier for users to create data warehouses (DWHs).

Of the own work capitalized of EUR 3.4 million, EUR 2.2 million relates to developer costs and EUR 1.2 million to material costs and external services. Total personnel expenses for research and development amounted to EUR 3.7 million in the reporting period. This means that a total of 59% of the R&D expenses was capitalized. Depreciation/amortization reported for the financial year 2021 included a total of EUR 1.9 million in systematic depreciation/amortization for capitalized R&D expenses.

A total of 75 (2020: 42) employees (full-time equivalents) were assigned to the R&D Department in the financial year 2021.

2. Economic Report of the Exasol Group

2.1 The macroeconomic environment

While the International Monetary Fund (IMF) estimates that global economic output declined by 3.1% in the full year 2020, the economy recovered in the second year of the COVID-19 pandemic and grew by 5.9% in 2021.⁶ A 6.5% increase in the gross national product means that the developing and emerging countries recovered particularly strongly. At 5.0%, the industrialized countries also recorded noticeable growth again.

Within the group of industrialized countries, US GDP rose by 5.6% according to the IMF, while the eurozone recorded growth of 5.2%. Growing by 6.7% and 6.2%, respectively, France and Italy, in particular, were able to recover from the 2020 recession much faster than Germany, which expanded by 2.7%. Among the emerging and developing countries, China and India showed the most dynamic economic recovery, at 8.1% and 9.0%, respectively.⁶

2.2 The industry environment

The global economic recovery in 2021 was also reflected in the performance of the IT sector. While the global recession had a noticeable impact on companies' spending propensity in 2020, the IT sector clearly picked up steam last year. IT spending increased at a disproportionate rate of 9.5%.⁷ According to US analyst firm Gartner, IT spending on hardware, enterprise software and IT services showed a particularly positive trend, each growing by more than 10%. In Germany, spending on IT hardware also increased by a disproportionate 8.3% compared to the previ-

⁵ https://www.tpc.org/tpch/results/tpch_perf_results5.asp?resulttype=ALL&version=3%25¤cyID=0

⁶ <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

⁷ <https://www.gartner.com/en/newsroom/press-releases/2021-10-20-gartner-forecasts-worldwide-it-spending-to-exceed-4-trillion-in-2022>

ous year, followed closely by software spending, which increased by 8.0%, according to industry association Bitkom.⁸

Regardless of global economic developments, the amount of data produced is growing unabated and reached over 79,000 exabytes in 2021, up 23% on the previous year, according to Statista.⁹ A growing share of this is stored in data centers. At 1,327 exabytes, this data volume was up by as much as 35% on the previous year.¹⁰ Experts estimate the total market volume for big data and data analytics in 2021 at USD 231 billion, which represents an increase of 12%.¹¹

Exasol is facing fierce competition. The company operates in markets in which classic providers such as Microsoft, Oracle, SAP, Teradata or IBM, which have global reach and considerable financial resources, have been active for many years. Exasol also competes with global players Google and Amazon, as well as with younger technology companies such as Snowflake and Databrix.

However, Exasol sees itself very well positioned in this market environment and considers its database infrastructure, which specializes in the analysis of large data volumes, to be one of the technologically leading solutions, especially in terms of speed, performance, scalability, flexibility and cost efficiency. What is more, Exasol offers its customers flexibility (pricing model, storage of data in the cloud, in their own data centers or hybrid structures), which, from the Executive Board's point of view, many

of the above competitors cannot match.

2.3 Financial and non-financial performance indicators

In order to provide a clear and transparent presentation of the 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). In 2022, the Executive Board additionally started using adjusted EBITDA as well as cash and cash equivalents. ARR, adjusted EBITDA and cash and cash equivalents are the key financial performance indicators for Exasol.

Annual Recurring Revenue (ARR) is defined as the annualized value of the contractually agreed recurring revenue component of term-based contracts with a term of at least 12 months. 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 or existing contracts are renewed. For the financial year 2021, the contractually agreed recurring revenue components as of 31 December 2021 are multiplied by 12 to calculate ARR.

It is important to distinguish between ARR and 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 31 December, whereas ARR is calculated as of the reporting date of 31 December.

Adjusted EBITDA is the second financial key performance indicator besides ARR. Here, earnings before interest, taxes, depreciation and amortization (EBITDA) are adjusted for expenses for the capital measures implemented (for 2020) and the stock appreciation rights granted to the Executive Board and employees before the 2020 IPO.

Cash and cash equivalents, as the third financial key performance indicator, are defined as financial resources available at short notice as reported in the balance sheet as of the reporting date.

2.4 Business trend in the financial year 2021

The year 2021 was a year of light but also a year of shadow. On the one hand, Exasol was able to build on the positive trend of previous years and again report strong revenue growth as the company continued to win global brands as new customers and expanded its presence with existing customers. In addition, further important milestones were achieved in product development, especially with regard to public cloud capabilities. On the other hand, it turned out in the second half of the year that certain investments and expansion plans did not translate into the accelerated revenue growth originally expected. As a result, the ARR growth forecast had to be downgraded in October, and the medium-term

⁸ <https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html>

⁹ <https://www.statista.com/statistics/871513/worldwide-data-created/>

¹⁰ <https://de.statista.com/statistik/daten/studie/819487/umfrage/prognose-zum-weltweit-gespeicherten-datenvolumen-in-rechenzentren/>

¹¹ <https://www.fortunebusinessinsights.com/big-data-analytics-market-106179>

forecast for 2024 was postponed by one year. Originally, ARR growth was expected to be in the medium double-digit range. As the forecast was adjusted, ARR growth was corrected to EUR 30-31 million, which represented an increase by 25-29%.

The reorganization launched in October, especially of the sales and marketing organization, led to immediate and noticeable relief on the cost side, which is why the fourth quarter already showed a significant improvement in profitability. This built a much stronger foundation for scalability. This clearly improved the prospects of faster scalability and of leveraging the enormous market opportunities.

In its customer relationships, Exasol continued to excel, as evidenced by numerous top ratings and customer recommendations in various independent studies.¹² Moreover, the partner strategy was again focused strongly on alliances and cooperations with demonstrable added value. A good example of this focus is the partnership with AWS, as a result of which Exasol was named Technology Partner of the Year 2021 in the DACH region in December.

2.5 Results of operation, financial and net asset position

2.5.1 Results of operation

in EUR millions	31 Dec. 2021	31 Dec. 2020	Change
Annual recurring revenue (ARR)	30.5	23.5*	29.8%
Revenue	27.5	23.6	16.5%
Recurring revenue	24.7	19.0	30.0%
in % of revenues	89.8	80.5	+9.3pp
Other revenue	2.8	4.6	-39.1%
in % of revenues	10.2	19.5	-9.3pp

*based on comparable exchange rates

Consolidated revenues amounted to EUR 27.5 million in the financial year 2021 (2020: EUR 23.6 million). This represents an increase of 16.5%. The share of the strategically important recurring revenue increased by a disproportionate 30.0% to EUR 24.8 million in the reporting period (2020: EUR 19.0 million). This corresponds to 89.8% of total revenues (prior year period: 80.5%). Recurring revenue in the reporting period is revenue for the period from 1 January 2021 to 31 December 2021 and a subset of consolidated revenue. It is not identical with annual recurring revenue, which is used as a performance indicator for corporate controlling purposes.

Targets 2021	Results 2021	Comment
ARR		
Growth in the medium double-digit percentage range	+29.5%	Forecast adjusted during the year in October 2021 to ARR of EUR 30-31 million, which represents growth of 25-29%.

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, revenue increased by 19.3% to EUR 19.8 million in the reporting period, which represents 72.0% (2020: 70.3%) of total consolidated revenues.

in EUR millions	2021	2020	Change
DACH	19.8	16.6	19.3%
Great Britain	1.7	1.6	6.3%
North America	3.6	3.1	16.1%
Rest of the World	2.4	2.3	4.3%
Total revenues	27.5	23.6	16.5%

Revenue share in	2021	2020
DACH	72.0%	70.3%
Great Britain	6.2%	6.8%
North America	13.1%	13.1%
Rest of the World	8.7%	9.7%

Own work in the amount of EUR 2.2 million was capitalized in the reporting period (2020: EUR 1.9 million). This related to internally developed intangible assets, in particular internally generated software. In addition to personnel expenses, own work capitalized also includes the associated material costs.

At EUR 3.2 million, the **cost of materials** remained unchanged from the previous year in 2021 (2020: EUR 3.2 million). The cost of materials essentially comprises expenses for the ExaCloud infrastructure (leasing of servers and expenses relating to the operation of the data center) as well as the cost of hardware purchased for appliance revenues (bundling of hardware and software).

Personnel expenses rose by 5.4% to EUR 39.3 million in the financial year 2021 (2020: EUR 37.3 million). In both 2021 and 2020, this item includes extraordinary expenses from the stock appreciation rights that were issued to employees and the Executive Board in the context of the IPO in May 2020. Adjusted for these effects, personnel expenses increased much more strongly from EUR 21.7 million in 2020 to EUR 37.8 million in 2021. The rise in current personnel expenses in the financial year is essentially attributable to the growing number of employees after the May 2020 IPO. The effects of the new hires in 2020 on personnel expenses only became clearly visible in this financial year 2021. Between 1 January 2021 and 30 September 2021, the number of employees rose by 64 to 284, which also had an impact on current personnel expenses. As the number of employees declined again during the subsequent reorganization, Exasol employed 247 people as of 31 December 2021.

Other operating expenses amounted to EUR 21.1 million in the financial year 2021 (2020: EUR 15.3 million). The prior year figure includes approx. EUR 5.7 million in expenses relating to the capital measures; adjusted for these expenses, the increase was approx. EUR 11.3 million. Other operating expenses include marketing expenses of EUR 10.9 million (2020: EUR 3.6 million).

At the bottom line, the Exasol Group's EBITDA improved to EUR -25.7 million in the financial year 2021 (2020: EUR -29.9 million).

Adjusted for the two extraordinary non-operating effects (1) expenses for capital measures and (2) share-based remuneration for the Executive Board and employees, EBITDA deteriorated markedly to EUR -31.6 million (2020: EUR -8.7 million). This is essentially attributable to increased personnel and marketing expenses.

Reconciliation to adjusted EBITDA

in EUR millions	31 Dec. 2021	31 Dec. 2020
EBITDA (reported)	-25.7	-29.9
+ share-based remuneration	-5.9	+15.6*
+ expenses for capital measures	0	+5.7
= adjusted EBITDA	-31.6	-8.7

*Stock appreciation rights for Executive Board and employees; non-share-based remuneration (stock awards)

Depreciation and amortization declined by EUR 1.3 million to EUR 2.8 million in the financial year 2021 (2020: EUR 4.2 million). This was essentially attributable to the decline in the amortization of intangible assets.

Earnings after taxes amounted to EUR -29.3 million in the 2021 reporting period (2020: EUR -34.3 million).

2.5.2 Net assets and capital structure

Total assets declined by 49.5% compared to the prior year reporting date to EUR 41.5 million (31 December 2020: EUR 82.1 million), essentially due to the operating loss incurred in 2021.

Fixed assets increased in 2021, namely from EUR 7.7 million to EUR 9.4 million, essentially due to the capitalization of development work for own software. At 89.4%, intangible assets account for the biggest share of fixed assets. At the same time, **current**

assets declined by 58.0% to EUR 30.6 million (31 December 2020: EUR 72.9 million). This is mainly attributable to the decrease in short-term cash and cash equivalents (incl. securities) to finance the operating activities. In this context, **cash and cash equivalents** (incl. securities) declined to EUR 27.2 million at the end of the reporting period (31 December 2020: EUR 69.5 million).

Group equity dropped to EUR 19.0 million as of 31 December 2021 (31 December 2020: EUR 48.3 million). Both subscribed capital and the capital reserves remained unchanged. However, the company incurred a loss in the financial year, which had a negative effect of EUR -29.3 million on equity. Exasol AG holds a total of 596,794 treasury shares, which were contributed free of charge by existing shareholders prior to the IPO in order to service the stock appreciation rights for Executive Board remuneration. The equity ratio stood at 45.8% at the end of the year (31 December 2020: 58.8%).

At the end of the reporting period, Exasol reported provisions and liabilities of EUR 15.9 million. This represents 38.3% of total assets (31 December 2020: 35.7%).

Provisions dropped by a clear 50.0% to EUR 13.6 million as of 31 December 2021 (31 December 2020: EUR 27.2 million), which corresponds to 32.8% of total assets (31 December 2020: 33.1%). The decline is essentially due to the partial payment (EUR 5.9 million, of which EUR 3.8 million Executive Board SAR and EUR 2.1 million employee SAR) and the reversal through profit or loss (EUR 7.4 million Executive Board SAR) of the provision resulting from a revaluation due to the change in the stock market price of the stock appreciation rights. As at the reporting date 31 December 2021, the remaining provisions for SAR amounted to EUR 9.1 million (31 December 2020: EUR 21.0 million).

At EUR 1.0 million, **other liabilities** remained more or less unchanged from the previous year (31 December 2020: EUR 0.8 million).

Compared to the previous year, **deferred income** increased sharply to EUR 6.3 million as of 31 December 2021 (31 December 2020: EUR 4.4 million). This was due to the increase in term-based customer contracts that had already been paid at the end of the year.

2.5.3 Changes in cash and cash equivalents

Operating cash flow stood at EUR -36.0 million in the reporting period, compared to EUR -11.3 million in 2020. The increase reflects the higher cash-effective personnel expenses resulting from the increase in the number of employees as well as the expansion of the sales activities.

Cash flow from investing activities in the financial year 2021 amounted to EUR -31.1 million (2020: EUR -39.3 million) and was mainly driven by proceeds from the sale of short-term securities for cash management in the amount of EUR 35.5 million.

Cash flow from financing activities amounted to EUR -1.8 million in the reporting period (2020: EUR 85.9 million). It is essentially attributable to the costs of the December 2020 capital increase, which became cash-effective only in the financial year 2021.

Cash and cash equivalents totaled EUR 27.2 million as at the reporting date 31 December 2021 (2020: EUR 33.8 million). In addition, the company has an unused credit line of EUR 1 million with its principal bank.

At the time of writing 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 Executive Board considers the general business performance as well as the net assets, financial position and results of operation to be satisfactory on balance. Even though the company's growth and profitability in 2021 fell short of original expectations, the Executive Board continues to see important market opportunities which, with the reorganization of the company and the associated increased cost efficiency, should translate into continued strong growth as well as clearly improved profitability in subsequent years.

3. Opportunities and risk report

3.1. Risk report

3.1.1 Risk management

Exasol has set itself the goal of sustainable ARR growth and a continuously improving market position. Achieving this goal is based on the precise and systematic identification and understanding of opportunities and risks. This is the only way to leverage the former and control the latter. Exasol sees compliance and risk management as the core elements of good corporate governance.

3.1.2 Risk management system

In 2021, Exasol continued to bundle all issues relating to compliance and risk management in a dedicated Compliance and Risk Management System (CRMS).

The purpose of the CRM is to provide the Executive Board with an overview of risks and compliance-related issues to assist it in the decision-making on how to manage these risks. Potential risks are to be identified, assessed and mitigated or controlled by

means of suitable measures at an early stage. At the same time, however, (corresponding) opportunities are to be identified and their realization facilitated.

The CRMS is structured along the specialist departments with corresponding risk responsibilities. Risk management as a whole is the responsibility of the Chief Financial Officer (CFO), while the other members of the Executive Leadership Team (ELT) have a supervisory role for their departments along the chain of command. A Compliance and Risk Manager has been installed who monitors the CRMS and assists the Executive Board. Clearly defined reporting obligations as well as additional ad-hoc reporting have been implemented.

The line of reporting is direct and independent, and a regular exchange between the Compliance and Risk Manager and the responsible member of the Executive Board is ensured. In the financial year 2021, the former CFO was informed in full in the first half of the year, and the same was done with the new CFO in the second half of the year. The Supervisory Board was also informed comprehensively about the risk situation.

In the financial year 2021, risks were consistently assessed on the basis of the common criteria of "amount of damage" and "probability of occurrence". Where the "amount of damage" is concerned, a distinction is made between "high" (expected damage of over EUR 500,000), "medium" (expected damage between EUR 50,000 and EUR 500,000) and "low" (expected damage of less than EUR 50,000). With respect to the probability of occurrence, a distinction is made between "unlikely" (1 incident/10,000 events or fewer than 0.5 incidents/year), "possible" (1 incident/1,000 events or 1 incident/year) and "almost certain" (1 incident/100 events or more than 2 incidents/year) based on a defined number

of possible occurrences. This results in the risk categories shown here (low, medium, high):

		Probability of occurrence		
		unlikely	possible	almost certain
Amount of damage	low	low risk	low risk	medium risk
	medium	low risk	medium risk	high risk
	high	medium risk	high risk	high risk

Risks that are largely beyond Exasol’s control and cannot be addressed using common risk management approaches are monitored by Exasol but are not categorized. This relates to “Macroeconomic risks and geopolitical environment”, “Industry-specific and market-related risks” and “Risks from technological change” presented below. All other risks presented here are believed by the Executive Board to potentially have a significant impact and are therefore addressed with mitigation measures. The company’s internal risk management expertise was further expanded in the financial year 2021. Moreover, the CRMS is to be restructured in the financial year 2022 to facilitate even more effective strategy development and risk analyses, especially with regard to risk aggregation.

Besides the risks described in the following section and those described and analyzed in the context of the CRMS, events may occur that could lead to additional, as yet unknown risks and have an adverse impact on Exasol’s liquidity, revenue and equity.

3.1.3 Material risks

3.1.3.1 Macroeconomic risks and geopolitical environment

Macroeconomic risks – just like the general business climate – have a material impact on Exasol’s business performance. An investment in Exasol’s core product is often a long-term investment, as Exasol’s database infrastructure is usually deployed to expand, replace or optimize existing systems. In a deteriorating political or economic environment, such investments tend to be postponed or suspended. Exasol’s existing or potential customers might cancel, reduce or refrain from making investments in Exasol’s products.

Exasol also generally classifies the risk of potential negative effects of the still ongoing COVID-19 pandemic as considerable. The macroeconomic effects of the protracted pandemic on economic activity and the resulting customer behavior as well as all risks related to sales-related business travel are also difficult to assess.

To reach its growth targets, Exasol plans to further expand its geographic presence in order to win a larger customer base. Besides external market factors, the geopolitical and financial environment is a very important influencing factor in this context. It is especially Russia’s war against Ukraine which has very much increased the geopolitical risks and uncertainties. From a financial point of view, general inflation may also have a major impact. The exact extent of both factors and their medium to long-term consequences are not yet foreseeable. Exasol therefore considers these risks to be high. Severe direct effects on Exasol’s core business are not to be feared, however, as Russian customers account for less than 2% of the company’s ARR.

3.1.3.2 Industry-specific and market-related risks

The competition faced by Exasol is very strong. This market

segment is dominated by financially very well positioned global players (Microsoft, Oracle, IBM, Snowflake but also Google and Amazon). Existing competition from large corporations as well as from potential new market entrants may lead to the loss of customers and market shares and may thus have a negative impact on Exasol’s business performance (liquidity, revenue, equity).

3.1.3.3 Risks from technological change

Exasol believes that its technology is difficult to replicate, especially in terms of performance, and therefore considers itself technologically well positioned. However, the data analytics market is subject to rapid technological change. Exasol’s competitiveness hinges on its ability to anticipate such change, to develop and adapt products accordingly, and to respond to customer needs. Should Exasol be unable to do so, this could have a considerable negative impact on the business performance and thus on Exasol’s revenues, earnings and financial resources.

3.1.3.4 Risks from the customer structure

Annual recurring revenue (ARR) is a significant performance indicator and management variable for the Exasol Group. It is dependent to a not inconsiderable extent on a number of large existing customers that have term-based contracts.

As of 31 December 2021, the company had 212 customers. A single major customer accounts for over 15% of ARR, while the top 5 customers account for 30% of ARR. The customer structure entails the risk that the loss of one or more existing top customers might have a considerable negative impact on revenue growth and ARR, at least in the short term. This means that negative effects on Exasol’s financial resources and results of operation would also be possible.

Existing customers account for a major share of Exasol’s addi-

tional revenue. This additional revenue would be reduced if the customer churn rate were (too) high. The customer churn rate thus indirectly influences the customer structure.

To reduce the customer churn rate, Exasol had already developed a comprehensive action plan in the previous financial year, which will be further expanded under the new sales management. The customer structure is also to be modified and expanded by means of new marketing activities and the expansion of the product portfolio.

3.1.3.5 Financial risks

Exasol is still in the growth phase. It is therefore assumed that the company may generate negative operating results in the coming financial years. Unforeseeable changes in the macroeconomic situation (e.g. due to the war in Ukraine) may have an adverse influence on Exasol's growth strategy and thus also have a negative impact on the company's revenue, earnings, financial resources and equity.

Exasol therefore continuously monitors cash flow and equity and carries out rolling 12-month liquidity forecasts based on the latest business developments. Moreover, in the event of a substantial slowdown in revenue growth, the cost base can very quickly be adjusted to the new situation. In large parts, the cost structure was adjusted already prior to the reporting date. In addition, major contractual payment obligations that are no longer necessary for the further business strategy will expire at the end of 2022, freeing up additional funds for the financial year 2023.

Exasol makes certain planning assumptions (e.g. with regard to new customer business in the SaaS segment or growth in certain countries), which are naturally associated with uncertainties. Should these assumptions fail to materialize at all or materialize

to a much lower extent than projected, this might have an adverse impact on revenue, financial resources and equity.

3.1.3.6 Human resources risks

Winning and retaining highly qualified staff is a major challenge for the Exasol Group – just like for other companies, especially in the technology sector. As an innovative IT company, Exasol competes with large global players in a labor market that is characterized by a shortage of skilled labor. An exodus of key employees and the associated loss of knowledge, as well as the failure to hire new employees, could result in Exasol failing to meet the market requirements for its products and to achieve its innovation and growth targets. To mitigate this risk, Exasol has implemented various employee retention measures (e.g. long-term remuneration components, flexible workplace schemes, incorporation of employee feedback). These measures are intended to increase employee satisfaction and to make it easier to recruit new staff.

While the measures taken by Exasol in connection with the COVID-19 pandemic have largely reduced the health risks for the company's employees so far, sickness-related absences and consequential damage cannot be ruled out entirely.

3.1.3.7 Cyber risks

As an innovative, technology-based company, Exasol is exposed to diverse cyber risks.

A complete failure of IT systems, interruptions in the internet connection, infrastructure and other disruptions may have a considerable negative impact on Exasol's business model (e.g. inability to fulfil customer contracts, non-availability of the product or services). This could lead to the termination of customer relationships or claims for damages and thus have a considerable adverse influence on liquidity, equity and revenue.

Moreover, there is always the risk of cyber attacks, which could lead to data theft, infrastructure damage and the like. Such attacks as well as the disclosure of the latter may lead to a massive loss of reputation and major claims for damages and thus have a negative impact on liquidity, equity and revenue.

Exasol has an Information Security Team which, in collaboration with the whole company, has installed an Integrated Management System. The latter aims to ensure, monitor and manage information security and quality control and to reduce the associated risks to an acceptable level. In the financial year 2021, Exasol obtained certification to both ISO 27001 and ISO 9001. These certifications are verified through ongoing audits.

3.1.3.8 Legal and regulatory risks

3.1.3.8.1 General legal risks

General legal risks are those arising from violations of legal principles and from contractual obligations. Due to its customer base, Exasol is exposed to different jurisdictions, which, in turn, are subject to ongoing changes. This may have considerable effects on Exasol's business activity. Liability risks may arise especially from contracts with large customers. To minimize such risks as far as possible, the internal Legal Department reviews contracts and other agreements intensively before they are signed.

3.1.3.8.2 Risks from the breach of data protection regulations

Due to Exasol's business model, personal data are regularly processed, stored and forwarded via Exasol's systems or in external providers' cloud solutions. Exasol is subject to the laws and regulations on data protection, information security and the protection of personal rights. Any actual or alleged failure to comply with or even a breach of these obligations could adversely affect Exasol's business activity. In particular, there is a risk of reputational damage. Over the past years, regulatory authorities have

tightened both data protection rules and controls. Alleged or actual violations of data protection regulations may lead to high penalties and thus weaken Exasol's financial strength.

Increasing regulatory changes may lead to a further tightening of data protection rules and make it difficult for Exasol to adapt its operations to new potential regulations.

To counteract the risks arising from breaches of data protection regulations, Exasol has an external Data Protection Officer as well as internal Data Protection Coordinators, who address data protection matters and issues and work closely with the Information Security Officers.

3.1.3.8.3 Patent and IP rights

Operating in a business environment characterized by innovation, Exasol is exposed to an increased legal risk in connection with patent and other IP rights as well as related claims. Third parties may claim that Exasol infringes intellectual property rights, and Exasol may be subject to substantial litigation or licensing expenses or be prevented from selling products or services.

The risk of patent infringement, even if only alleged, is inherent in the business environment. Complete and uninterrupted monitoring is not always possible and a breach of IP rights by Exasol or the failure to detect a breach of Exasol's own IP rights may have a negative impact on business activity.

A dispute with competitors and/or patent right holders and the defense against lawsuits due to an (alleged) IP right infringement

may lead to considerable financial burdens. Exasol is aware of this risk and has taken corresponding steps to find cross-departmental strategies to enforce and defend IP rights. Moreover, Exasol has further expanded its internal expertise with the help of external legal advisors. Nevertheless, involvement in patent and IP litigation, especially since it can also be unjustified, cannot be completely ruled out.

3.1.3.9 Internationalization and new product

The more international Exasol's customer base becomes, the larger and potentially unmanageable the risks – especially of a legal and regulatory nature – to which Exasol is exposed. Also, Exasol's SaaS solution and a new product that is expected to be released before the end of the financial year 2022 may lead to a new business segment and a different customer base for Exasol, whose risks are not yet foreseeable.

3.1.4 Overall assessment of the risk situation

Exasol is exposed to a large number of known, but also unknown risks and uncertainties. These mainly include risks to the planned (customer) growth, legal and regulatory risks as well as technological risks. The Executive Board is convinced, however, that the identified risks do not pose a threat to the continued existence of the Exasol Group, either individually or collectively. The Executive Board considers the risk situation to be manageable.

3.2 Opportunities report

Ongoing technological development and the trends in the customer industries that are relevant to Exasol offer a wide range of growth and development opportunities for the company.

As already mentioned in the forecast, nearly all enterprises and public authorities are handling ever-increasing amounts of data, whose analysis is essential for business operations. Experts expect the amount of data to increase from 79 zettabytes in 2021 to 181 zettabytes in 2025.¹³

The ability to make data-based business decisions quickly – both operationally and in planning terms – may and will increasingly become one of the key success factors for companies even sooner. Exasol continues to consider its database infrastructure and its relational database management system, which is based on in-memory technology, to be the world's leading solution for ultra-fast data evaluation and analytics. Exasol's product has proven its performance, flexibility, scalability and cost efficiency many times in numerous applications. Exasol is therefore very well positioned to support companies in managing the challenges of data analytics.

3.2.1 Material opportunities

3.2.1.1 Global demand continues to grow

Exasol's market continues to grow unabated, as the amounts of data to be processed are also growing constantly. Exasol believes that its product and the latter's applications will allow the company to benefit from the rising demand.

The market for big data and data analytics will grow from USD 107.8 billion in 2021 to USD 121.7 billion in 2022 and to USD 196.9 billion by 2025. This corresponds to an average growth rate of 12.8%.¹⁴

¹³ <https://www.statista.com/statistics/871513/worldwide-data-created/>

¹⁴ https://www.reportlinker.com/p06246484/Big-Data-and-Analytics-Services-Global-Market-Report.html?utm_source=GNW

3.2.1.2 Platform independence remains a competitive advantage

Exasol's technology is characterized by flexible use on almost all common technological platforms. It is suitable for on-premise, on-cloud and hybrid use. This remains a major competitive advantage over Exasol's large competitors, whose products are often suitable only for cloud-based use or dependent on a certain technical implementation. The Dresner ADI Report also shows that there will be a large market for hybrid-use products in particular.¹⁵ Due to the possibility to flexibly use the various platforms, Exasol sees market opportunities for its product which its competitors cannot cover.

3.2.1.3 Exasol's technology delivers best performance

Exasol's technology remains demonstrably one of the best in terms of performance. This is proven by benchmark tests (TPC)¹⁶ as well as by the standard industry surveys conducted by BARC.¹⁷ Both rated Exasol as the leader in the performance category. This is why the Executive Board considers the company's market position to be very good, especially in big data analytics.

3.2.1.4 Flexible infrastructure operation

Exasol's technology is very flexible with regard to its possible applications. First, it may be used as a complete, stand-alone database management system, which allows customers to replace their existing solutions with Exasol's technology.

It is also possible to use the technology as a pure layer which primarily serves to significantly speed up existing systems in

analyzing data. This gives potential customers the opportunity to benefit from a massive improvement in performance without immediately having to replace their existing solutions entirely. This reduces the entry barrier, which clearly increases Exasol's marketing opportunities.

3.2.1.5 Launch of Exasol's SaaS solution

With a view to also target enterprises preferring a fully automated solution provided in a public cloud, Exasol additionally started offering its technology as a Software as a Service (SaaS) or cloud-native solution in early 2022. It is already available on one of the most popular cloud provider platforms (AWS). An expansion of the service to the other two dominant public cloud platforms (Microsoft Azure and Google Cloud Platform) can be implemented – in accordance with customer demand – as of 2023 in the event of a positive decision. Large enterprises stand to benefit immediately from the SaaS solution; the same applies to small and medium-sized enterprises which initially process small data volumes and/or carry out only occasional analyses. The separation of data analysis and data storage allows companies to act cost-efficiently, as costs are incurred only when the data analysis is actually performed. Also, the SaaS solution offers additional flexibility and elasticity in general.

Exasol assumes that the targetable customer base has increased significantly already with the launch on AWS, and this may continue with the release of the service on other cloud provider platforms. Moreover, the entry barriers for potential customers are further reduced, thus attracting new prospective customers.

This is supported by a free trial version, which allows interested parties to test the full range of functions for 30 days immediately after having registered.

3.2.1.6 Launch of new Yotilla product scheduled for late 2022

The Executive Board expects Exasol to launch a new product in late 2022. This product (currently called "Yotilla") is based on the technology which Exasol has developed as a result of the full takeover of yotilla in 2020 and the subsequent further development and integration. The product will provide a solution for business intelligence and analytics departments. Yotilla allows previously manual and labor-intensive processes involved in setting up and modeling new data warehouse databases for performing analyses to be fully automated.

This product will make it possible to considerably expand Exasol's addressable share of the data and analytics market. The Yotilla product is perfectly matched with Exasol's database technology, but may also be used as a stand-alone product.

4. Forecast

4.1 Expected macroeconomic environment

The war in Ukraine has resulted in many new burdens for the world economy. Concerns about rising raw material prices at a time when inflation has already picked up sharply, coupled with fears of supply shortages in production and the absence of Russian commodity deliveries, have considerably reduced the growth expectations for the world economy. As a result, the Kiel Institute

¹⁵ <https://www.exasol.com/de/ressource/dresner-marktstudie-2021-zu-analytical-data-infrastructure/>

¹⁶ https://www.tpc.org/tpch/results/tpch_perf_results5.asp?resulttype=cluster&version=3

¹⁷ <https://www.exasol.com/de/ressource/analyst-report-barc-data-management-survey-20/>

for the World Economy currently expects the global economy to grow by 3.5% in 2022. This is one percentage point below the forecast of December 2021.¹⁸

The IMF had downgraded its growth forecasts already prior to the outbreak of the war in Ukraine. This was done in view of the emergence of the Omicron variant, which led to renewed restrictions on mobility, and of the ongoing disruptions in global supply chains. Added to this were higher inflation levels triggered by rising energy prices, higher food prices and increased demand for goods in general. Russia's attack on Ukraine has thus hit the world economy at a time when it has not fully recovered from the effects of the COVID-19 pandemic. The Kiel Institute for the World Economy expects economic output in the advanced countries to increase by 2.7% in 2022 and by 2.5% in the following year. Within the group of industrialized countries, it is primarily the USA which will grow at above-average rates of 3.1% and 2.2%, respectively. China's economic output is expected to increase by 4.8% and by 5.2% in the following year. For Germany, which is the largest economy in the eurozone, the IfW Kiel experts project growth rates of 2.2% and 3.7%, respectively.

4.2 Expected industry environment

While global IT spending rose by 9.5% to USD 4.2 trillion in 2021, market research firm Gartner expects continued growth to USD

4.5 trillion for 2022.¹⁹ This would be equivalent to an increase by 5.5%. At 11.5%, the experts project the highest percentage growth for the enterprise software segment, which will thus see continued high momentum. The IT services segment will also grow at a disproportionate rate of 8.6%, while a moderate increase of 2.3% is expected for the hardware segment. According to industry association Bitkom, revenues of EUR 108.6 billion are projected for Germany's IT sector in 2022, which corresponds to a growth rate of 5.9% compared to 2021. Here, too, the enterprise software and IT services segments are expected to be the main drivers.²⁰ It is currently difficult to assess to what extent the war in Ukraine will have a negative impact on IT spending and thus affect growth in the industry as a whole.

It is currently believed that the market for public cloud services will also continue to grow in the future. An increase in end user spending to a total of USD 397.5 billion means that the momentum of the previous years will be maintained.²¹ Spending would thus pick up by 19.6% compared to 2021. This also applies to the big data and data analytics market, which is expected to grow from USD 107.8 billion in 2021 by 12.8% to USD 121.7 billion this year.²² This goes hand in hand with a general increase in the total amount of data produced, which is assumed to multiply from 79 zettabytes in 2021 to 181 zettabytes in 2025.²³

4.3 Expected company performance and outlook

In spite of the increased uncertainties resulting from the war in Ukraine, Exasol AG's Executive Board projects a positive business trend in 2022 as the market environment in the IT market in general and in the software and cloud solutions market in particular remains positive. This trend will be supported by global trends in the area of data analytics and digitization. The Executive Board also believes that there is growing awareness of the benefits of Exasol's products and services, which will lead to increasing demand. The Executive Board of Exasol AG thus projects annual recurring revenue (ARR) of between EUR 38.5 million and EUR 40.0 million for the financial year 2022 (2021: EUR 30.5 million). At the same time, adjusted EBITDA are expected to improve to between EUR -14 million and EUR -16 million (adjusted EBITDA 2021: EUR -31.6 million). Cash and cash equivalents are expected to amount to between EUR 10.0 million and EUR 12.0 million at the end of 2022 (31 December 2021: EUR 27.2 million). The Executive Board thus believes that the company continues to have sufficient financial resources to achieve its medium-term growth targets of ARR of at least EUR 100 million in the financial year 2025.

Overall statement of the Executive Board on the expected performance

Against the background of the milestones achieved in product development and the operational course set in Q4 2021, the Exe-

18 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_87_2022-Q1_Welt_DE.pdf

19 <https://www.gartner.com/en/newsroom/press-releases/2021-10-20-gartner-forecasts-worldwide-it-spending-to-exceed-4-trillion-in-2022>

20 <https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html>

21 <https://www.gartner.com/en/newsroom/press-releases/2021-04-21-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-grow-23-percent-in-2021>

22 https://www.reportlinker.com/p06246484/Big-Data-and-Analytics-Services-Global-Market-Report.html?utm_source=GNW

23 <https://www.statista.com/statistics/871513/worldwide-data-created/>

cutive Board is optimistic about the future development in 2022. With ARR continuing to grow at a high rate, profitability will improve noticeably and the operating loss be halved in the current financial year. This will also be supported by the reorganization and process optimization implemented in the company towards the end of the financial year 2021 as well as by the resulting improved cost structure. Accordingly, the consumption of capital will also be reduced.

5. Management report of Exasol AG

Complementing the report on the Exasol Group, the performance of Exasol AG in the financial year 2021 is described below.

Exasol AG is the parent company of the Exasol Group and is headquartered in Nuremberg. The company is registered with the Nuremberg Local Court under registration number HRB 23037.

The separate financial statements of Exasol AG, like the consolidated financial statements, are prepared in accordance with the provisions of the German Commercial Code (HGB).

Due to the merger of the wholly-owned subsidiary Exasol Vertriebsholding GmbH and the previous chain mergers of the wholly-owned sub-subsidiaries Exasol Big Data Technologies GmbH and Exasol Cloud Computing GmbH with their respective wholly-owned parent company, Exasol Vertriebsholding GmbH, that took place during the financial year, the prior-year figures stated are not comparable with the amounts in the balance sheet and the income statement.

In addition, the wholly-owned subsidiary yotilla GmbH was merged into Exasol AG.

As a result of the takeover of the developers who were employ-

ed at Exasol Big Data Technologies GmbH, the R&D activities are now bundled at Exasol AG, and consequently development costs are capitalized at Exasol AG. For a detailed presentation, please refer to the “Research and development” chapter on Exasol Group.

Results of operation

The financial year of Exasol AG is the calendar year.

The income statement of Exasol AG for the financial year 2021 is as follows:

in Euro million	2021	2020	Change
Revenues	24.2	11.4	112%
Own work capitalized	2.2	0.0	-
Other operating income	20.6	5.8	255%
Cost of materials	-4.0	-3.4	18%
Personnel expenses	-15.7	-15.3	3%
Depreciation and amortization	-3.1	-4.1	-24%
Other operating expenses	-34.8	-16.2	115%
Financial result	0.3	0.1	200%
Result from ordinary activities	-10.2	-21.7	-53%
Income taxes and other taxes	-0.9	-0.1	1700%
Net loss	-11.2	-21.8	-49%

Exasol AG’s revenues essentially resulted from the provision of services to affiliated companies, license fees from affiliated companies and revenues with end customers. Revenues in the financial year 2021 totaled EUR 24.2 million (2020: EUR 11.4 million).

The increase in revenues is essentially attributable to the merger and the resulting additional revenues with end customers and affiliated companies.

Own work capitalized amounted to EUR 2.2 million in the financial year 2021 (2020: EUR 0.0 million). The increase is due to the merger.

Other operating income includes income from other services provided within the Group and the reversal of provisions for share-based remuneration systems. Other operating income amounted to EUR 20.6 million in the financial year 2021 (2020: EUR 5.8 million).

The cost of materials in the financial year 2021 totaled EUR 4.0 million (2020: EUR 3.4 million) and essentially includes expenses for the operation of the customer data center, hardware purchases and for services purchased within the Group.

The company’s personnel expenses amounted to EUR 15.6 million in the financial year, which is similar to the prior year level (2020: EUR 15.3 million), with a major portion of the prior year expenses attributable to expenses in connection with the SAR program. Exasol AG employed an average of 68 people during the financial year (2020: 0). The increase is attributable to the takeover of the employees of the merged subsidiaries and sub-subsidiaries.

Depreciation and amortization amounted to EUR 3.1 million in the financial year 2021 (2020: EUR 4.1 million). Amortization of intangible assets is the main item. The decline is due to the absence of write-downs for impairment compared to the previous year.

Other operating expenses in the amount of EUR 34.8 million (2020: EUR 16.2 million) primarily comprise marketing expenses, legal and consulting expenses as well as other expenses of affiliated companies. They also include merger losses of EUR 9.5

million from the mergers within the Group. The prior year expenses include approx. EUR 5.7 million in extraordinary expenses in connection with the capital measures implemented.

Exasol AG's net loss for the year amounted to EUR 11.2 million (2020: EUR 21.8 million).

Net assets and financial position

Exasol AG's net assets and financial position as of 31 December 2021 and the prior year reporting date were as follows:

in Euro million	2021	2020	Change
Fixed assets	63.8	17.7	260%
Current assets	18.3	84.1	-78%
Prepaid expenses	1.4	0.9	56%
Total assets	83.5	102.6	-19%

in Euro million	2021	2020	Change
Equity	70.6	81.8	-14%
Provisions	11.6	20.0	-42%
Liabilities	1.1	0.9	22%
Deferred income	0.3	0.0	-
Total equity and liabilities	83.5	102.6	-19%

Total assets of Exasol AG amounted to EUR 83.5 million as of 31 December 2021 (31 December 2020: EUR 102.6 million).

As of 31 December 2021, fixed assets accounted for EUR 63.8 million of this total (2020: EUR 17.7 million). At EUR 52.4 million, loans to affiliated companies are the main item (2020: EUR 8 million). The increase is attributable to the conversion of current receivables into interest-bearing loans with indefinite terms.

As of 31 December 2021, current assets include bank balances and short-term securities of EUR 17.6 million (31 December 2020: EUR 64.1 million) and trade receivables of EUR 0.1 million (31 December 2020: EUR 0.0 million). Receivables from affiliated companies amounted to EUR 0.0 million (2020: EUR 19.7 million). The decline is due to the conversion into interest-bearing loans as at the balance sheet date.

Prepaid expenses amounted to approx. EUR 1.4 million as of 31 December 2021 (31 December 2020: EUR 0.9 million).

Taking into account the net loss for the year of EUR 11.2 million (31 December 2020: EUR 21.8 million), Exasol AG's equity declined to EUR 70.6 million as of 31 December 2021 (2020: EUR 81.8 million). The provisions of EUR 11.6 million as of 31 December 2021 (31 December 2020: EUR 20.0 million) mainly included personnel-related provisions, provisions for accounting and audit costs for the year 2021 as well as provisions for taxes. The main reasons for the reduction are payments of bonuses from share-based remuneration systems and a revaluation of the provisions for share-based remuneration systems. Income from the reversal of provisions is shown under other operating income.

The company's liabilities totaled EUR 1.1 million (31 December 2020: EUR 0.9 million) and resulted primarily from trade payables of EUR 0.6 million (31 December 2020: EUR 0.3 million) as well as wage tax and value-added tax of EUR 0.4 million (31 December 2020: EUR 0.1 million), which are shown under other liabilities.

Deferred income amounted to approx. EUR 0.3 million as of 31 December 2021 (31 December 2020: EUR 0.0 million).

Risks and opportunities

In its capacity as a holding company, Exasol AG is generally sub-

ject to the same opportunities and risks as the Exasol Group. Exasol AG participates in full in the opportunities and risks of the direct subsidiaries. The opportunities and risks as well as the risk management system of the Group are presented in the opportunities and risk report. Adverse effects on Exasol AG's direct subsidiaries may lead to an impairment of equity investments and receivables in the financial statements of Exasol AG and reduce the company's net income for the year.

Forecast

The company is managed on a Group basis. Thus, no separate key figures are determined for the management of Exasol AG.

The revenue development of Exasol AG is dependent on the revenue development of the subsidiaries, as a large part of Exasol AG's revenue is based on intercompany charges. Due to the expected increase in the subsidiaries' revenues, Exasol AG's revenues are expected to increase slightly.

As a result of the efficiency improvement measures implemented in the past financial year, costs are also expected to decline, which is why a slight improvement in the operating result for the year (adjusted for effects from the SAR programs) is anticipated.

For a detailed presentation of the expected future performance of the Exasol Group, please refer to the Group's forecast.



Consolidated Financial Statements

Consolidated balance sheet
Consolidated income statement for the period
Consolidated statement of cash flows
Consolidated statement of changes in equity
Movements in the Group's fixed assets

Consolidated balance sheet

as at 31 December 2021

Assets	31 December 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	7,320,911.71		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	836,274.33		1,057,473.22	
3. Goodwill and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	217,014.87	8,374,200.91	274,885.23	7,140,634.08
II. Property, plant and equipment				
Other equipment, operating and office equipment		984,307.21		582,647.29
		9,358,508.12		7,723,281.37
B. Current assets				
I. Inventories		0.00		20,170.00
II. Receivables and other assets				
1. Trade receivables	2,873,641.50		3,264,790.46	
2. Other assets	470,417.69	3,344,059.19	155,801.10	3,420,591.56
III. Securities		0.00		35,604,032.04
IV. Cash and cash equivalents		27,206,316.55		33,877,724.40
		30,550,375.74		72,922,518.00
C. Prepaid expenses		1,588,066.71		1,433,480.24
		41,496,950.57		82,079,279.61

Consolidated balance sheet

as at 31 December 2021

Equity and liabilities	31 December 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		435,146.45		373,363.92
IV. Accumulated deficit brought forward		-83,620,525.81		-49,293,187.55
V. Consolidated profit/loss for the year		-29,297,918.48		-34,327,338.26
		19,031,684.64		48,267,820.59
B. Provisions				
1. Provisions for taxes		713,096.33		41,500.00
2. Other provisions		12,901,530.91		27,151,197.16
		13,614,627.24		27,192,697.16
C. Liabilities				
1. Liabilities to banks		29,304.90		71,141.43
2. Trade payables		1,228,284.45		1,092,712.52
3. Other liabilities		1,043,038.72		823,073.40
– thereof for taxes: EUR 555,375.21 (PY: EUR 419,153.79)				
– thereof for social security: EUR 271,624.87 (PY: EUR 70,439.04)				
		2,300,628.07		1,986,927.35
D. Deferred income		6,332,996.75		4,356,950.28
E. Deferred tax liabilities		217,013.87		274,884.23
		41,496,950.57		82,079,279.61

Consolidated income statement

for the period from 1 January to 31 December 2021

	2021		2020	
	EUR	EUR	EUR	EUR
1. Revenue		27,458,949.16		23,599,148.13
2. Other own work capitalised		2,242,060.29		1,921,831.47
3. Other operating income – thereof from currency translation: EUR 396,202.73 (PY: EUR 52,491.05)		8,200,267.04		361,641.36
4. Cost of materials				
a) Cost of raw materials, supplies and purchased goods	-2,019,508.01		-2,893,688.81	
b) Cost of purchased services	-1,180,193.86	-3,199,701.87	-348,892.64	-3,242,581.45
5. Personnel expenses	-34,979,828.05		-35,356,773.11	
a) Wages and salaries				
b) Social security, pension and other benefits – thereof for pensions: EUR 156,342.16 (PY: EUR 19,120.04)	-4,304,168.11	-39,283,996.16	-1,923,625.04	-37,280,398.15
6. Amortisation of intangible assets and depreciation of property, plant and equipment		-2,826,398.09		-4,162,871.20
7. Other operating expenses – thereof from currency translation: EUR 24,209.60 (PY: EUR 82,283.64)		-21,086,423.10		-15,316,322.46
8. Other interest and similar income		47,797.76		2,773.43
9. Interest and similar expenses – thereof to shareholders: EUR 0.00 (PY: EUR 148,513.61)		-7,948.17		-214,362.73
10. Income taxes – thereof from deferred taxes EUR 57,870.36 (PY: EUR 14,467.59)		-837,306.20		8,632.34
11. Earnings after taxes		-29,292,699.34		-34,322,509.26
12. Other taxes		-5,219.14		-4,829.00
13. Consolidated profit/loss for the year		-29,297,918.48		-34,327,338.26

Consolidated statement of cash flows

for financial years 2021 and 2020

	2021	2020
	KEUR	KEUR
Profit for the period (net income including share of profit of other shareholders)	-29,298	-34,327
Amortisation, depreciation and write-downs on fixed assets	2,826	4,163
Increase/decrease in provisions	-12,618	15,928
Other non-cash expenses/income	-2,863	-3,401
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-1,529	-2,839
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	6,838	9,048
Interest expense/income	-39	212
Income tax expense/income	837	-9
Income taxes paid	-224	-84
Cash flows from operating activities	-36,070	-11,309
Acquisition of intangible assets	-3,429	-2,407
Acquisition of property, plant and equipment	-1,019	-392
Payments for additions to the scope of consolidation	0	-921
Disbursements due to cash investments within the scope of the Short-term cash management	35,523	-35,604
Interest received	48	3
Cash flows from investing activities	31,123	-39,321
Proceeds from equity contributions by shareholders of the parent company	-1,632	87,177
Proceeds from the issuance of bonds and from borrowings	0	1,200
Repayments of bonds and borrowings	-191	-3,353
Proceeds from the sale of treasury stock	0	2,572
Interest paid	-8	-1,648
Cash flows from financing activities	-1,831	85,948
Net increase/decrease in cash and cash equivalents	-6,777	35,318
Effect of movements in exchange rates and remeasurements on cash held	106	25
Cash and cash equivalents at the beginning of the period	33,878	-1,465
Cash and cash equivalents at the end of the period	27,206	33,878
Cash and cash equivalents consist of the following	2021	2020
	KEUR	KEUR
Cash and cash equivalents	27,206	33,878
Current account liabilities	0	0
	27,206	33,878

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

Consolidated statement of changes in equity

as at 31 December 2021

	Parent company's equity							Group equity
	Issued capital			Capital reserve	Foreign currency translation differences	Accumulated deficit brought forward	Consolidated net income/ loss for the year	
	Share capital	Own shares	Sum of share capital					
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	61,782.53	0.00	0.00	61,782.53
Other changes	0.00	0.00	0.00	0.00	0.00	-34,327,338.26	34,327,338.26	0.00
Consolidated net loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	-29,297,918.48	-29,297,918.48
As at 31 December 2021	24,438,870.00	-596,794.00	23,842,076.00	107,672,906.48	435,146.45	-83,620,525.81	-29,297,918.48	19,031,684.64

Movements in the Group's fixed assets

in the financial year from 1 January 2021 to 31 December 2021

	Cost				
	1 January 2021	Additions	Disposals	Currency differences	31 December 2021
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	14,853,421.32	3,421,892.85	0.00	0.00	18,275,314.17
2. Concessions, industrial property rights and similar rights and assets acquired for a consideration	9,842,664.80	6,945.00	0.00	0.00	9,849,609.80
3. Goodwill	7,583,762.86	0.00	0.00	0.00	7,583,762.86
	32,279,848.98	3,428,837.85	0.00	0.00	35,708,686.83
II. Property, plant and equipment					
Other equipment, operating and office equipment	2,768,202.26	1,019,049.76	276,724.85	13,737,23	3,524,264.40
	35,048,051.24	4,447,887.61	276,724.85	13,737,23	39,232,951.23

Movements in the Group's fixed assets

in the financial year from 1 January 2021 to 31 December 2021

	Accumulated amortisation, depreciation and write-downs			Book Value		
	1 January 2021	Regular amortisation, depreciation and write-downs during the financial year	Diposals	31 December 2021	31 December 2021	31 December 2020
	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets						
1. Internally generated industrial property rights and similar rights and assets	9,045,145.69	1,909,256.77	0.00	10,954,402.46	7,320,911.71	5,808,275.63
2. Concessions, industrial property rights and similar rights and assets acquired for a consideration	8,785,191.58	228,143.89	0.00	9,013,335.47	836,274.33	1,057,473.22
3. Goodwill	7,308,877.63	57,870.36	0.00	7,366,747.99	217,014.87	274,885.23
	25,139,214.90	2,195,271.02	0.00	27,334,485.92	8,374,200.91	7,140,634.08
II. Property, plant and equipment						
Other equipment, operating and office equipment	2,185,554.97	631,127.07	276,724.85	2,539,957.19	984,307.21	582,647.29
	27,324,769.87	2,826,398.09	276,724.85	29,874,443.11	9,358,508.12	7,723,281.37

Notes to the consolidated financial statements

for financial year 2021

A. General information and explanatory notes

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

(2) The consolidated financial statements were prepared in accordance with the provisions of Sections 290 et seq. 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. Basis of consolidation

The 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 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

All companies were fully included in the consolidated financial statements through full consolidation. With the exception of the first-time consolidation of EXASOL France S.A.S., Paris, as well as 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. EXASOL Schweiz AG, Zurich, was founded on 1 September 2020 and consolidated for the first time on this date. All investments are directly held by EXASOL AG.

EXASOL Big Data Technologies GmbH, Berlin, which was included in the consolidated financial statements in the previous year, was merged into its wholly owned parent company, EXASOL Vertriebsholding GmbH, Berlin, by transferring its assets in their entirety by dissolution without liquidation as of the date of entry on 10 June 2021 at the registry court 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.

EXASOL Cloud Computing GmbH, Nuremberg, which was included in the consolidated financial statements in the previous year, was merged into its wholly owned parent company, EXASOL Vertriebsholding GmbH, by transferring its assets in their entirety by dissolution without liquidation as of the date of entry on 1 July 2021 at the registry court 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.

EXASOL Vertriebsholding GmbH, which was included in the consolidated financial statements in the previous year, was merged into its wholly owned parent company, EXASOL AG, by transferring its assets in their entirety by dissolution without liquidation as of the date of entry on 30 July 2021 at the registry court of the absorbing EXASOL AG on the basis of the merger agreement dated 21 May 2021 and the consent resolutions of the same date.

yotilla GmbH, Cologne, which was included in the consolidated financial statements in the previous year, was merged into its wholly owned parent company, EXASOL AG, by transferring its assets in their entirety by dissolution without liquidation as of the date

of entry on 30 July 2021 at the registry court of the absorbing EXASOL AG on the basis of the merger agreement dated 21 May 2021 and the consent resolutions of the same date.

As these were mergers within the Group, they had no effect on the Group's net assets, financial position and results of operation.

C. Accounting and measurement policies

(1) The financial statements of the companies included in EXASOL AG's 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 was prepared using the nature of expense method.

The following accounting policies were used to prepare the consolidated financial statements:

(2) Assets and liabilities were recognized under the assumption that the company will be 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.

(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 better reflects the potential of the developments implemented in net assets. These assets are amortized on a straight-line basis over five years.

(5) Intangible assets acquired for a consideration (including advance payments made) are stated at cost and, if they have a limited life, amortized on a straight-line basis over their respective useful lives. 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. Recognized goodwill is amortized over its useful life of 5 years. As goodwill is based on established and consistent business, the company considers the total useful life approach to be 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 lives 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) Any low-value assets acquired at a cost of EUR 800.00 or less are written down in full in the year of acquisition.

(8) 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 identifiable 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. Current receivables denominated in foreign currency are translated at the average spot exchange rate applicable as at the reporting date.

(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) Tax provisions and 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. In addition to the associated social security contributions, termination rates were taken into account in personnel provisions.

(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. Current liabilities denominated in foreign currency 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 tax losses carried forward, 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.

Deferred tax assets and liabilities are recognized and measured pursuant to Section 306 HGB if differences arising between the values reported in the commercial balance sheet and the values reported in the tax balance sheet are likely to be offset in future financial years.

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 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 the translation of foreign currencies:

EUR 1 is equivalent to	Closing rate on 31 Dec. 2021	Average rate in 2021
US dollar (USD)	1.13 (PY: 1.23)	1.18 (PY: 1.14)
British pound (GBP)	0.84 (PY: 0.90)	0.86 (PY: 0.89)
Swiss franc (CHF)	1.03 (PY: 1.08)	1.08 (PY: 1.07)

E. Consolidation policies

The reporting date of the consolidated financial statements is 31 December 2021 and corresponds to the balance sheet date of the parent company and that of the subsidiaries.

Capital consolidation

Capital was consolidated as at the date of first-time consolidation (1 January 2017) pursuant to Section 301 (2) sentence 5 HGB using the values recognized at the date the entities became subsidiaries, as all subsidiaries existing as at this date 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 of 1 January 2017 of the subsidiaries are solely from accumulated profits and losses and were offset against the consolidated retained earnings brought forward.

The capital of EXASOL Schweiz AG was consolidated pursuant to Section 301 (2) sentence 1 HGB on the basis of the values recognized at the date the entity became a subsidiary.

As part of the first-time consolidation of yotilla GmbH – which was merged into EXASOL AG on the conversion date of 1 January 2021 under commercial law – the hidden reserves inherent in the intangible assets in the amount of EUR 904,224.44 were disclosed in the previous year and capitalized in fixed assets against the revaluation reserve with no effect on profit or loss. These assets were amortized over the company-specific useful life of five years. In accordance with Section 306 HGB, deferred tax liabilities in the amount of EUR 289,351.82 were recognized in the previous year for the differences between the values stated in the commercial and tax balance sheets resulting from this consolidation process. Corresponding goodwill was capitalized against the revaluation reserve with no effect on profit or loss, which is also amortized over the company-specific useful life of five years.

Consolidation of liabilities

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

Elimination of intercompany profit or loss

Assets included in the consolidated financial statements, which are based on supplies or services between the companies included in the 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 financial statements of the Group companies. If intercompany trade profits or losses are realized between companies included in the consolidated financial statements, these were determined and eliminated pursuant to Section 304 (1) HGB for the purpose of the consolidated financial statements.

The elimination of intercompany profits and losses led to a kEUR 787 change in the Group's earnings as at 31 December 2021 (PY: kEUR 547).

Consolidation measures in the consolidated income statement

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

F. Disclosures and explanatory notes on the consolidated balance sheet

1. Fixed assets

The movements in fixed assets during the financial year between 1 January 2021 and 31 December 2021 as well as the breakdown of the individual items are presented in the statement of movements in fixed assets (appendix to the notes).

Intangible assets include purchased property rights and IT software, internally generated intangible assets (capitalized development costs for software) as well as goodwill. Internally developed intangible fixed assets in the amount of kEUR 2,242

(PY: kEUR 1,922) were capitalized in the year financial year. Overall, R&D expenses were incurred in the amount of kEUR 2,242 (PY: kEUR 1,922) 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 to fixed assets in 2021 mainly included investments in internally generated intangible assets and IT infrastructure.

2. Current assets

Receivables and other assets are as follows:

kEUR	Financial year	thereof due after more than one year	Previous year	thereof due after more than one year
Trade receivables	2,874	0	3,265	0
Other assets	470	42	156	44
	3,344	42	3,421	44

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

The financial instruments reported under other securities in the previous year were exclusively shares in a money market fund. The shares were sold in the reporting period.

Prepaid expenses mainly include advance payments for advertising services and IT licenses.

3. Equity

(1) Subscribed capital

EUR	1 Jan. 2021	Increase	Decrease	31 Dec. 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

EUR	1 Jan. 2021	Increase	Decrease	31 Dec. 2021
Offering premium arising from capital increase	104,653,613	---	---	104,653,613
Other additional payments	596,794	---	---	596,794
Offering premium arising from resale of own shares	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 existing shareholders free of charge in December 2019, January 2020 and February 2020 prior to the IPO and 285,000 were sold in May 2020. The 596,794 treasury shares account for EUR 596,794.00 of the share capital (2.44%). The company was obliged to return the no-par value shares if no IPO had been carried out by 31 December 2020. As a result of the IPO in May 2020, the obliga-

tion to return the no-par value shares no longer applies. The existing treasury shares serve to fulfill the stock appreciation rights (Executive Board remuneration).

(4) Conditional capital

On 5 December 2019, an Extraordinary Annual General Meeting resolved to form conditional capital (Conditional Capital 2019/I). The 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 a notional value of EUR 1.00 per share. The Conditional Capital is limited until 4 December 2024. It was registered with the Nuremberg Local Court on 6 February 2020.

On 22 July 2020, the Annual General Meeting also resolved to form conditional capital (Conditional Capital 2020/I). The share capital of the company was conditionally increased by up to EUR 2,221,787.00 by issuing up to 2,221,787 new no-par bearer or registered shares. The conditional capital increase serves exclusively to grant stock options to selected employees of the company and to employees and members of the management of companies affiliated with the company. The registration with the Nuremberg Local Court was made on 2 October 2020.

On 30 June 2021, the Annual General Meeting resolved to increase the Conditional Capital 2020/I. The share capital of the company was conditionally increased by up to EUR 2,443,887.00 by issuing up to 2,443,887 new no-par bearer or registered shares. The Conditional Capital 2020/I – now – serves exclusively to grant new shares to selected employees of the company and to selected employees of companies affiliated with the company to whom option rights have been or will be granted on the basis of the authorization of the Annual General Meeting on 22 July 2020 or on the basis of the authorization of the Annual General Meeting on

30 June 2021. The registration with the Nuremberg Local Court was made on 30 July 2021.

As of 31 December 2021, employees of the company and employees of companies affiliated with the company held 850,974 – not yet exercised – subscription rights (option rights) pursuant to Section 192 (2) No. 3 AktG.

(5) Authorized capital

By resolution of the Annual General Meeting on 22 July 2020, the Executive Board is authorized to increase the share capital, with the approval of the Supervisory Board, on one or more occasions by 21 July 2025 by a total of up to EUR 11,108,935.00 against cash and/or non-cash contribution, with the option to exclude shareholders' subscription rights (Authorized Capital 2020/I). The registration with the Nuremberg Local Court was made on 2 October 2020.

Based on this authorization, the share capital was increased by EUR 2,221,000.00 by registration with the Nuremberg Local Court on 11 December 2020. Accordingly, the Authorized Capital 2020/I, after partial utilization, still amounts to EUR 8,887,935.00. This corresponds to the company's authorized capital as of 31 December 2021.

4. Other provisions

Other provisions mainly include provisions for bonuses, commissions, stock appreciation rights and stock awards (kEUR 10,381; PY: kEUR 23,813), personnel expenses (kEUR 2,050; PY: kEUR 678), external annual accounting expenses (kEUR 160, PY: kEUR 169) and Supervisory Board remuneration (kEUR 195; PY: kEUR 110).

5. Liabilities

The remaining terms of the liabilities are as follows:

kEUR	Aggregate amount in the financial year	thereof with a remaining term of		
		up to one year	between one and five years	more than five years
Liabilities to banks	29 (PY: 71)	29 (PY: 42)	0 (PY: 29)	0 (PY: 0)
Trade payables	1,228 (PY: 1,093)	1,228 (PY: 1,079)	0 (PY: 14)	0 (PY: 0)
Other liabilities	1,043 (PY: 823)	1,043 (PY: 823)	0 (PY: 0)	0 (PY: 0)
	2,300 (PY: 1,987)	2,300 (PY: 1,944)	0 (PY: 43)	0 (PY: 0)

None of the liabilities are securitized and there are no liabilities to shareholders.

“Other liabilities” does not include any larger amounts that are not legally incurred until after the reporting date.

6. Deferred taxes

The company has not recognized any deferred tax assets. Deferred tax assets were offset against deferred tax liabilities to the extent permissible and if they arose towards the same tax authority (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 not recognized because the usability of loss carryforwards in the next five years cannot be reliably estimated.

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

Deferred tax assets resulted from consolidation measures pursuant to Section 306 HGB.

With regard to the first-time consolidation of yotilla GmbH in the previous period, deferred tax liabilities were recognized in the previous year in accordance with Section 306 HGB due to existing differences between the values stated in the commercial and tax balance sheets.

Deferred taxes were calculated using the company-specific tax rates of the EXASOL single entities. In this regard, the tax rates used were 32.17% for the German entities, 19% for EXASOL UK Ltd., 21% for EXASOL USA Inc., 31% for EXASOL France S.A.S. and 26.8% for EXASOL Schweiz AG.

EUR	1 Jan. 2021	Change	31 Dec. 2021
Deferred tax liabilities	274,884.23	./ 57,870.36	217,013.87

G. Disclosures and explanatory notes on the consolidated income statement

1. Revenue

Revenue breaks down as follows:

By region	2021	2021	2020	2020
	kEUR	%	kEUR	%
Germany, Austria, Switzerland (DACH)	19,790	72	16,617	70
Rest of Europe (excluding the UK) and rest of the world	2,394	9	2,276	10
United Kingdom	1,685	6	1,581	7
Region America	3,590	13	3,125	13
Total	27,459	100	23,599	100

2. Other operating income

Other operating income includes income from the reversal of other provisions (mainly stock appreciation rights – Executive Board) in the amount of kEUR 7,491 (PY: kEUR 0).

Other income relating to other periods amounted to kEUR 24 (PY: kEUR 37).

3. Personnel expenses

Personnel expenses amounted to kEUR 39,284 (PY: kEUR 37,280). The increase is mainly due to the expansion of the personnel base.

4. Other operating expenses

Other operating expenses do not include any extraordinary expenses (PY: kEUR 5,665). Expenses from currency translation amounted to kEUR 24 (PY: kEUR 82). Expenses from book losses on marketable securities amounted to kEUR 81 (PY: kEUR 0). No separate explanation of the expenses relating to other periods that are included in other operating expenses is provided, as the amounts to be reported are of minor importance for the assessment of the results of operation.

5. Income taxes

Income taxes include income relating to other periods from the company audit in the amount of kEUR 19 as well as income from the reversal of deferred tax liabilities in the amount of kEUR 57 (PY: kEUR 14) and the income tax expense for previous years of kEUR 908 (PY: kEUR 48), which are mainly attributable to the interim tax valuation in connection with the merger.

H. Contingent liabilities and other financial obligations

1. Contingent liabilities pursuant to Section 251 HGB

There were no contingent liabilities pursuant to Section 251 HGB.

2. Off-balance sheet transactions

Material off-balance sheet transactions exist in the form of rental agreements for 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 landlord/lessor. For more information, please refer to the disclosures under “Other financial obligations”.

3. Other financial obligations

Type of obligation	Payable within 1 year kEUR	Total kEUR
Rents for premises	475	1,402
Rents and leases for office equipment	89	126
Advertising rights	4,100	4,325
Stock awards	495	517
	5,159	6,370

The underlying agreements for the business premises have remaining terms of two to three years. The remaining terms for the leased office equipment are between one and three years. The agreements for advertising rights have a remaining term of up to two years.

In 2020, stock awards were granted to the Executive Board as a remuneration component for the first time. The number of stock awards is determined on the basis of the respective fixed remuneration multiplied by a percentage resulting from the performance of the EXASOL AG share. For each financial year, the share package is calculated using the data of the respective financial year. The entitlement does not arise in full at the end of the respective financial year but in three tranches, which become due when the entitlement arises.

I. Other disclosures

1. Number of employees

	2021
Administration / Sales / Marketing	137
R&D / Cloud / Services	133
Total	270

2. Executive Board

Members of the Executive Board in financial year 2021:

Aaron Auld (Executive Board Chairman), CEO, Munich

Mathias Golombek, CTO, Ottensoos

Michael Konrad, CFO, Karlsruhe (until 30 June 2021)

Jan-Dirk Henrich, CFO, Cologne (from 1 September 2021)

Aaron Auld, Mathias Golombek and Jan-Dirk Henrich continued to be appointed on the date the consolidated financial statements were prepared. Michael Konrad left EXASOL AG at the end of 30 June 2021. The registration with the Nuremberg Local Court was made on 6 July 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 financial year 2021:

Prof. h.c. Jochen Tschunke (Chairman of the Supervisory Board), corporate consultant, Munich

Gerhard Rumpff (Vice Chairman of the Supervisory Board until 30 June 2021), corporate consultant, Munich (until 30 June 2021)

Dr. Knud Klingler, corporate consultant, Engerwitzdorf, Austria

Karl Hopfner (Vice Chairman of the Supervisory Board from 30 June 2021), corporate consultant, Oberhaching

Volker Smid, corporate consultant, Hamburg (from 30 June 2021)

The total remuneration paid to the Supervisory Board amounted to kEUR 210 in the financial year.

4. Auditor's fee

The total fee of kEUR 189 charged by the auditor of the consolidated financial statements for the financial year under review is comprised as follows:

Activity	kEUR
Audit services	170
Other assurance services	0
Tax advisory services	19
Other services	0
	189

5. Proposal on the appropriation of profit

The Executive Board proposes that EXASOL AG's net loss for the year of EUR 11,161,573.06 be carried forward to the following year.

J. Information on the cash flow statement

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

Cash and cash equivalents include the item "cash on hand, cash at banks".

Material non-cash expense and income largely included the reversal of the prior year's amounts for prepaid expenses (kEUR 1,433; PY: kEUR 481) and deferred income (kEUR 4,357; PY: kEUR 4,152).

K. Post balance sheet events

There were no reportable events after the balance sheet date.

Nuremberg, 9 May 2022

EXASOL AG

Executive Board

Aaron Auld

Mathias Golombek

Jan-Dirk Henrich

Responsibility Statement

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements for the period ended 31 December 2020 give a true and fair view of the net assets, financial position and results of operation of the Group and the 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, 9 May 2022

EXASOL AG

[Note: This is a translation of the German original. Solely the original text in German language is authoritative.]

Independent Auditor's Report

To the EXASOL AG, Nuremberg

Opinions

We have audited the annual financial statements of EXASOL AG, Nürnberg, which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss for the financial year from January 1, 2021 to December 31, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of EXASOL AG, which has been combined with the management report of the Company, for the financial year from January 1, 2021 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

» the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 in compliance with German Legally Required Accounting Principles.

» the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the require-

ments of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material re-

spects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

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

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

» Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

» Obtain an understanding of internal control relevant to the

audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

» Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by the executive directors and related disclosures.

» Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

» Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

» Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

» Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Nuremberg, May 9, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr. Schroff
Wirtschaftsprüfer
[German Public Auditor]

Zippel
Wirtschaftsprüfer
[German Public Auditor]

Financial Calendar

Publications

Consolidated Financial Statement 31-12-2021

18 May 2022

Trading Update 3M 2022

18 May 2022

Conferences

Capital Markets Conference

German Spring Conference Equity Forum

Frankfurt am Main

23-24 May 2022

General Meeting

Annual General Meeting

06 Jul 2022

Publications

Interim Financial Statements 30-06-2022

17 Aug 2022

Trading Update 9M 2022

16 Nov 2022

Conferences

Capital Markets Conference

Deutsche Börse Eigenkapitalforum

Frankfurt am Main

28-29 Nov 2022



Exasol AG

Neumeyerstr. 22-26
90411 Nuremberg
Germany

T: +49 911 239 91-0

F: +49 911 239 91-24

Mail: info@exasol.com