

Report of the Executive Board on agenda item 5





EXASOL AG

Report by the Executive Board on the Stock Option Program as of 2023 (agenda item 5)

The Company has in the past granted selected employees of the Company and selected employees of companies affiliated with the Company a variable compensation component with a long-term incentive effect and intends to grant such in the future as well. This is intended to promote the entrepreneurial activities of the respective beneficiaries, to bind them to the Company and the respective companies in the long term, and to ensure remuneration in line with the market.

In the opinion of the Executive Board and the Supervisory Board, the structure of the current Stock Option Program as of 2022 is generally sufficiently attractive in a current market comparison to create an incentive effect for long-term employment with the Company. The resolved Stock Option Program as of 2022 enables the Executive Board in particular to conclude over a one-off or repetitive edition of annual tranches to utilize the authorization to grant stock options. The proposed stock option program shall clarify that option rights may be issued in freely definable tranches on one or more occasions during the authorization period, by which the necessary flexibility for the issuing of options shall be ensured. The proposed stock option program shall also apply to option rights which have been granted under the Stock Option Program as of 2020, the Stock Option Program as of 2021 or the Stock Option Program as of 2022 and have expired in the meantime.

In this context, the resolution proposed under agenda item 5 shall initially amend the existing Stock Option Program as of 2022 to the effect that, in the amount of the option rights to subscribe to 1.612.650 shares not yet issued under the previous authorizations, there is no longer any authorization to issue options on the basis of the Stock Option Program as of 2022. Options already allocated on the basis of the Stock Option Program as of 2020, the Stock Option Program as of 2021 or the Stock Option Program 2022 shall remain unaffected by the aforementioned amendment as secured rights in favor of the respective employee.

Furthermore, with regard to the option rights to subscribe to 1.612.650 shares which have not yet been allocated as well as those which have already expired in the past and those possibly expiring in the future (irrespective of their allocation date), it is proposed to adopt a new stock option program of the Company (Stock Option Program 2023), according to which the Executive Board is authorized to issue option rights to subscribe to a total of up to 1.612.650 no-par value bearer or registered shares of the Company until June 29, 2026. The Stock Option Program 2023 stipulates that option rights may be issued in tranches on one or more occasions during the authorization period.

The other grant and subscription conditions of the Stock Option Program as of 2022 will be adopted into the Stock Option Program 2023. The allocation of the stock options to the beneficiaries shall generally correspond to the allocations of the maximum number to be issued contained in the authorizations. However, the Executive Board and the Supervisory Board reserve the right to decide on the issue of stock options and the size of the individual tranches, taking into account the overall situation of the Company and using the compensation structure of relevant peer companies.



Convenience translation

Shares will be issued at the earliest after the expiry of the waiting period of four calendar years following the respective grant date of the relevant tranche of stock options and the corresponding exercise declaration. Stock options can only be exercised if the vesting period has expired and a performance target has been achieved, otherwise the stock options expire without compensation.

Exercisable stock options can generally be exercised by the beneficiaries within an exercise period of two years. The exercise period begins after the date on which the waiting period has expired. Upon exercise of the stock options, the exercise price is payable for each share to be subscribed. The “exercise price” corresponds to the EUR amount of the weighted average closing price of a share in Xetra trading (or a comparable successor system) during the 30 trading days immediately prior to the grant date, but at least the lowest issue amount within the meaning of Section 9 (1) AktG.

The Executive Board or, in certain cases, the Supervisory Board shall be authorized to determine the further details of the granting and fulfillment of stock options for the issue of shares from the Conditional Capital 2020 as amended on June 23, 2023 (see below) as well as the further plan conditions, including the treatment of stock options if beneficiaries have left the service or employment relationship with the Company or an affiliated company at the end of the vesting period.

The total volume of the stock option programs (Stock Option Program as of 2020, Stock Option Program as of 2021, Stock Option Program as of 2022 and Stock Option Program as of 2023) shall thus also continue to comprise option rights for the subscription of up to 2,443,887 no-par value bearer or registered shares of the Company. The term of the authorization shall also end unchanged on June 29, 2026.

In accordance with the new authorization to be resolved on the issue of stock options on the basis of the Stock Option Program 2023, the existing Conditional Capital 2020 as amended on July 6, 2022 shall be supplemented by a reference to the Stock Option Program 2023 without any change in its amount and Section 7 (4) of the Articles of Association shall be revised accordingly.

The Conditional Capital 2020, as amended on June 23, 2023, now up for resolution in the amount of EUR 2,443,887 continues to correspond to 10 percent of the current share capital of the Company and serves to enable the Company to issue new shares and use them to transfer them to the beneficiaries in the event that they exercise the stock options granted to them. The new shares will only be issued if stock options have been issued to beneficiaries in accordance with the conditions set out in the Annual General Meeting resolutions of July 22, 2020, June 30, 2021, July 6, 2022 and June 23, 2023 and the beneficiaries exercise their subscription rights after expiry of the waiting period and in accordance with the achievement of the performance targets set out in the respective authorizations and the conditions otherwise set out in the Stock Option Program as of 2020, the Stock Option Program as of 2021, the Stock Option Program 2022 and the Stock Option Program 2023 proposed for resolution under agenda item 5. Due to the earmarking of the



Convenience translation

Conditional Capital 2020 as amended on June 23, 2023, shareholders have no subscription rights to the new shares.

The Executive Board and the Supervisory Board are convinced that the proposed amendment to the authorization to issue stock options under the existing stock option programs and the creation of a new authorization to issue options on the basis of the Stock Option Program 2023 (including the corresponding amendment to the Conditional Capital 2020 as amended on July 6, 2022) are particularly suitable for providing a sustainable performance incentive for the beneficiaries in the future and thus contributing to a sustainable increase in the value of the Company in the interests of the Company and its shareholders.