Annual Report 2023

Exasol
The analytics database

Content

Message from the Executive Board

Jörg Tewes, CEO
Exasol AG

Dear Shareholders,

In the past financial year, we again made important progress in our strategic positioning, in expanding our product portfolio and in improving our operating result. ARR increased by 18.1% compared to the previous year. The operating result also continued to improve as revenues grew, bringing us closer to break-even. We intend to continue on this path with great determination and plan to achieve our first positive operating result since going public in May 2020 on growing revenues in the financial year 2024.

In an environment characterized by the geopolitical fallout from the Russia-Ukraine war and by high global inflation, ARR increased to EUR 41.7 million in the financial year 2023. This includes new business with existing and new customers in the amount of EUR 9.5 million, up more than 50% year-on-year. Gross customer retention increased to 123%, compared to 118% in the previous year. This is further evidence of the importance of our technology to our customers. Growth in the U.S. in particular accelerated last year, with an increase in ARR of 40%, further broadening the base of our future success. In total, the operating result (adj. EBITDA) at Group level improved to EUR -5.4 million, compared to a loss of EUR -13.4 million in the previous year.

However, growth was lower than expected at the beginning of the year. This is mainly due to delays in new customer business and higher-than-expected contract reductions by some existing customers in Europe. As a result, the ARR and adj. EBITDA growth forecast for the full year 2023 was reduced in October 2023. Thanks to a strong rebound in Q4 2023, we reached the upper end of the new ARR forecast, laying a good foundation for improved operating performance in 2024.

In order to strengthen our balance sheet and increase our financial flexibility, we additionally carried out a capital increase in June 2023, which was also subscribed by several members of the Executive Board and the Supervisory Board. The company received net proceeds from the issue in the amount of EUR 6.8 million. We are thus excellently positioned to meet the challenges of the future and have sufficient financial leeway to continue on our growth path as planned.

We also believe that we have made good progress in evolving our product portfolio. In addition to the introduction of Exasol Espresso, product extensions for artificial intelligence and machine learning were launched in the market. They support companies on their way to harnessing the power of artificial intelligence for their data analysis and provide them with the tools they need to use data for AI-based insights and data-driven decisions.

Artificial intelligence will continue to play a key role in our strategy in the future and be reflected in various extensions that will be launched in the market in 2024. They follow our clear vision: We want to become a leading company that supports its customers

Mathias Golombek, CTO
Exasol AG

Jan-Dirk Henrich, CFO
Exasol AG

on their journey into a world of data analytics driven by artificial intelligence. We laid the groundwork for this last year and will build on it this year.

The general trend towards digitalization and the growing data volumes will continue to have a positive influence on our growth opportunities. The main market drivers are intact and we see great market opportunities in the long term, which should translate into continued growth and the company reaching break-even this year.

For the current financial year, we therefore expect ARR to grow by up to 10% on the previous year. The increased churn rate of the year 2023 will still have an adverse effect on ARR primarily in the first half of the year. This is attributable to the fact that the economic situation in the EMEA region will remain challenging, resulting in some larger customers scaling back their IT budgets. In the second half of 2024, the market initiatives launched in Q4 2023 will lead to a growing project pipeline and, consequently, a positive ARR trend. We project a 10–15% increase in consolidated revenues and a positive operating result (EBITDA) clearly above the prior year level. We thus want to become profitable for the first time since our successful IPO in May 2020. Cash and cash equivalents should remain stable at over EUR 10 million at the end of 2024 compared to the previous year.

Reaching profitability in 2024 will be a very important milestone in our company's history. But we will not only work hard on Exasol's operational success. An essential foundation for any entrepreneurial success is a living corporate culture that is based on binding values. Over the past year, we have discussed and redefined these values and, with the participation of our employees, firmly anchored them in our day-to-day work. These values include, for example, a willingness to continue our growth, a clear commitment to achieving results, and an active pursuit of a strong customer focus. Our daily actions are also driven by the values of building trust, taking responsibility, and embracing diversity. We are all committed to these values, which are the foundation of our future success. This success would not be possible without our motivated employees, to whom we would like to express our sincere thanks.

We would also like to thank our shareholders for their open dialogue and confidence in our future. Together with you, we look forward to a successful year 2024.

The Executive Board

Jörg Tewes | CEO
Mathias Golombek | CTO
Jan-Dirk Henrich | CFO

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 2023 as well as about the result of the audit of the separate and the consolidated financial statements for 2023.

Activity of the Supervisory Board

During the financial year 2023, the Supervisory Board closely monitored the situation and performance of the company and 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. Regular reports on the financial situation and the risk situation were also part of the exchange of information. Deviations from the plans and targets were explained by the Executive Board if and when applicable and reviewed by the Supervisory Board.

It is the responsibility of the members of the Supervisory Board to undergo the training and continuing education measures required for performing their duties, e.g. regarding changes in the legal framework; in doing so, they are supported by the company. Internal information events are offered as required for effective further training. In the reporting year, a further training event on legal aspects of the Supervisory Board activity was held on 27 March 2023 for all members of the Supervisory Board.

Focus of the Supervisory Board's deliberations

A total of four ordinary and four extraordinary Supervisory Board meetings were held in the reporting year. The members of the Executive Board attended the meetings of the Supervisory Board, unless it was deemed expedient to discuss individual issues such as Executive Board personnel matters without the participation of the Executive Board, and reported in detail on the course of business, the current revenue and earnings trend, business opportunities and risks, the main planned or ongoing investments or divestments and the situation of the company in general.

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 **8 February 2023**, which was attended by all members of the Supervisory Board, the preliminary results of the financial year 2022 were presented. The current business trend and the plans and budgets for the financial year 2023 were discussed. The financial experts on the Supervisory Board were appointed and the members of the newly established Audit Committee were elected. The Supervisory Board also discussed the results of an employee survey and approved the issue of another tranche of the employee stock option program.

The extraordinary meeting of the Supervisory Board on **17 February 2023** was attended by all members of the Supervisory Board. At this meeting, the medium-term targets for 2025 and the targets for the Executive Board's annual extraordinary remuneration (2023) were discussed and the key figures for the short-term incentives were agreed.

The extraordinary meeting of the Supervisory Board on **14 April 2023** was attended by five members of the Supervisory Board. At this meeting, the Supervisory Board addressed the long-term remuneration of the Executive Board. An amendment to the plan conditions and the allocation letters for the 2023–2026 tranche were adopted.

The extraordinary meeting of the Supervisory Board on **24 April 2023** was attended by all members of the Supervisory Board. At this meeting, the Supervisory Board addressed the financing of the company.

At the second ordinary meeting of the Supervisory Board on **3 May 2023**, 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 2022 and approved the consolidated financial statements of Exasol AG for the period ended 31 December 2022. Moreover, the Supervisory Board approved the agenda items for the Annual General Meeting of Exasol AG on 23 June 2023 and adopted the report of the Supervisory Board on the financial year 2022. The meeting also determined the target achievement for the variable remuneration of the Executive Board on the basis of the annual financial statements and resolved to pay the bonus for 2022. A product update was provided in the business development report.

At the third ordinary meeting of the Supervisory Board on **27 September 2023**, which was physically attended by all members of the Supervisory Board, the business trend as well as the planning premises for the 2024 budget were discussed and a product update on Yotilla was provided. An amendment to the Rules of Procedure of the Audit Committee was adopted. The resolution to ratify the acts of the Managing Directors of Exasol Europa Vertriebs GmbH was approved.

Another extraordinary meeting of the Supervisory Board was held on **6 November 2023** and attended by all members of the Supervisory Board. Besides the update on the business development and the product update, the 2024 financial plan was discussed, the efficiency audit was started.

The last ordinary meeting in the financial year 2023 was held on **13 December 2023**. All members of the Supervisory Board attended this meeting in person. The consultations focused on the outlook for 2023 and the 2024 budget, which was adopted by the Supervisory Board. The investor relations and capital market activities of Exasol AG as well as the results of the efficiency audit were analyzed and the resolution to approve the issue of another tranche of the employee stock option program was passed.

Besides the resolutions passed at the meetings, three resolutions were also passed by way of written vote. The Supervisory Board approved the issue and allocation of two tranches of the employee stock option program in writing. Moreover, the term of office of Jan-Dirk Henrich was extended until 31 August 2027 by way of written vote.

Audit Committee

The first meeting of the Audit Committee was held on **2 May 2023**. Karl Hopfner was appointed Chairman. The Audit Committee members discussed the auditor's audit reports, the corporate structure and transfer pricing as well as receivables and cash management in the current environment.

The second meeting was held on **26 September 2023**. The main topics addressed were the preparations for the 2023 audit and current accounting and treasury issues.

At the Audit Committee's third meeting on **12 December 2023**, the members addressed current treasury issues as well as the focal points of the 2023 audit and the preliminary audit by the auditor.

The Chairman of the Audit Committee informed the Supervisory Board of the main aspects of the Committee's meetings at the respective next meeting of the full Supervisory Board.

Attendance at Supervisory Board meetings

The table below shows the attendance of the individual Supervisory Board members at the plenary meetings:

Attendance at Supervisory Board meetings	Number	in %
Karl Hopfner	8/8	100
Linda Mihalic	8/8	100
Petra Neureither	8/8	100
Volker Smid	8/8	100
Torsten Wegener	8/8	100
Dr. Roland Wöss	7/8	87.5

Attendance at Audit Committee meetings	Number	in %
Karl Hopfner	3/3	100
Petra Neureither	3/3	100
Dr. Roland Wöss	3/3	100

Separate and consolidated financial statements

At the Annual General Meeting on 23 June 2023, KPMG AG, Wirtschaftsprüfungsgesellschaft, Nuremberg, was appointed auditor of the separate and the consolidated financial statements for the reporting year. At the recommendation of the Audit Committee, the Supervisory Board issued the respective audit assignment for the separate and the consolidated financial statements for 2023 on 23 November 2023. 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 2023. The financial statements were signed by Markus Zippel and Alexandra Behrendt 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.

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 audit committee and accounts meeting and examined in detail. At the annual audit committee meeting of the Supervisory Board on 29 April 2024, 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 2023 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 2023. 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

Jörg Tewes took office as member and Chairman of the Executive Board on 1 January 2023. The term of office of Jan-Dirk Henrich was extended until 31 August 2027. There were no other changes on the Executive Board and the Supervisory Board in the reporting period.

At the meeting on 8 February 2023, an Audit Committee was formed, which is composed of Petra Neureither, Karl Hopfner and Dr. Roland Wöss, with Karl Hopfner appointed Chairman.

Thank you

We would like to thank the members of the Executive Board and all employees for their great commitment in the financial year 2023. Our thanks also go to our shareholders for their interest and confidence in our company.

Nuremberg, May 2024

For the Supervisory Board
Volker Smid
Chairman of the Supervisory Board
Exasol AG

Exasol on the capital market 2023

Financial market developments were influenced by a number of factors in 2023. These included key economic and inflation data, interest rate hikes by the world's leading central banks, the suspension of the U.S. debt ceiling, turbulence in the banking sector, the ongoing war against Ukraine, and the escalation of the Israel conflict. Despite the many pressures, the financial markets in many regions of the world performed surprisingly well. The suspension of the U.S. debt ceiling averted a U.S. default, and effective central bank intervention prevented the regional banking crisis in the U.S. from spreading.

Some of the world's stock indexes ended the year 2022 with double-digit losses as inflation rates in Europe and the United States reached record highs and central banks in the United States and the euro area tightened monetary policy significantly. Soaring energy prices in the wake of the Ukraine crisis also had a negative impact. Over the course of 2023, inflation rates in the euro area and the U.S. declined steadily, from 8.60 percent to 2.40 percent and from 6.40 percent to 3.10 percent, respectively. The declining inflation rates in the regions are mainly due to lower energy prices. The restrictive monetary policies of the U.S. Federal Reserve (FED) and the European Central Bank (ECB) also had a dampening effect on inflation. The FED raised its target range for the federal funds rate in four steps from 4.25–4.50 percent to 5.25–5.50 percent, while the ECB raised its main refinancing rate in six steps from 2.50 percent to 4.50 percent.

Although price performance was often positive, many German equities experienced a noticeable outflow of liquidity compared to previous years, as many investors increasingly shifted their funds into fixed-income investments. This affected small and mid caps in particular, as the target group of potential investors often became smaller.

In terms of segments, blue chip companies in the euro area and the United States in particular performed very well. As a result, the DAX reached a new all-time high of 17,003 points (14 December 2023). Market participants began to price in expected interest rate cuts in the first half of 2024, which supported equity market valuations. Moreover, the high profile of artificial intelligence that came with the launch of ChatGPT led to a boom in many technology stocks. However, due to the continued high level of uncertainty in the capital market, stocks with low liquidity and low market capitalization suffered further valuation markdowns. This is reflected in the performance of the Scale 30 Index, which fell by 15.7% in 2023.

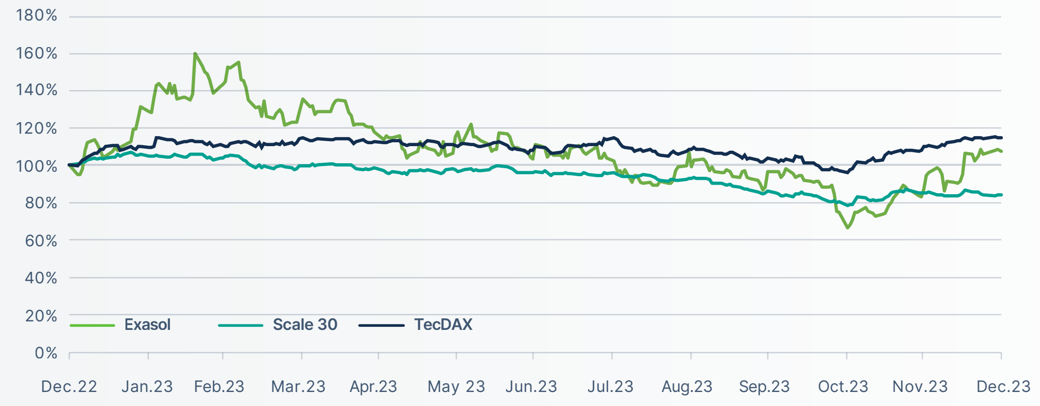
The Exasol share

While the Exasol share showed a moderately positive performance in the past stock market year, it only partially benefited from the boom in technology stocks in the second half of 2023 and closed the year at EUR 3.15. This corresponds to an increase of 6.8%. At the same time, the market value of the Exasol shares rose by 17.1% to EUR 84.5 million. The stronger increase in market capitalization is due to capital increase at the end of June 2023, which increased the share capital by approximately 10%. The Exasol share reached its highest daily closing price of the year on 17 February 2023 at EUR 4.67 and its lowest daily closing price on 30 October 2023 at EUR 1.96.

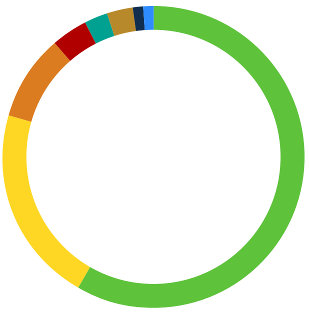
Key data of the Exasol share

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	26,882,757
Share capital in EUR	26,882,757
Share class	Ordinary registered shares without nominal value (no-par shares)
Highest price (Xetra)	EUR 4.67 (17 Jan. 2023)
Lowest price (Xetra)	EUR 1.96 (30 Oct. 2023)
Closing price (Xetra)	EUR 3.15 (29 Dec. 2023)
Average daily trading volume (Xetra)	40,517 shares
Market capitalization (30 Dec. 2023)	EUR 84.5 million
Free float	58.4%

Share price performance in 2023



Shareholder structure



- 58.42 % Free float
- 21.26 % Syntos Beteiligungs GmbH / Dr. Klingler
- 9.13 % Hesz'sche Privatstiftung
- 3.72 % Petra Tschunke
- 2.73 % UBS AG
- 2.73 % Supervisory Board*
- 1.11 % Exasol AG
- 0.91 % Management Board*

* incl. related parties and affiliated companies

Current coverage

Bank	Recommendation
Hauck & Aufhäuser	Hold
Warburg Research	Buy

Annual General Meeting 2023

Exasol held its Annual General Meeting on 23 June 2023. As in the previous years, the event was held virtually and broadcast live on the internet. Registered shareholders had the opportunity to follow the Executive Board's presentation on the financial year 2022 and ask questions afterwards. All items on the agenda were approved by a large majority.

2023 capital increase

At the end of June 2023, the company placed 2,443,887 new shares with institutional and qualified investors. The ex-rights issue was conducted as a private placement by way of an accelerated bookbuilding process using part of the authorized capital. The new shares were placed at a price of EUR 2.90 per share, resulting in gross issue proceeds of approximately EUR 7.1 million.

The net issue proceeds of EUR 6.8 million were primarily used to improve the company's equity base. The additional funds were also intended to support the company's long-term growth strategy. Due to strong demand, the bookbuilding process was completed shortly after the transaction was announced. Several members of the Executive Board and the Supervisory Board also purchased shares in the context of the capital increase.

Investor relations

The Executive Board maintained a close dialog with the capital market in 2023, meeting with numerous investors and analysts at roadshows and capital market conferences. In addition, quarterly results were presented in public webcasts and the questions from capital market participants were answered. Exasol is closely covered by two banks, which regularly publish detailed analyses of the share.

Combined management report

for the financial year 2023

General corporate information

Business activity

Exasol AG is a global technology company. The company's core product is an analytical in-memory database that allows customers to access and analyze data at high speed and on a large scale using BI tools. Established in 2006, the company assumes it has one of the most powerful analytical database technologies on the market.

Exasol's core market is characterized by ongoing digitalization, which generates a constantly growing amount of data. The continuous analysis of these data is of crucial importance to companies and organizations, which are, however, slowed down by outdated database systems with slow processing times. What is more, these databases lack the functions that are required for more in-depth analyses as well as the scalability that is needed for real-time analysis and given the increasingly complex workloads.

The more data companies have to process, the more frequent is the "spinning wheel" problem, which means that users often only get the desired analyses from their BI tools with a huge delay. Our goal is to solve this spinning wheel problem for our customers and to help them achieve a critical competitive edge through efficient data analyses. The use of Exasol's database technology enables organizations to run analytical applications which the company believes would previously have been impossible or very costly due to existing performance, hardware and/or cost limitations of the database.

Going forward, companies' success will hinge, above all, on their successful use of artificial intelligence. Here, too, it is the performance and speed of data processes that are critical to success. Having exactly these properties at our core, we want to accompany our customers on their journey into a world of data analytics that is increasingly driven by artificial intelligence.

Our technology

In our opinion, our technological lead is based on three pillars: The processing of data in 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 cost-efficient use of the installed hardware.

As more and more data need to be processed, the demands made on systems' computing power increase. Over time, this requires additional investments either in hardware (on premise) or in cloud storage space or in data volumes for SaaS (software-as-a-service) applications. The technology used in Exasol's database essentially eliminates these limitations. Exasol allows several systems to be connected in parallel and combined to form a kind of "supercomputer". Our algorithms distinguish between "hot" and "cold" data and allow the available IT infrastructure to be used more efficiently. This approach differs from traditional (legacy) database architectures and is independent of whether the applications are executed on premise, in the cloud or as software-as-a-service.

Our products

Data are generated and stored in a large number of operational systems, then processed, cleansed and finally fed into a data warehouse, for which a database solution such as Exasol is required. The performance requirements of the system are defined by the amount of available data and the number of active users. When the data volume grows, the requirements typically grow as well and existing database systems quickly reach their performance limits.

The Exasol product portfolio
As part of the realignment of the go-to-market strategy, Exasol's product portfolio was further differentiated last year and divided into different applications:

Espresso is Exasol's core product. It can be integrated into an existing system as a BI accelerator and is connected between a data lake or data warehouse and the BI front-end.

When the data volume grows, more users need to access the system or additional applications are introduced, customers often switch to Espresso Plus. **Espresso Plus** goes beyond Espresso and can handle larger data volumes. This allows customers to get more performance out of their databases and data applications.

The wider the scope of application gets and the more users access a growing database, the more often customers using conventional database systems decide to replace the existing data warehouse with a modern version. The **Exasol Data Warehouse**, the company's third product component, offers them up to 20 times[1] faster processing than other analytics databases.

For all products, customers can essentially choose between three different execution options:

1. Customers may use the software in their own infrastructure (on premise) or

2. in a public cloud environment managed by the customers themselves or

3. they may use a managed database version (SaaS).

All options are based on a subscription scheme with usually an annual billing period. When used on an SaaS (software-as-a-service) basis, monthly, usage-based billing is also possible.

In 2023, Exasol additionally launched **Espresso AI**, which helps customers harness the possibilities of artificial intelligence for their data analytics. Espresso AI provides companies with the tools they need to use their data for AI-based insights and data-driven decision-making. Espresso AI is designed to enable data teams to efficiently implement critical applications such as demand forecasting, fraud detection and churn prediction.

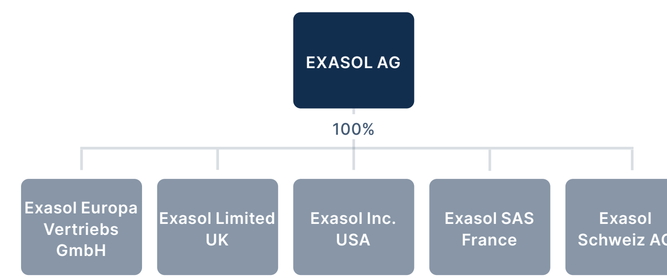
The Exasol product portfolio is rounded off by **Yotilla**, a cloud-based data warehouse (DWH) automation solution that helps users accelerate the creation and management of a DWH.

Our customers
Exasol customers are typically companies with large data sets that use them with high frequency for business-critical processes and applications. Many of Exasol's customers come from the financial services, e-commerce, software/IT, media and healthcare sectors. 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.

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. At the same time, Exasol is continuously expanding the existing partnerships with AWS, Microsoft Azure and Google Cloud and is pushing ahead the internationalization of its business.

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:

Corporate structure of Exasol AG:



1 Exasol: https://www.exasol.com/resource/mcknight-cloud-analytics-top-database-performance-testing-report/

Research and development

In the past financial year, an R&D focus was placed on completing Exasol's database version 8, which introduced extensions that allow customers to use Exasol's database more flexibly in their own data centers or in hybrid environments.

The new version primarily supports the separation of data storage and computing capacity (storage & compute). This allows customers to dynamically adapt their infrastructure to their specific tasks and optimize hardware costs. Exasol's analytical database runs on a cluster of several servers that combine the computing capacity and are scalable.

Moreover, options for integrating two partner technologies in the Exasol database have been created. As a result, users can now replicate data from existing databases using Data Virtuality, so that the database can be set up with just a few mouse clicks without having to replace the existing databases. The second integration allows users to optionally connect the Veezoo self-service BI tool, which may be used to ask the data warehouse colloquial questions in a way similar to a chatbot (such as ChatGPT). The extended product version was launched in the market under the name "Espresso" in October 2023.

In the field of artificial intelligence, Exasol worked on several extensions in 2023, which will be launched in 2024. These extensions will bundle a large number of integrations in artificial intelligence and machine learning technologies and make it easier for experts to incorporate these processes into Exasol.

Finally, "Yotilla", Exasol's latest product, was published on the AWS marketplace as an SaaS solution in 2023. Yotilla promises to accelerate and simplify the creation of data warehouses (DWHs) and data marts in the data warehouse automation segment. This permits to accelerate the implementation of new reporting requirements in BI tools by automating data engineering tasks.

Depreciation/amortization reported for the financial year 2023 included a total of EUR 1.9 million in systematic depreciation/amortization for capitalized R&D expenses (2022: EUR 1.9 million).

This depreciation/amortization relates to own work capitalized that was developed for the development of Exasol AG's core technologies and products in the years through 2021 in accordance with the German Commercial Code (HGB) and capitalized under an option provided for in the German Commercial Code. Since the financial year 2022, such own work has no longer been capitalized.

In the financial year 2023, a total of 77 (2022: 73) employees (full-time equivalents) worked in R&D, which is responsible for the new and further development of all Exasol products. R&D personnel expenses were thus roughly on a par with the previous year.

Economic report of the Exasol Group

Macroeconomic environment

In the past financial year, the world economy continued to slowly recover from the effects of the pandemic, Russia's invasion of Ukraine and the sharp increase in the cost of living. In spite of the disruptions on the energy and food markets caused by the war and the tightening of global lending conditions to combat the high inflation, global economic growth has slowed down, but was not much lower than in the previous year, at 3.0%[2], according to the experts of the International Monetary Fund (IMF). At 4.0%, GNP growth in the emerging and developing countries was higher than in the industrialized countries, which grew by 1.5%.[3]

Within the group of industrialized countries, US GNP rose by 2.1% according to the IMF, while the eurozone recorded growth of 0.7%, with Spain and France, in particular, growing at above-average rates of 2.5% and 1.0%, respectively. By contrast, other eurozone countries such as Germany, Austria and Ireland suffered a decline in economic output.[4]

Economic output in the emerging and developing countries increased by 4.0% last year. At 6.3%, India again showed the greatest momentum, followed by China, which grew by 5.0%.[5]

The industry environment

After the previous year's weak performance, the global IT market recovered noticeably in the last financial year and grew by

2 IWF: https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023?cid=ca-com-compd-pubs_belt
3 IWF: https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023?cid=ca-com-compd-pubs_belt
4 IfW Kiel: https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2023-konjunkturelle-dynamik-bleibt-vorerst-gering-32318/
5 IfW Kiel: https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2023-konjunkturelle-dynamik-bleibt-vorerst-gering-32318/

3.3%, compared to only 0.8% in the previous year.[6] According to US analysts Gartner, “Data Center Systems” and “Software” again grew dynamically by 7.1% and 12.4%, respectively, whereas “Communications Services” rose by only 1.5% and the “Devices” segment even contracted by as much as 8.7%. In Germany, spending on software also increased by a disproportionate 9.6% compared to the previous year, followed by IT services spending, which increased by 5.1%, according to industry association Bitkom.[7]

Experts estimate that the total market volume for big data and data analytics rose to a total of USD 307.5 billion in 2023, which would be 13.1% above the prior year level.[8] Besides this, the market for artificial intelligence is becoming increasingly important for Exasol. While this market is currently still smaller than the data analytics market, experts expect it to grow at above-average rates of 37% by 2030.[9]

Exasol believes it is well positioned overall in the data analytics market environment. While there is strong competition in the database segment from traditional providers such as Microsoft, Oracle, SAP, Teradata or IBM, the latter play only a minor role in the core application of Exasol as a performance layer to solve the “spinning wheel” problem. Here, Exasol rather competes with companies such as Google and Amazon as well as with younger technology companies such as Snowflake and Databricks. From the company’s point of view, however, Exasol’s database infrastructure is one of the technologically leading solutions, especially with regard to speed, performance, scalability and cost efficiency. What is more, Exasol offers its customers flexibility with regard to implementation (storage of data in the cloud, in their own data centers or hybrid schemes), which, from the Executive Board’s point of view, many of the above competitors cannot match.

Financial and non-financial performance indicators

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) and (adj.) EBITDA. In addition, the company’s performance is measured by consolidated revenues as well as cash and cash equivalents.

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 twelve months. ARR is an indicator that shows the amount of recurring revenue, excluding the future 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 2023, the contractually agreed recurring revenue components as of 31 December 2023 are annualized to twelve months 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.

In addition to ARR, **consolidated revenues** according to HGB are used to measure the company’s performance as of the beginning of the financial year 2024.

(Adj.) EBITDA (earnings before interest, taxes, depreciation and amortization) are the third financial key performance indicator used besides ARR and consolidated revenues. Up to and including the financial year 2023, the latter were adjusted by expenses from stock appreciation rights granted to the Executive Board and employees prior to the 2020 IPO as well as by expenses from the implementation of capital measures (e.g. capital increase) (adj. EBITDA).

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

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6 Gartner: https://www.gartner.com/en/newsroom/press-releases/01-17-2024-gartner-forecasts-worldwide-it-spending-to-grow-six-point-eight-percent-in-2024

7 Bitkom: https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland

8 Fortune Business Insights: https://www.fortunebusinessinsights.com/de/big-data-analytics-markt-106179

9 Market Research Future: https://www.marketresearchfuture.com/de/reports/artificial-intelligence-market-1139

Exasol AG has a professional treasury management that transfers free cash to fixed-term deposits at standard market conditions and entirely risk-free. As a result, part of the cash and cash equivalents were invested at fixed interest rates as of the balance sheet date, but were still available at short notice.

Targets 2023	Results 2023	Comment
ARR EUR 40.0 to 42.0 million	EUR 41.7 million	Intra-year adjustment of the forecast in October 2023 from EUR 42.5 to 44.0 million to EUR 40.0 to 42.0 million
Adj. EBITDA EUR -5.5 to -4.5 million	EUR -5.4 million	Intra-year adjustment of the forecast in October 2023 from EUR -3 to -1 million to EUR -5.5 to -4.5 million
Cash and cash equivalents EUR 11 to 13 million	EUR 13,3 million	Intra-year adjustment of the forecast in June 2023 to EUR 15.8 to 17.8 million and in October 2023 to EUR 11 to 13 million

Business trend in the financial year 2023

In the past financial year, Exasol made further progress in its strategic positioning, the expansion of the product portfolio and the improvement of its operating result. ARR was up by 17.1% on the previous year, although this growth was lower than expected at the beginning of the year. This is mainly due to delays in new customer business as well as to higher-than-expected contract reductions by some existing customers in Europe. At the same time, the Group has increased its cost efficiency, which means that the operating losses were further reduced in the financial year as revenues increased.

In an environment characterized by the geopolitical effects of the Russia-Ukraine war and by high global inflation, ARR increased to EUR 41.7 million in the financial year 2023. This is primarily due to the expansion of relationships with existing customers, which – as in previous years – were again the main growth driver. At the same time, adj. EBITDA improved to EUR -5.4 million, from a loss of EUR 13.4 million in the previous year. To strengthen the balance sheet and increase its financial flexibility, Exasol also carried out a capital increase in June 2023, from which the company received net proceeds of EUR 6.8 million.

Notwithstanding the level of ARR growth achieved and the improved operating result, expectations at the beginning of the year were higher. Accordingly, the ARR and adj. EBITDA growth forecast for the full year 2023 was downgraded in October 2023.

The company believes that good progress was made in the further development of its product portfolio. Besides the introduction of Exasol Espresso, product extensions for artificial intelligence and machine learning were launched in the market.

The Executive Board believes that the general trend towards digitalization and the growing data volumes will have a positive influence on Exasol's growth opportunities. The Executive Board thus considers the general business performance as well as the net assets, financial position and results of operation to be satisfactory on balance. The main market drivers are intact and the Executive Board sees great market opportunities in the long term, which should be reflected in continued growth and the company reaching break-even this year.

Results of operation, financial and net asset position

Results of operation

In EUR millions	2023	2022	Change
Annual recurring revenue (ARR)	41.7	35.6	17.1%
Revenue	35.1	33.2	5.7%
Recurring revenue	34.1	31.5	8.3%
In % of revenues	97.2	94.9	2.3 pp
Other revenue	1.0	1.7	-34.0%
In % of revenues	2.8	5.1	-2.3 pp

ARR climbed to EUR 41.7 million in the financial year 2023. This represents an increase of 17.1% compared to the same period of the previous year (2022: EUR 35.6 million). A total of 14 new customers were won in the past financial year (2022: 18), with the total number of customers reaching 207 as of 31 December 2023 (31 December 2022: 216).

Consolidated revenues amounted to EUR 35.1 million in the financial year 2023 (2022: EUR 33.2 million). This represents an increase of 5.7%. The share of the strategically important recurring revenue increased by a disproportionate 8.3% to EUR 34.1 million in the reporting period (2022: EUR 31.5 million). This corresponds to 97.2% of total revenues (prior year period: 94.9%). Recurring revenue is revenue for the period from 1 January to 31 December of a year 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. A difference arises, above all, when contracts are signed and ARR increases as a result, but the contracts commence at a later date and the revenue is therefore generated under the contracts only at a later date.

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 EUR millions	2023	2022	Change
DACH	23.0	22.2	3.8 %
Great Britain	2.6	2.4	9.1 %
North America	5.7	4.8	17.9 %
Rest of the world	3.8	3.8	0.6 %
Total revenues	**35.1**	**33.2**	**5.9 %**

The share of revenues of the DACH region, which is currently the most important region for Exasol, rose by 3.8% in the reporting period. At the same time, the importance of the North America region has increased as a result of more focused sales efforts.

In % of total revenues	2023	2022
DACH	66	67
Great Britain	7	7
North America	16	15
Rest of the world	11	11

In EUR millions	2023	2022	Change
Revenue	35.1	33.2	1.9
Other operating income	3.2	3.1	0.1
Cost of materials	-2.8	-2.1	-0.7
Personnel expenses	-29.4	-29.8	0.4
Other operating expenses	-11.8	-16.5	4.7
EBITDA	**-5.7**	**-12.2**	**6.4**
Depreciation/amortization	-2.6	-2.8	0.2
Financial result	0.1	-0.1	0.2
Result from ordinary activities	**-8.2**	**-15.0**	**6.8**
Taxes	0.0	0.0	0.0
Consolidated net income	**-8.2**	**-15.0**	**6.8**

At EUR 3.2 million, **other operating income** remained largely constant in the reporting period (2022: EUR 3.1 million). While in 2022 income resulted from the reversal of provisions in the context of the revaluation of stock appreciation rights, the item includes grants in connection with technology developments in the past financial year.

The **cost of materials** rose to EUR 2.8 million in 2023 (2022: EUR 2.1 million), mainly due to the increased price of energy and, consequently, IT and data center services as well as a slightly higher purchasing volume of hardware for appliance revenues (bundling of hardware and software).

In FY 2023, **personnel expenses** were down by 1.3% on the previous year to EUR 29.4 million (2022: EUR 29.8 million). The decline is mainly attributable to a reduced headcount. While the headcount had temporarily increased noticeably, a reorganization took place within the Exasol Group in late 2021, which mainly took effect in 2022 and to a limited extent also in 2023. In this context, severance payments led to expenses of EUR 1.5 million last year, which increased personnel expenses accordingly.

Other operating expenses amounted to EUR 11.8 million in the financial year 2023, which was below the previous year's EUR 16.5 million. The -28.5% decline is mainly attributable to the company's decision to discontinue its sports sponsorship activities. As a result, marketing expenses and, consequently, other operating expenses dropped sharply.

At the bottom line, the Exasol Group's **earnings before interest, taxes, depreciation and amortization** (EBITDA) improved to EUR -5.7 million in the financial year 2023 (2022: EUR -12.2 million). This is due to both the continued increase in revenues and the greatly reduced cost base, especially with regard to marketing expenses. **Adjusted** for the costs of EUR 0.3 million for the June 2023 capital increase, **EBITDA** amounted to EUR -5.4 million in the reporting period (2022: EUR -13.4 million).

Reconciliation of adjusted EBITDA

In EUR millions	2023	2022
EBITDA (reported)	**-5.7**	**-12. 2**
+ effects from share-based remuneration*	-	-1.2
+ expenses for capital measures	0.3	-
= adjusted EBITDA	**-5.4**	**-13.4**

*stock appreciation rights of the Executive Board and employees

Depreciation and amortization declined slightly to EUR 2.6 million in the financial year 2023 (2022: EUR 2.8 million). This is mainly due to reduced depreciation/amortization of own work capitalized and property, plant and equipment.

Together with a financial result of EUR 0.1 million (2022: EUR -0.1 million) and tax expenses of EUR 0.0 million (2022: EUR 0.0 million), **earnings after taxes** in the reporting period improved noticeably year-on-year to EUR -8.2 million (2022: EUR -15.0 million).

Net assets and capital structure

As of 31 December 2023, **total assets** were slightly lower than on the prior year reporting date, at EUR 20.0 million (31 December 2022: EUR 23.2 million). This was essentially due to the negative result for the year as well as the amortization of intangible assets previously created through the capitalization of own work. The capital increase in June 2023 had the opposite effect, resulting in gross proceeds of EUR 7.1 million for the company.

In EUR millions	31 Dec. 2023	31 Dec. 2022	Change
Intangible assets	3.6	5.8	-2.2
Property. plant and equipment	0.3	0.7	-0.4
Total fixed assets	**3.9**	**6.4**	**-2.5**
Inventories	-	0.2	-0.2
Receivables and other assets	1.4	2.6	-1.2
Cash and cash equivalents	13.3	12.7	0.6
Total current assets	**14.7**	**15.5**	**-0.8**
Prepaid expenses	1.4	1.3	0.1
TOTAL ASSETS	**20.0**	**23.2**	**-3.2**

Intangible assets declined to EUR 3.6 million in the financial year 2023 (31 December 2022: EUR 5.8 million). This trend was mainly driven by the change in the methods used to manage software development resources and the resulting elimination of own work capitalized as of 1 January 2022. Depreciation/amortization of earlier capitalizations are therefore no longer offset by additions, resulting in a decrease in the balance sheet item as of 31 December 2023.

Accordingly, **fixed assets** declined from EUR 6.4 million as of 31 December 2022 to EUR 3.9 million on the balance sheet date. As of the end of the reporting period, intangible assets represented 93.4% of total fixed assets (31 December 2022: 89.7%).

At the same time, **current assets** declined to EUR 14.7 million (31 December 2022: EUR 15.5 million). This is mainly attributable to the decline in trade receivables, which were further reduced thanks to strict receivables management in spite of the more tighter market environment. Cash and cash equivalents rose slightly to EUR 13.3 million at the end of the reporting period (31 December 2022: EUR 12.7 million). This is due to the June 2023 capital increase, which provided the company with net proceeds of EUR 6.8 million. The operating loss incurred in the financial year had the opposite effect on cash and cash equivalents.

Equity and liabilities

In EUR millions	31 Dec. 2023	31 Dec. 2022	Change
Equity	4.4	5.5	-1.1
Provisions	4.9	5.8	-0.9
Liabilities	2.2	2.8	-0.6
Deferred income	8.4	8.9	-0.5
Deferred tax liabilities	0.1	0.2	-0.1
TOTAL EQUITY AND LIABILITIES	**20.0**	**23.2**	**-3.2**

Group equity dropped to EUR 4.4 million as of 31 December 2023 (31 December 2022: EUR 5.5 million). This is equivalent to an equity ratio of 22.0% (31 December 2022: 23.7%). While equity declined because of the negative consolidated result in FY 2023, the capital increase of June 2023 had the opposite effect, providing the company with gross proceeds of EUR 7.1 million.

Provisions were down by 15.5% compared to 31 December 2022 and amounted to EUR 4.9 million as of 31 December 2023 (31 December 2022: EUR 5.8 million). This represents 24.5% of total assets (31 December 2022: 25.0%). The decline is essentially attributable to the partial payment (EUR 1.9 million) of stock appreciation rights (SAR). As at the reporting date 31 December 2023, the remaining provisions for the SAR program amounted to EUR 0.4 million (31 December 2022: EUR 2.5 million).

Liabilities were down to EUR 2.2 million as of 31 December 2023 (31 December 2022: EUR 2.8 million).

At EUR 8.4 million, **deferred income** was slightly below the prior year level as of the balance sheet date (31 December 2022: EUR 8.9 million).

Changes in cash and cash equivalents

In EUR millions	2023	2022	Change
Operating cash flow	-6.3	-14.3	8.0
Cash flow from investing activities	-1.0	-0.3	-0.7
Cash flow from financing activities	6.9	0.1	6.8
Net change in cash and cash equivalents	**-0.4**	**-14.5**	**14.1**

Operating cash flow for the reporting period stood at EUR -6.3 million. This represented a clear improvement compared to the previous year (2022: EUR -14.3 million), which primarily reflects Exasol's improved results of operation. Adjusted for the one-time effect from the payments under the SAR program for employees in the amount of EUR 1.9 million in FY 2023, operating cash flow amounted to EUR -4.4 million.

Cash flow from investing activities amounted to EUR -1.0 million in the reporting period (2022: EUR -0.3 million) and thus remained at a low level in 2023.

Cash flow from financing activities improved to EUR 6.9 million in the financial year (2022: EUR 0.1 million). This is attributable to the June 2023 capital increase, which provided the company with net proceeds of EUR 6.8 million.

Cash funds stood at EUR 12.3 million as of 31 December 2023 (31 December 2022: EUR 12.7 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 in the period relevant for the going concern assumption. The Executive Board is not aware of any business developments that could lead to potential liquidity bottlenecks.

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. The company's ARR growth fell short of original expectations in 2023 as global economic developments deteriorated in the course of the year. In conjunction with a continued positive general market outlook and the redefinition of the marketing and product strategy in 2023, the Executive Board, however, believes that there are great market opportunities for the company that should be reflected in continued growth and steadily improving profitability.

Opportunities and risk report

Risk management and risk management system

In the context of its business activity, Exasol is exposed to numerous risks that may have an adverse impact on the company's performance. Risk refers to the possibility of the occurrence of events that have an unfavorable effect on the economic forecast. The aim is to identify these risks at the earliest possible stage and to mitigate the resulting impact as far as possible. Exasol AG's risk policy is in line with its goal to grow sustainably and to increase the value of the company.

As an essential element of good corporate governance, a risk management system is in place throughout the Group and is regularly reviewed by the responsible bodies.

Risk management is the responsibility of the Chief Financial Officer. It is structured along the value chain, with a Risk Officer appointed in each department. There are both regular reporting duties and defined ad-hoc reporting lines. In FY 2023, it was again ensured that the Executive Board and the Supervisory Board were fully informed of the risk situation.

In the financial year 2023, risks were again 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 frequency of possible occurrences. This results in the risk categories shown here (low, medium, high):

		Likelihood		
		Unlikely	Possible	Almost Certain
Impact	Low	Low Risk-L	Low Risk-L	Medium Risk-M
	Medium	Low Risk-L	Medium Risk-M	High Risk-H
	High	Medium Risk-M	High Risk-H	High Risk-H

General economic risks, which are mostly beyond Exasol's ability to influence them and cannot be influenced according to standard risk management measures, are presented and monitored by Exasol. This applies to “macroeconomic risks”, “industry-specific market risks” and “risks from technological change” as detailed below. All other risks listed below are addressed with specific measures, as the Executive Board believes that these are risks that (cumulatively) may potentially have major negative impacts.

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

Risk report

Macroeconomic risks

Exasol’s business performance is materially influenced by macroeconomic risks and developments as well as by the general business climate. As implementing and using Exasol’s software usually involves long-term IT investments for the company’s (potential) customers, the latter may cancel or reduce their investments or not make them at all if expected positive developments in the world economy fail to materialize or fall short of expectations. Long-term investments tend to be suspended or postponed in an uncertain or deteriorating economic or political environment.

In view of the numerous risks that may potentially have a negative impact on the world economy, economic forecasts are subject to great uncertainty. In this context, uncertainties about the further course of the war in Ukraine and its geographic expansion are of special importance. Moreover, further oil and gas supply shortages and the resulting increase in inflation may have an adverse impact on consumer sentiment and, consequently, on companies’ investment activity.

Overall, Exasol rates the aforementioned risks as high because of their low predictability.
Due to the fact that Exasol does not do business with end customers but has a pure B2B business model which involves neither a significant material input nor high energy intensity, the risk arising from increasing global inflation is of minor importance.

Industry-specific market risks

The market environment in which Exasol operates is characterized by very strong international competition. The segment is dominated by large international enterprises which are financially well positioned (Microsoft, Oracle, IBM, Google, Amazon). Competition from these large corporations but also from other potentially new market players may lead to Exasol losing customers and market share. This could have a negative impact on the company’s liquidity, equity and revenue.

Risks from technological change

Exasol considers itself to be technologically very well positioned. Its products are difficult to replicate in terms of flexibility and performance. However, the data analytics market is characterized by fast technological change that is difficult to predict. Exasol must be able to respond fast and flexibly to such changes, anticipate them as best as possible and respond to the corresponding customer requirements. Otherwise, a considerable negative impact on the business performance and thus on Exasol’s revenues, equity and financial resources may arise.

Risks from the customer structure

Exasol’s annual recurring revenue (ARR) is to a relatively high degree dependent on a few large existing customers.

The top 5 customers account for approx. 30% of ARR, with the largest customer representing over 10%. This structure entails the risk that the loss of one or more large existing customers has at least a temporary adverse impact on revenue and ARR. This would also have negative effects on Exasol’s financial resources and results of operation.

Existing customers also account for a considerable share of the company’s revenue growth. This is partly due to the fact that Exasol has built up long-standing business relationships with many of its customers. The company aims to counteract this risk of customer concentration by broadening the customer base and reducing dependencies by means of an effective sales strategy.

With regard to sales, the company continued to develop its existing action plan and carried out a more detailed analysis of its customer structure in the financial year 2023. The product portfolio has been and will continue to be expanded and the contractual relationships are being reorganized. This is intended to lead to an increase in customer retention rates and to help the company generate new customers.

Financial risks

Exasol is currently at the threshold to profitability. In operational terms, Exasol will break even in terms of EBITDA in 2024. Increasing revenue with existing and new customers is a key driver on the road to profitability. Lower-than-expected revenue growth could postpone the point in time at which Exasol breaks even, with the corresponding negative effect on the company’s financial situation. Exasol therefore monitors the business with new and existing customers very closely and would be able to adjust the cost base at short notice in the event of unplanned negative deviations. In addition, the company is constantly monitoring cash flow and equity and prepares the corresponding cash forecasts. Exasol operates in a fast-growing market. To leverage the opportunities offered by this market environment, the company has recently redefined its market positioning and geared its sales activities more closely to this positioning. In this context, there is a risk that the measures taken will not become fully effective and the investments in sales and marketing fail to make the expected contribution to increasing revenues and earnings.

The effectiveness of the market positioning and sales management is continuously being reviewed using market research and an extensive exchange between sales, product management, software development and management.

Human resources risks

Recruiting staff is a major challenge for the technology sector. In the current global employee market, it is extremely difficult to win and retain people, especially employees in highly qualified and specialized areas such as IT, which a company like Exasol needs. Exasol primarily competes with international and renowned large corporations for a finite pool of skilled labor. The loss of key people and the resulting loss of knowledge but also the risk of permanent difficulties in recruiting new staff could lead to Exasol being unable to meet the market demands made on its products and to reach its innovation goals in the long term.

To counteract this, Exasol uses not only attractive remuneration schemes but also various other measures to win and retain staff. For instance, Exasol offers employee stock option programs, flexible working time models, sabbaticals, workations and the like. Regular surveys of employee satisfaction additionally help to identify undesirable developments at an early stage and to take an appropriate response.

Cyber risks

Cyber risks are one of the main original risk areas for a technology company. Cyber risks that materialize may have a considerable adverse impact on business performance, e.g. the complete failure of IT systems, interruptions in Internet connections, infrastructure errors or other disruptions. This may lead to customer contracts not being honored, products or services not being available or other shortages occurring. Outside influence such as cyber-attacks is also possible. This may lead to the theft of (customer) data, infrastructure damage or other consequences. If such attacks become known, this could lead to substantial reputational damage and massive claims for damage and thus have an adverse impact on liquidity, equity and revenue. Exasol has an established information security system in the form of an integrated management system that addresses information security issues and ensures quality and process control. This allows cyber risks to be identified, monitored and minimized to the extent possible and to be reduced to an acceptable residual risk. The corresponding certifications (ISO 27001 and 9001) were confirmed by an audit in the financial year 2023. Internal expertise has also been further expanded.

Regulatory and legal risks

General legal risks

Violations of legal provisions or contractual obligations represent general legal risks. Due to its diverse customer base, Exasol is subject to different regulations and jurisdictions, which, in turn, are also subject to constant change. This may result in liability risks which, individually or collectively, may have a considerable impact on business activities. To minimize such cases, the company has an experienced internal Legal Department, which subjects new contracts and other agreements to intensive reviews.

Data protection risks

It is inherent in Exasol's business model that (customer) data are regularly processed, stored and forwarded via Exasol's systems and products or in cloud solutions of renowned external providers. Laws and regulations on data protection, information security and the protection of personal rights are relevant to Exasol. Any alleged or actual failure to comply with these legal obligations could have a considerable adverse effect on Exasol's business activity. This also includes corresponding reputational damage, in particular. Controls and rules, especially with regard to data protection, are increasingly being tightened by the supervisory authorities. As a result, alleged or actual violations of applicable data protection regulations could lead to high penalties and thus weaken Exasol's financial resources. Also, increasingly stricter regulations may make it more difficult for Exasol to adapt to potential new regulations.

To address these risks and prepare for new regulations, Exasol has hired a qualified external Data Protection Officer who is supported by a team of internal data protection coordinators. In close cooperation with the Information Security Officers, the data protection team takes care of data protection matters and issues.

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.

Further internationalization and expansion of the product range
Exasol aims to significantly expand its customer base going forward, putting it on a broader and more international basis. The resulting higher number of matters to be monitored, especially of a regulatory nature, may lead to an increase in legal risks for Exasol. The recently launched SaaS product, which addresses a different customer base than the existing one, as well as other new products under development may also entail risks that are as yet difficult to foresee in their entirety.

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 relating to the planned (customer) growth, legal and regulatory risks, risks arising from the global economic trend, economic 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 therefore considers the risk situation to be manageable.

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.

Nearly all enterprises are handling ever-increasing amounts of data, whose analysis is essential for business operations.

The ability to make data-based business decisions quickly – both operationally and in planning terms – may and will become one of the key success factors for enterprises. 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.

Material opportunities

Global demand continues to grow
In spite of the currently tense macroeconomic environment, Exasol's market continues to grow strongly, as the data volumes to be processed are also growing constantly. Experts expect the global data volume to increase from 126 zettabytes in 2023 to 230 zettabytes in 2026.[10] Exasol believes that its product and the latter's applications will allow the company to benefit from the rising demand.

Platform independence as 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. Due to the possibility to flexibly use the various platforms, Exasol expects opportunities for its product to arise from the growing demand for hybrid models, which its competitors cannot cover.[11]

Flexibility in operational use
Exasol's technology is very flexible with regard to its possible applications. As a pure performance layer, it primarily serves to speed up existing systems in analyzing data. This gives potential customers the opportunity to benefit from an improvement in performance without immediately having to replace their existing solutions entirely.

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10 Statista: https://de.statista.com/statistik/daten/studie/267974/umfrage/prognose-zum-weltweit-generierten-datenvolumen/

11 Exasol: https://www.exasol.com/resource/dresner-2023-analytical-data-infrastructure-market-study/?access=download&submissionGuid=3f53c3ad-709e-4bc2-a9d5-22d3c31d40e0

In addition, the technology may be used as a complete, standalone database management system, which allows customers to replace their existing solutions with Exasol. In view of the continuously increasing data volumes and the growing importance of real-time data analysis, Exasol considers its marketing opportunities to be good.

Artificial intelligence
Companies are today already using artificial intelligence applications at various levels. One of the major challenges in this context is making very large data volumes available within a short space of time. As in data analytics, speed is of the essence here. In response to this very challenge, Exasol launched "Espresso AI" in November 2023, expanding its core product by various functions that assist companies on their way to an AI-driven world. Exasol believes that the fast-growing market for AI applications opens up great opportunities to benefit from this general trend in the future.

Forecast

Expected macroeconomic environment

The International Monetary Fund assumes that the world economy will show a similar momentum in 2024 as in the previous year. In their October 2023 forecast, the experts project global economic growth of 2.9%.[12]

The IMF expects economic output in the advanced countries to increase by 1.4% in 2024. Within the group of industrialized countries, the USA is expected to grow by 1.5%, while growth of 1.2% is projected for the eurozone for 2024. For Germany, which is the largest economy in the eurozone, the IMF experts project a growth rate of 0.9%.[13]

At 4.0%, growth in the emerging countries in 2024 will be at a similar level as in the previous year, according to the IMF. In this context, a slowdown to 4.0% is projected for China, while India's gross national product will again grow at a disproportionate rate of 6.3%.[14]

Expected industry environment

While global IT spending picked up again for the first time in 2023, rising by 3.3% to USD 4.7 trillion, market research firm Gartner expects a further acceleration in growth to USD 5.0 trillion for 2024. This would be equivalent to an increase by 6.8%. At 12.7%, the experts project the highest percentage growth for the enterprise software segment, which will thus see continued high momentum. IT services will also grow disproportionately again, picking up by 8.7%. Industry association Bitkom projects revenues of EUR 151.6 billion for Germany's IT sector in 2024, which corresponds to a growth rate of 6.1% compared to 2023.[16]

The market for big data analytics is currently expected to grow by 13.6% from around USD 308 billion in 2023 to around USD 350 billion this year.[17]

Expected company performance and outlook

In spite of various economic and geopolitical uncertainties, global IT spending and spending on software, in particular, has been rising continuously for several years. The realignment of the company's core product, Espresso, which began last year, and the increased integration of artificial intelligence will continue to take effect in the course of the year and help Exasol win new customers. At the same time, it is expected that the increased churn rate – last year primarily among customers from the EMEA region – will continue for the time being in the current financial year, before normalizing in the second half of the year. The Executive Board therefore projects a moderate business performance for 2024.

Exasol expects ARR to grow by up to 10% in the current financial year. The increased churn rate of the year 2023 will have an adverse effect on the ARR trend primarily in the first half of the year. This is attributable to the fact that the economic situation in the EMEA region will remain challenging, resulting in some larger customers scaling back their IT budgets. In the second half of 2024, the market initiatives launched in Q4 2023 will lead to a growing project pipeline and, consequently, a positive ARR trend. Exasol projects a 10-15% increase in consolidated revenues and

12 IMF: https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023?cid=ca-com-compd-pubs_belt
13 IMF: https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023?cid=ca-com-compd-pubs_belt
14 IMF: https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023?cid=ca-com-compd-pubs_belt
15 Gartner: https://www.gartner.com/en/newsroom/press-releases/01-17-2024-gartner-forecasts-worldwide-it-spending-to-grow-six-point-eight-percent-in-2024
16 Bitkom: https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland
17 Statista: https://www.statista.com/statistics/1336002/big-data-analytics-market-size/

positive EBITDA clearly above the prior year level. Cash and cash equivalents should remain stable at over EUR 10 million as of the end of 2024.

Overall statement of the Executive Board on the expected performance

The Executive Board is cautiously optimistic about the year 2024. With ARR growing moderately, profitability will continue to improve in the current financial year, with the company breaking even in operating terms in the first half of the year. This development will essentially be driven by the efficiency-increasing measures, last year's ARR growth, the continued positive market environment and Exasol's strong competitive position.

Management report of Exasol AG

Complementing the report on the Exasol Group, the performance of Exasol AG in the financial year 2023 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).

All R&D activities of the Group are pooled 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 2023 is as follows:

In EUR millions	2023	2022	Change
Revenue	29.2	26.1	3.1
Own work capitalized	-	-	-
Other operating income	2.8	10.5	-7.7
Cost of materials	-5.2	-3.8	-1.4
Personnel expenses	-15.8	-16.0	0.2
Depreciation/amortization	-2.9	-3.1	0.2
Other operating expenses	-12.5	-18.8	6.3
Financial result	2.8	2.6	0.2
Result from ordinary activities	**-1.6**	**-2.6**	**1.0**
Taxes	-0.1	-	-0.1
Net loss for the year	**-1.7**	**-2.6**	**0.9**

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 2023 totaled EUR 29.2 million (2022: EUR 26.1 million). The increase in revenues essentially results from the reclassification of intragroup recharging from other operating income to sales revenue.

Other operating income includes reversals of provisions as well as grants in connection with promotional programs. Other operating income amounted to EUR 2.8 million in the financial year 2023 (2022: EUR 10.5 million).

The cost of materials in the financial year 2023 totaled EUR 5.2 million (2022: EUR 3.8 million) and essentially includes expenses for the operation of the customer data center, hardware purchases and for services purchased within the Group.

At EUR 15.8 million, the company's personnel expenses are at a similar level as in the previous year (2022: EUR 16.0 million). Exasol AG employed an average of 125 people during the financial year (2022: 139).

At EUR 2.9 million, depreciation and amortization in the financial year 2023 was on a par with the previous year (2022: EUR 3.1 million). Amortization of intangible assets is the main item.

Other operating expenses in the amount of EUR 12.5 million (2022: EUR 18.8 million) primarily comprise marketing expenses, legal and consulting expenses as well as other expenses of affiliated companies.

Exasol AG's net loss for the year amounted to EUR 1.7 million (2022: EUR 2.6 million).

Targets 2023		Results 2023	Comment
Revenue	Slight improvement	EUR 29.2 million	As the Exasol Group's business volume increased slightly, Exasol AG's revenues also picked up to EUR 29.2 million (previous year: EUR 26.1 million).
Operating result	Slight improvement	EUR -1.6 million	As a result of the improved profitability of the Exasol Group as a whole, Exasol AG's operating result also increased to EUR -1.6 million (previous year: EUR -2.6 million).

Net assets and financial position

Exasol AG's net assets and financial position as of 31 December 2023 and the prior year reporting date were as follows:

ASSETS

In EUR millions	31 Dec. 2023	31 Dec. 2022	Change
Fixed assets	71.7	71.4	0.3
Current assets	6.3	3.6	2.7
Prepaid expenses	1.1	0.9	0.2
Total assets	**79.1**	**75.9**	**3.2**

EQUITY AND LIABILITIES

In EUR millions	31 Dec. 2023	31 Dec. 2022	Change
Equity	74.9	69.5	5.4
Provisions	2.7	4.2	-1.5
Liabilities	1.3	1.8	-0.5
Prepaid expenses	0.2	0.4	-0.2
Total liabilities	**79.1**	**75.9**	**3.2**

Total assets of Exasol AG amounted to EUR 79.1 million as of 31 December 2023 (31 December 2022: EUR 75.9 million).

As of 31 December 2023, fixed assets accounted for EUR 71.7 million of this total (2022: EUR 71.4 million). At EUR 66.3 million, loans to affiliated companies are the main item (2022: EUR 63.3 million).

As of 31 December 2023, current assets include bank balances of EUR 5.9 million (31 December 2022: EUR 2.7 million) as well as receivables and other assets of EUR 0.3 million (31 December 2022: EUR 0.7 million).

Prepaid expenses amounted to approx. EUR 1.1 million as of 31 December 2023 (31 December 2022: EUR 0.9 million).

Taking into account the net result for the year of EUR -1.7 million (31 December 2022: EUR -2.6 million) and the June 2023 capital increase, Exasol AG's equity increased to EUR 74.9 million as of 31 December 2023 (2022: EUR 69.5 million).

The provisions of EUR 2.7 million as of 31 December 2023 (31 December 2022: EUR 4.2 million) mainly included personnel-related provisions, provisions for accounting and audit costs for the year 2023 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 was shown under other operating income in the previous year.

The company's liabilities totaled EUR 1.3 million (31 December 2022: EUR 1.8 million) and resulted primarily from trade payables of EUR 0.9 million (31 December 2022: EUR 1.3 million) as well as wage tax and value-added tax of EUR 0.3 million (31 December 2022: EUR 0.3 million), which are shown under other liabilities.

Deferred income amounted to approx. EUR 0.2 million as of 31 December 2023 (31 December 2022: EUR 0.4 million).

Risks and opportunities

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

Exasol AG's net income for the year depends on the performance of the Exasol Group.

Exasol AG's revenue trend depends on the revenues generated by the subsidiaries as a major share of Exasol's revenues are based on intra-Group settlements.

Due to the expected increases in the subsidiaries' revenues, Exasol AG's revenues are also expected to increase slightly.

In view of the efficiency-increasing measures implemented in the past financial year, costs are also expected to decline, which is why a slightly improved result for the year is expected.

The company is managed at Group level, which means that no separate performance indicators are determined for the management of Exasol AG.

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

Exasol
The analytics database

Consolidated Financial Statements

Consolidated balance sheet

as at 31 December 2023

Assets	31 December 2023 EUR	31 December 2023 EUR	31 December 2022 EUR	31 December 2022 EUR
A. Fixed assets				
I. Intangible assets				
1. Internally generated industrial property rights and similar rights and assets	3,119,842.00		4,971,768.10	
2. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	397,818.55		621,210.44	
3. Goodwill	101,275.15	3,618,935.70	159,145.50	5,752,124.04
II. Property, plant and equipment				
Other equipment, operating and office equipment		256,265.62		660,434.82
		3,875,201.32		**6,412,558.86**
B. Current assets				
I. Inventories				
Goods		0.00		158,753.26
II. Receivables and other assets				
1. Trade receivables	934,984.01		1,885,705.38	
2. Other assets	448,086.85	1,383,070.86	704,192.75	2,589,898.13
III. Cash and cash equivalents		13,344,101.55		12,727,979.55
		14,727,172.40		**15,476,630.94**
C. Prepaid expenses		**1,401,652.71**		**1,312,045.97**
		20,004,026.43		**23,201,235.77**

Consolidated balance sheet

as at 31 December 2023

Equity and liabilities	31 December 2023 EUR	31 December 2023 EUR	31 December 2022 EUR	31 December 2022 EUR
A. Equity				
I. Issued capital				
1. Subscribed capital	26,882,757.00		24,438,870.00	
2. Nominal value of own shares	-298,397.00	26,584,360.00	-298,397.00	24,140,473.00
II. Capital reserve		113,533,933.79		108,890,548.49
III. Difference in equity due to currency translation		433,763.35		372,123.78
IV. Accumulated deficit brought forward		-127,932,531.63		-112,918,444.29
V. Consolidated profit/loss for the year		-8,216,706.27		-15,014,087.34
		4,402,819.24		**5,470,613.64**
B. Provisions				
1. Provisions for taxes		13,789.00		315,850.80
2. Other provisions		4,896,290.01		5,525,051.35
		4,910,079.01		**5,840,902.15**
C. Liabilities				
1. Trade payables		1,144,687.47		1,653,183.61
2. Other liabilities – thereof for taxes: 474,351.61 (PY: EUR 508,595.04) - – thereof for social security: EUR 77,002.16 (PY: EUR 105,125.63)		1,063,416.02		1,190,205.06
		2,208,103.49		**2,843,388.67**
D. Deferred income		**8,381,751.55**		**8,887,187.81**
E. Deferred tax liabilities		**101,273.14**		**159,143.50**
		20,004,026.43		**23,201,235.77**

Consolidated income statement

for the period from 1 January to 31 December 2023

		2023		2022	
		EUR	EUR	EUR	EUR
1.	Revenue		35,144,682.10		33,190,740.01
2.	Other operating income – thereof from currency translation: EUR 88,526.02 (PY: EUR 198,963.07)		3,226,677.53		3,088,771.00
3.	Cost of materials a) Cost of raw materials, supplies and purchased goods	-2,542,350.96		-1,630,933.47	
	b) Cost of purchased services	-306,464.82	-2,848,815.78	-498,916.61	-2,129,850.08
4.	Personnel expenses a) Wages and salaries	-25,621,945.87		-25,759,400.18	
	b) Social security, pension and other benefits – thereof for pensions: EUR 133,152.31 (PY EUR 131,292.24)	-3,797,129.97	-29,419,075.84	-4,080,934.82	-29,840,335.00
5.	Amortisation of intangible assets and depreciation of property, plant and equipment		-2,634,281.13		-2,759,953.47
6.	Other operating expenses – thereof from currency translation: EUR 74,289.84 (PY EUR 105,230.79)		-11,785,913.37		-16,482,422.17
7.	Other interest and similar income		124,938.38		6,071.06
8.	Interest and similar expenses		-12,611.86		-90,738.15
9.	Income taxes – thereof to deferred tax: EUR 57,870.36 (PY EUR 57,870.36)		-9,169.30		8,723.46
10.	**Earnings after taxes**		**-8,213,569.27**		**-15,008,993.34**
11.	Other taxes		-3,137.00		-5,094.00
12.	**Consolidated profit/loss for the year**		**-8,216,706.27**		**-15,014,087.34**

Consolidated statement of cash flows

for financial years 2023 and 2022

	2023 KEUR	2022 KEUR
Loss/profit for the period (consolidated loss for the year)	-8.217	-15.014
Amortization, depreciation and write-downs on fixed assets	2.634	2.760
Increase in provisions	-4.902	-5.860
Other non-cash expenses/income	-2.991	-4.793
Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-275	-746
Increase in trade payables and other liabilities not attributable to investing or financing activities	8.050	9.474
Profit/loss from the disposal of fixed assets	2	454
Interest expense/income	-112	85
Income tax expense	9	-9
Other operating income from grants	-2.481	-183
Proceeds from grants received	2.363	0
Income taxes paid	-372	-446
Cash flows from operating activities	**-6.292**	**-14.279**
Acquisition of intangible assets	0	-8
Acquisition of property, plant and equipment	-100	-273
Proceeds/payments due to investment of cash funds for short-term cash management	-1.000	0
Interest received	125	6
Cash flows from investing activities	**-975**	**-275**
Proceeds/payments from equity contributions by other shareholders	6,784	0
Repayments of bonds and borrowings	0	-44
Proceeds from grants received	118	183
Interest paid	-13	-91
Cash flows from financing activities	**6,889**	**48**
Net change in cash funds	-378	-14,505
Effect of movements in exchange rates and remeasurements on cash funds	-25	27
Cash funds at the beginning of the period	12,728	27,206
Cash funds at the end of the period	**12,325**	**12,728**

Cash funds consist of the following:	**31-12-2023 KEUR**	**31-12-2022 KEUR**
Cash	**12.325**	**12.728**
	12.325	**12.728**

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

Material non-cash expenses and income essentially included the reversal of the prior year’s amounts for prepaid expenses and deferred income as well as the allocation to provisions for personnel expenses.

Consolidated statement of changes in equity

as at 31 December 2023

	Parent company's equity							
	Issued capital							
	Share capital	Own shares	Total	Capital reserve	Difference in equity due to currency translation	Accumulated deficit brought forward	Consolidated net loss for the year	Consolidated equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
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**
Currency translation	0.00	0.00	0.00	0.00	-63,022.67	0.00	0.00	-63,022.67
Purchase/sale of own shares	0.00	298,397.00	298,397.00	1,217,642.01	0.00	0.00	0.00	1,516,039.01
Other changes	0.00	0.00	0.00	0.00	0.00	-29,297,918.48	29,297,918.48	0.00
Consolidated net loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	-15,014,087.34	-15,014,087.34
As at 31 December 2022	**24,438,870.00**	**-298,397.00**	**24,140,473.00**	**108,890,548.49**	**372,123.78**	**-112,918,444.29**	**-15,014,087.34**	**5,470,613.64**
Currency translation	0.00	0.00	0.00	0.00	61,639.57	0.00	0.00	61,639.57
Purchase/sell of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance of shares	2,443,887.00	0.00	2,443,887.00	4,643,385.30	0.00	-15,014,087.34	15,014,087.34	7,087,272.30
Consolidated net loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	-8,216,706.27	-8,216,706.27
As at 31 December 2023	**26,882,757.00**	**-298,397.00**	**26,584,360.00**	**113,533,933.79**	**433,763.35**	**-127,932,531.63**	**-8,216,706.27**	**4,402,819.24**

Movements in the Group‘s fixed assets

in the financial year 2023

	Cost				
	1 January 2023	**Additions**	**Disposals**	**Currency differences**	**31 December 2023**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	17,823,667.56	0.00	0.01	0.00	17,823,667.55
2. Concessions, industrial properts rights and similar rights and assets acquired for a consideration	9,857,909.80	0.00	8,116,671.91	0.00	1,741,237.89
3. Goodwill	7,583,762.86	0.00	0.00	0.00	7,583,762.86
	35,265,340.22	**0.00**	**8,116,671.92**	**0.00**	**27,148,668.30**
II. Property, plant and equipment					
Other equipment, operating and office equipment	**3,465,794.64**	**100,319.44**	**1,727,237.47**	**2,272.74**	**1,841,149.35**
	38,731,134.86	**100,319.44**	**9,843,909.39**	**2,272.74**	**28,989,817.65**

Movements in the Group's fixed assets

in the financial year 2023

	Accumulated amortisation, depreciation and write-downs							Book Value	
	1 January 2023 EUR	Change in scope of consolidation EUR	Amortisation, depreciation and write-downs during the financial year EUR	Write-ups of the financial year EUR	Diposals EUR	Currency differences EUR	31 December 2023 EUR	31 December 2023 EUR	31 December 2022 EUR
I. Intangible assets									
1. Internally generated industrial property rights and similar rights and assets	12,851,899.46	0.00	1,851,926.09	0.00	0.00	0.00	14,703,825.55	3,119,842.00	4,971,768.10
2. Concessions, industrial properts rights and similar rights and assets acquired for a consideration	9,236,699.36	0.00	223,363.78	0.00	8,116,643.80	0.00	1,343,419.34	397,818.55	621,210.44
3. Goodwill	7,424,617.36	0.00	57,870.35	0.00	0.00	0.00	7,482,487.71	101,275.15	159,145.50
	29,513,216.18	**0.00**	**2,133,160.22**	**0.00**	**8,116,643.80**	**0.00**	**23,529,732.60**	**3,618,935.70**	**5,752,124.04**
II. Property, plant and equipment									
Other equipment, operating and office equipment	**2,805,359.82**	**0.00**	**501,120.91**	**0.00**	**1,725,475.83**	**3,878.83**	**1,584,883.73**	**256,265.62**	**660,434.82**
	32,318,576.00	**0.00**	**2,634,281.13**	**0.00**	**9,842,119.63**	**3,878.83**	**25,114,616.33**	**3,875,201.32**	**6,412,558.86**

Notes to the consolidated financial statements

for the financial year 2023

A. General information and explanatory notes

(1) EXASOL AG is headquartered in Nuremberg and listed in the comercial 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	EURO
EXASOL UK Ltd., London (United Kingdom)	100	GBP
EXASOL USA Inc., San Francisco (USA)	100	USD
EXASOL France S.A.S., Paris (France)	100	EURO
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.

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 corporations (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. These assets are amortized on a straight-line basis over five years. Due to necessary systemic changes, however, the capitalization option previously used has no longer been exercised since 2022 for intangible assets not yet completed.

Capitalized internally generated intangible assets will be continue to be amortized until 2026.

(5) Intangible assets acquired for a consideration 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 five years. As goodwill is based on established and consistent business, the company considers the total useful life approach to be appropriate.

(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) Inventories are recognized at cost.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

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

(14) 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 Group 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. 2023	Average rate in 2023
US dollar (USD)	1.11 (PY: 1.07)	1.08 (PY: 1.05)
British pound (GBP)	0.87 (PY: 0.89)	0.87 (PY: 0.85)
Swiss franc (CHF)	0.93 (PY: 0.98)	0.97 (PY: 1.00)

E. Consolidation policies

The reporting date of the consolidated financial statements is 31 December 2023 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 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 777 change in the Group's earnings as at the balance sheet date (PY: KEUR 803).

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

Fixed assets

The movements in fixed assets during the financial year between 1 January 2023 and 31 December 2023 as well as the breakdown of the individual items are presented in the statement of movements in fixed assets.

Intangible assets include purchased property rights and IT software, internally generated intangible fixed assets (capitalized development costs for software) and goodwill. Purchased property rights include property rights acquired as part of purchase and transfer agreements along with other acquired rights.

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	935	0	1,886	0
Other assets	467	6	704	45
	1,402	6	2,590	45

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

Other assets declined from KEUR 704 to KEUR 467. In the previous year, this item included a loan to a member of the Executive Board in the amount of KEUR 257.

Prepaid expenses essentially include advance payments for advertising services and IT services.

Equity

(1) Subscribed capital

EUR	1 Jan. 2023	Increase	Decrease	31 Dec. 2023
Original capital	86,950	---	---	86,950
Capital increase	24,351,920	2,443,887	---	26,795,807
Share capital	**24,438,870**	**2,443,887**	**---**	**26,882,757**

(2) Capital reserve

EUR	1 Jan. 2023	Increase	Decrease	31 Dec. 2023
Offering premium arising from capital increase	104,653,613	4,643,385	---	109,296,998
Other additional payments	298,397	---	---	298,397
Offering premium arising from resale of own shares	3,938,539	---	---	3,938,539
	108,890,548	4,643,385	---	**113,533,934**

(3) Treasury stock

As of the balance sheet date, the company held a total of 298,397 treasury shares, after 881,794 shares were contributed by existing shareholders free of charge in December 2019, January 2020 and February 2020 prior to the IPO. 285,000 shares were sold in May 2020, and a total of 298,397 shares were transferred to current and former members of the Executive Board as part of the fulfillment of Executive Board stock appreciation rights in April and May 2022. The 298,397 treasury shares account for EUR 298,397.00 of the share capital (1.22%).

(4) Conditional capital

On 22 July 2020, the Annual General Meeting 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.

On 6 July 2022, the Annual General Meeting adopted a new ESOP program (ESOP as amended in 2022), for which the 1,561,726 shares of the Conditional Capital 2021 that had not yet been issued are to be used. The old ESOP program (ESOP 2020) is to continue unchanged, although no new options will be issued.

At the time the 2023 Annual General Meeting was convened, the Executive Board had issued, with the consent of the Supervisory Board, a total of 831,237 option rights to employees of the company and to employees of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG) on the basis of the stock option program as amended in 2020, the stock option program as amended in 2021 and the stock option program as amended in 2022.

The Annual General Meeting on 23 June 2023 resolved to again authorize the Executive Board to issue option rights to subscribe to up to 1,612,650 bearer or registered shares in the company. These are the option rights not yet issued from the stock option program as amended in 2022, which will be transferred to a new stock option program as amended in 2023. The stock option program as amended in 2022 has been amended to the effect that there is no longer any authorization to issue option rights on the basis of the stock option program as amended in 2022 in the amount of the option rights not yet issued under the previous authorization to subscribe to up to 1,612,650 bearer or registered shares.

A reference to the stock option program 2023 will thus be added to the conditional capital 2020 as amended on 6 July 2022 without changing its amount.

The authorization will expire on 29 June 2026.

As of 31 December 2023, employees of the company and employees of companies affiliated with the company held 1,345,655 – 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. Following partial utilization, the Authorized Capital 2020/I thus still amounts to EUR 8,887,935.00.

At the Annual General Meeting on 6 July 2022, the Authorized Capital 2020/I was cancelled and new authorized capital (Authorized Capital 2022/I) was created.

The Executive Board is authorized to increase the share capital, with the approval of the Supervisory Board, on one or more occasions by 5 July 2027 to a total of up to EUR 7,331,661.00 against cash and/or non-cash contribution, with the option to exclude shareholders' subscription rights. The registration with the Nuremberg Local Court was made on 4 October 2022.

In June 2023, Exasol carried out an ex-rights capital increase against cash contribution in the amount of 10% of the existing share capital in accordance with the Articles of Association. In the context of this capital increase, 2,443,887 bearer or registered shares in the company were issued.

As of 31 December 2023, the authorized capital thus totaled EUR 4,887,774.00

Other provisions

Other provisions mainly include provisions for bonuses, commissions, stock appreciation rights and stock awards (KEUR 2,882; PY: KEUR 3,685), personnel expenses (KEUR 1,275; PY: KEUR 1,046), external annual accounting expenses (KEUR 204; PY: KEUR 257) and Supervisory Board remuneration (KEUR 301; PY: KEUR 220).

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	0 (PY: 0)	0 (PY: 0)	0 (PY: 0)	0 (PY: 0)
Trade payables	1,145 (PY: 1,653)	1,145 (PY: 1,653)	0 (PY: 0)	0 (PY: 0)
Other liabilities	1,063 (PY: 1,190)	1,063 (PY: 1,190)	0 (PY: 0)	0 (PY: 0)
	2,208 (PY: 2,843)	**2,208 (PY: 2,843)**	**0 (PY: 0)**	**0 (PY: 0)**

None of the liabilities are securitized.

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

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 and goodwill 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 2020, deferred tax liabilities were recognized 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. 2023	Change	31 Dec. 2023
Deferred tax liabilities	159,143.50	./. 57,870.36	101,273.14

G. Disclosures and explanatory notes on the consolidated income statement

Revenue

Revenue breaks down as follows:

By region	2023 KEUR	2023 %	2022 KEUR	2022 %
Germany, Austria, Switzerland (DACH)	23,042	66	22,253	67
Rest of Europe (excluding the UK) and rest of the world	3,823	11	3,758	11
United Kingdom	2,619	7	2,369	7
Region America	5,660	16	4,810	15
Total	**35,144**	**100**	**33,190**	**100**

Other operating income

Other operating income includes income from currency translation in the amount of KEUR 88 (PY: KEUR 199), from the reversal of other provisions (stock appreciation rights – Executive Board) in the amount of KEUR 187 (PY: KEUR 2,410) and from grants in the amount of KEUR 2,481 (PY: KEUR 183).

Income relating to other periods amounted to KEUR 2,564 (PY: KEUR 2,475) and essentially related to the above grants and reversal of provisions.

Other operating expenses

Expenses from currency translation amounted to KEUR 74 (PY: KEUR 105). Other operating expenses include expenses unrelated to the accounting period in the amount of KEUR 178 (PY: KEUR 571), which mainly relate to consulting expenses.

H. Contingent liabilities and other financial obligations

Contingent liabilities pursuant to Section 251 HGB

There were no contingent liabilities pursuant to Section 251 HGB.

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".

Other financial obligations

Type of obligation	Payable within 1 year KEUR	Total KEUR
Rents for premises	582	582
Rents and leases for office equipment	234	459
Advertising rights	159	287
	975	**1,328**

The underlying agreements for the business premises have remaining terms of up to one year. The remaining terms for the leased office equipment and the leased vehicles are between one and three years.

I. Other disclosures

Number of employees

	2023
Administration / Sales / Marketing	84
R&D / Cloud / Services	109
Total	**193**

Executive Board

Members of the Executive Board in financial year 2023:

Jörg Tewes, CEO, Munich

Mathias Golombek, CTO, Ottensoos

Jan-Dirk Henrich, CFO, Cologne

With effect from 1 January 2023, Jörg Tewes was appointed CEO (Executive Board Chairman) of EXASOL AG. The registration with the Nuremberg Local Court was made on 31 January 2023.

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).

Supervisory Board

Members of the Supervisory Board in financial year 2023:

Volker Smid, CEO of Acrolinx GmbH, Hamburg (Chairman of the Supervisory Board)

Karl Hopfner (Vice Chairman of the Supervisory Board), businessman / business economist, Oberhaching

Linda Mihalic, Chief Sales Officer of Degura GmbH, Berlin

Dr. Roland Wöss, Corporate Consultant, Linz, Austria

Petra Neureither, Managing Director of PEN GmbH, Heidelberg

Torsten Wegener, member of the Executive Board of adesso SE, Hamburg

The total remuneration paid to the Supervisory Board amounted to KEUR 300 in the financial year.

Auditor's fee

The total fee of KEUR 255 charged by the auditor of the consolidated financial statements for the financial year under review is comprised as follows:

Activity	KEUR
Audit services	255
Other assurance services	0
Tax advisory services	0
Other services	0
	255

Proposal on the appropriation of profit

The Executive Board proposes that EXASOL AG's net loss for the year of EUR 1,679,199.67 be carried forward to the following year.

Information on the amount blocked for distribution

Due to the capitalization of internally generated intangible fixed assets, an amount of EUR 2,417,552.00 is blocked for distribution pursuant to Section 268 (8) of the German Commercial Code (HGB).

Exemption option under Section 264 (3) HGB

Exasol Europa Vertriebs GmbH makes use of the exemption pursuant to Section 264 (3) HGB and therefore prepares no management report.

J. Information on the cash flow statement

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

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

Material non-cash expenses and income essentially included the reversal of the prior year’s amounts for prepaid expenses (KEUR 1,312; PY: KEUR 1,588) and deferred income (KEUR 8,887; PY: KEUR 6,333) as well as the allocation to the provision for personnel expenses (KEUR 3,761; PY: KEUR 496).

K. Post balance sheet events

There were no reportable events after the balance sheet date.

Nuremberg, April 29, 2024

EXASOL AG

Executive Board
Jörg Tewes
Mathias Golombek
Jan-Dirk Henrich

Responsibility Statement

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements 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, April 29, 2024

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, Nürnberg

Opinions

We have audited the consolidated financial statements of EXASOL AG, Nürnberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated 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 from year January 1, 2023 to December 31, 2023.

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

» the accompanying consolidated financial statements comply, in all material respects, with the 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 Group as at December 31, 2023, and of its financial performance for the financial year from January 1, 2023 to December 31, 2023 in compliance with German Legally Required Accounting Principles, and

» the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated 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 [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated 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 Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Other Information

Management respectively supervisory board are responsible for the other information.

The other information comprise the annual report. Other Information does not include the audited consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

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

» is materially inconsistent with the consolidated financial statements, with the combined management report audited for content or our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

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

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting 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 Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, 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 consolidated financial statements and the combined management report.

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

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

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's re port. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by 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, April 29, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Behrendt	Zippel
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial Calendar

Publications

Consolidated Financial Statement 31-12-2023 and Trading Update 3M 2023

07 May 2024

General Meeting

Annual General Meeting

virtually

20 June 2024

Publications

Interim Financial Statements 30-06-2024

14 August 2024

Trading Update 9M 2023

13 November 2024

Exasol
The analytics database

Exasol AG
Neumeyerstr. 22-26
90411 Nuremberg
Germany

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