

Annual Financial Statements 2021 of Exasol AG



Financial Statements 2021
of
Exasol AG, Nuremberg



Exasol AG

Consolidated Management Report for the financial year 2021



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Consolidated Management Report for the financial year 2021

1. General corporate information

1.1 Business activity

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

The continuously growing amount of data and applications leads to huge growth rates in big data and data analytics. According to independent studies, this market is growing at a compound annual growth rate of 13%. Starting from a global market size of approx. USD 108 billion in 2021, the market is expected to reach USD 197 billion by 2025.¹

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

In our opinion, our technological lead is based on three pillars: The processing of data in main memory or RAM (in-memory technology), the combination of several main memories into a distributed, virtual "supercomputer" (massive parallel processing), and the use of intelligent algorithms for optimal and intervention-free operation of the system. Moreover, the design and product know-how support the very cost-efficient use of the installed hardware.

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



and simultaneously. This innovative approach differs fundamentally from legacy database architectures.

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

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

This results not only in an economic advantage. Today already, the storage and processing of data have an influence on global energy consumption that should not be underestimated.

According to Greenpeace, data centers worldwide consume roughly the same amount of energy as global aviation.⁴ This aspect is therefore also becoming increasingly important with regard to companies' sustainability efforts. And energy consumption increases in line with the growing data volumes. The Exasol solution allows customers to implement a given analytical data application with optimal footprint in terms of energy consumption and carbon emissions.

Many business models are barely conceivable already today without the insights gained from big data and data analytics.

Accordingly, Exasol has a very low customer churn rate of just about 4%. Companies that have opted for Exasol use the products and services for many years and typically expand the use continuously. Upselling, i.e. revenue growth with existing customers, is thus an important growth driver. Winning new customers is the second pillar of the company's growth. In 2022, the company additionally started offering Exasol as software as a service (SaaS), thus facilitating access to a fully Exasol-managed system and targeting additional customer groups and applications. Extending usage-based billing models to all platforms – in the cloud or in our own data center, i.e. "on-premise" – will also clearly lower the commercial entry barrier for using our products. At the same time, Exasol is continuously expanding the existing partnerships with AWS, Microsoft Azure and Google Cloud Platform and is pushing ahead the ongoing internationalization of its business.

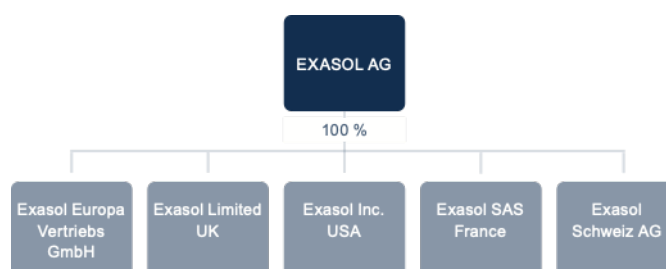
1.2 Corporate structure and locations

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



The subsidiaries Exasol BigData Technologies GmbH and Exasol Cloud Computing were merged into Exasol Vertriebsholding GmbH during the financial year. Exasol Vertriebsholding GmbH and yotilla GmbH were also merged into Exasol AG in the financial year 2021.

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



1.3 Research and development

2021 saw Exasol continue its investments in R&D with a view to strengthening its competitive position. The development activities focused on the development of Exasol's SaaS (Software as a Service) solution, which was launched in early 2022 as a managed service in the public cloud. The native cloud implementation and the separation of cloud storage (data storage) and cloud computation (computing capacity) make Exasol's analytic database fully elastic for customers to use, meaning its computing power can be increased or decreased at short notice depending on customer needs and applications. Also, simple user guidance makes it much easier to get started using Exasol. Besides the general market trend towards cloud and SaaS, the usage-based SaaS pricing model offers great potential as the upfront investment barrier is much lower, and over time revenue growth increases in line with usage.

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

In August 2021, we additionally launched Release 7.1 of our software, which offers many improvements and enhancements. These include various performance improvements, e.g. for metadata queries and data generation functions, better scalability for parallel user sessions as well as security-related enhancements. Based on this new software version, the latest TPC-H performance benchmarks were published, which repeatedly underlined the market-leading performance of our solution.⁵



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

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

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

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

2. Economic Report of the Exasol Group

2.1 The macroeconomic environment

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

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

2.2 The industry environment

The global economic recovery in 2021 was also reflected in the performance of the IT sector. While the global recession had a noticeable impact on companies' spending propensity in 2020, the IT sector clearly picked up steam last year. IT spending increased at a disproportionate rate of 9.5%.⁷ According to US analyst firm Gartner, IT spending on hardware, enterprise software and IT services showed a particularly positive trend, each growing by more than 10%. In Germany, spending on IT hardware also increased by a disproportionate 8.3% compared to the previous year, followed closely by software spending, which increased by 8.0%, according to industry association Bitkom.⁸



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

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

However, Exasol sees itself very well positioned in this market environment and considers its database infrastructure, which specializes in the analysis of large data volumes, to be one of the technologically leading solutions, especially in terms of speed, performance, scalability, flexibility and cost efficiency. What is more, Exasol offers its customers flexibility (pricing model, storage of data in the cloud, in their own data centers or hybrid structures), which, from the Executive Board's point of view, many of the above competitors cannot match.

2.3 Financial and non-financial performance indicators

In order to provide a clear and transparent presentation of the Exasol Group's business performance, the Group's annual and interim financial statements include not only the disclosures required by German HGB reporting standards but also additional financial performance indicators, mainly annual recurring revenue (ARR). In 2022, the Executive Board additionally started using adjusted EBITDA as well as cash and cash equivalents. ARR, adjusted EBITDA and cash and cash equivalents are the key financial performance indicators for Exasol.

Annual Recurring Revenue (ARR) is defined as the annualized value of the contractually agreed recurring revenue component of term-based contracts with a term of at least 12 months. ARR is an indicator that shows the amount of recurring revenue, excluding new business volume, that is expected over the next twelve months provided that no contracts are terminated or existing contracts are renewed. For the financial year 2021, the contractually agreed recurring revenue components as of 31 December 2021 are multiplied by 12 to calculate ARR.

It is important to distinguish between ARR and recurring revenue of the reporting period: Recurring revenue of the reporting period includes revenue from software rental as well as ongoing support and maintenance services that are based on a term-based contract. Recurring revenue of the reporting period refers to the period from 1 January to 31 December, whereas ARR is calculated as of the reporting date of 31 December.

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

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



2.4 Business trend in the financial year 2021

The year 2021 was a year of light but also a year of shadow. On the one hand, Exasol was able to build on the positive trend of previous years and again report strong revenue growth as the company continued to win global brands as new customers and expanded its presence with existing customers. In addition, further important milestones were achieved in product development, especially with regard to public cloud capabilities. On the other hand, it turned out in the second half of the year that certain investments and expansion plans did not translate into the accelerated revenue growth originally expected. As a result, the ARR growth forecast had to be downgraded in October, and the medium-term forecast for 2024 was postponed by one year. Originally, ARR growth was expected to be in the medium double-digit range. As the forecast was adjusted, ARR growth was corrected to EUR 30-31 million, which represented an increase by 25-29%.

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

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



2.5 Results of operation, financial and net asset position

2.5.1 Results of operation

| in Euro Millions | 31.12.2021 | 31.12.2020 | Change |
|--------------------------------|------------|------------|--------|
| Annual recurring revenue (ARR) | 30.5 | 23.5* | 29.8% |
| Revenue | 27.5 | 23.6 | 16.5% |
| Recurring revenue | 24.7 | 19.0 | 30.0% |
| in% of revenue | 89.8 | 80.5 | +9.3pp |
| Other revenue | 2.8 | 4.6 | -39.1% |
| in% of revenue | 10.2 | 19.5 | -9.3pp |

*based on comparables exchange rates

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

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



Geographically, Exasol breaks down its revenues into four regions, i.e. DACH (Germany, Austria, Switzerland), Great Britain, North America and Rest of the World. In the DACH region, which is currently the most important region for Exasol, revenue increased by 19.3% to EUR 19.8 million in the reporting period, which represents 72.0% (2020: 70.3%) of total consolidated revenues.

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

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

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

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

Personnel expenses rose by 5.4% to EUR 39.3 million in the financial year 2021 (2020: EUR 37.3 million). In both 2021 and 2020, this item includes extraordinary expenses from the stock appreciation rights



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

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

At the bottom line, the Exasol Group's EBITDA improved to EUR -25.7 million in the financial year 2021 (2020: EUR -29.9 million). Adjusted for the two extraordinary non-operating effects (1) expenses for capital measures and (2) share-based remuneration for the Executive Board and employees, EBITDA deteriorated markedly to EUR -31.6 million (2020: EUR -8.7 million). This is essentially attributable to increased personnel and marketing expenses.

Reconciliation to adjusted EBITDA

| in EUR millions | 31 Dec. 2021 | 31 Dec. 2020 |
|---|--------------|--------------|
| EBITDA (reported) | -25.7 | -29.9 |
| + share-based remuneration | -5.9 | +15.6* |
| + expenses for capital measures | 0 | +5.7 |
| = adjusted EBITDA | -31.6 | -8.7 |
| *Stock appreciation rights for Executive Board and employees; non-share-based remuneration (stock awards) | | |

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

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



2.5.2 Net assets and capital structure

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

Fixed assets increased in 2021, namely from EUR 7.7 million to EUR 9.4 million, essentially due to the capitalization of development work for own software. At 89.4%, intangible assets account for the biggest share of fixed assets. At the same time, current assets declined by 58.0% to EUR 30.6 million (31 December 2020: EUR 72.9 million). This is mainly attributable to the decrease in short-term cash and cash equivalents (incl. securities) to finance the operating activities. In this context, cash and cash equivalents (incl. securities) declined to EUR 27.2 million at the end of the reporting period (31 December 2020: EUR 69.5 million).

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

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

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

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

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

2.5.3 Changes in cash and cash equivalents

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

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



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

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

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

2.6 Overall assessment by the Executive Board

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

3. Opportunities and risk report

3.1. Risk report

3.1.1 Risk management

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

3.1.2 Risk management system

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

The purpose of the CRM is to provide the Executive Board with an overview of risks and compliance-related issues to assist it in the decision-making on how to manage these risks. Potential risks are to be identified, assessed and mitigated or controlled by means of suitable measures at an early stage. At the same time, however, (corresponding) opportunities are to be identified and their realization facilitated.

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



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

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

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



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

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

3.1.3 Material risks

3.1.3.1 Macroeconomic risks and geopolitical environment

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

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

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

3.1.3.2 Industry-specific and market-related risks

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

3.1.3.3 Risks from technological change

Exasol believes that its technology is difficult to replicate, especially in terms of performance, and therefore considers itself technologically well positioned. However, the data analytics market is subject



to rapid technological change. Exasol's competitiveness hinges on its ability to anticipate such change, to develop and adapt products accordingly, and to respond to customer needs. Should Exasol be unable to do so, this could have a considerable negative impact on the business performance and thus on Exasol's revenues, earnings and financial resources.

3.1.3.4 Risks from the customer structure

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

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

Existing customers account for a major share of Exasol's additional revenue. This additional revenue would be reduced if the customer churn rate were (too) high. The customer churn rate thus indirectly influences the customer structure.

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

3.1.3.5 Financial risks

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

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

Exasol makes certain planning assumptions (e.g. with regard to new customer business in the SaaS segment or growth in certain countries), which are naturally associated with uncertainties. Should these assumptions fail to materialize at all or materialize to a much lower extent than projected, this might have an adverse impact on revenue, financial resources and equity.

3.1.3.6 Human resources risks



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

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

3.1.3.7 Cyber risks

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

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

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

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

3.1.3.8 Legal and regulatory risks

3.1.3.8.1 General legal risks

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

3.1.3.8.2 Risks from the breach of data protection regulations

Due to Exasol's business model, personal data are regularly processed, stored and forwarded via Exasol's systems or in external providers' cloud solutions. Exasol is subject to the laws and regulations on data protection, information security and the protection of personal rights. Any actual or alleged failure to comply with or even a breach of these obligations could adversely affect Exasol's business



activity. In particular, there is a risk of reputational damage. Over the past years, regulatory authorities have tightened both data protection rules and controls. Alleged or actual violations of data protection regulations may lead to high penalties and thus weaken Exasol's financial strength.

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

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

3.1.3.8.3 Patent and IP rights

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

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

A dispute with competitors and/or patent right holders and the defense against lawsuits due to an (alleged) IP right infringement may lead to considerable financial burdens. Exasol is aware of this risk and has taken corresponding steps to find cross-departmental strategies to enforce and defend IP rights. Moreover, Exasol has further expanded its internal expertise with the help of external legal advisors. Nevertheless, involvement in patent and IP litigation, especially since it can also be unjustified, cannot be completely ruled out.

3.1.3.9 Internationalization and new product

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

3.1.4 Overall assessment of the risk situation

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

3.2 Opportunities report



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

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

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

3.2.1 Material opportunities

3.2.1.1 Global demand continues to grow

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

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

3.2.1.2 Platform independence remains a competitive advantage

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

3.2.1.3 Exasol's technology delivers best performance

Exasol's technology remains demonstrably one of the best in terms of performance. This is proven by benchmark tests (TPC)¹⁶ as well as by the standard industry surveys conducted by BARC.¹⁷

Both rated Exasol as the leader in the performance category. This is why the Executive Board considers the company's market position to be very good, especially in big data analytics.

3.2.1.4 Flexible infrastructure operation

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



It is also possible to use the technology as a pure layer which primarily serves to significantly speed up existing systems in analyzing data. This gives potential customers the opportunity to benefit from a massive improvement in performance without immediately having to replace their existing solutions entirely. This reduces the entry barrier, which clearly increases Exasol's marketing opportunities.

3.2.1.5 Launch of Exasol's SaaS solution

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

Exasol assumes that the targetable customer base has increased significantly already with the launch on AWS, and this may continue with the release of the service on other cloud provider platforms. Moreover, the entry barriers for potential customers are further reduced, thus attracting new prospective customers. This is supported by a free trial version, which allows interested parties to test the full range of functions for 30 days immediately after having registered.

3.2.1.6 Launch of new Yotilla product scheduled for late 2022

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

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

4. Forecast

4.1 Expected macroeconomic environment

The war in Ukraine has resulted in many new burdens for the world economy. Concerns about rising raw material prices at a time when inflation has already picked up sharply, coupled with fears of supply shortages in production and the absence of Russian commodity deliveries, have considerably reduced the growth expectations for the world economy. As a result, the Kiel Institute for the World Economy currently expects the global economy to grow by 3.5% in 2022. This is one percentage point below the forecast of December 2021.¹⁸



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

4.2 Expected industry environment

While global IT spending rose by 9.5% to USD 4.2 trillion in 2021, market research firm Gartner expects continued growth to USD 4.5 trillion for 2022.¹⁹ This would be equivalent to an increase by 5.5%. At 11.5%, the experts project the highest percentage growth for the enterprise software segment, which will thus see continued high momentum. The IT services segment will also grow at a disproportionate rate of 8.6%, while a moderate increase of 2.3% is expected for the hardware segment. According to industry association Bitkom, revenues of EUR 108.6 billion are projected for Germany's IT sector in 2022, which corresponds to a growth rate of 5.9% compared to 2021. Here, too, the enterprise software and IT services segments are expected to be the main drivers.²⁰ It is currently difficult to assess to what extent the war in Ukraine will have a negative impact on IT spending and thus affect growth in the industry as a whole.

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

4.3 Expected company performance and outlook

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



Overall statement of the Executive Board on the expected performance

Against the background of the milestones achieved in product development and the operational course set in Q4 2021, the Executive Board is optimistic about the future development in 2022. With ARR continuing to grow at a high rate, profitability will improve noticeably and the operating loss be halved in the current financial year. This will also be supported by the reorganization and process optimization implemented in the company towards the end of the financial year 2021 as well as by the resulting improved cost structure. Accordingly, the consumption of capital will also be reduced.

5. Management report of Exasol AG

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

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

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

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

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

As a result of the takeover of the developers who were employed at Exasol Big Data Technologies GmbH, the R&D activities are now bundled at Exasol AG, and consequently development costs are capitalized at Exasol AG. For a detailed presentation, please refer to the “Research and development” chapter on Exasol Group.



Results of operation

The financial year of Exasol AG is the calendar year.

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

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

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

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



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

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

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

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

Other operating expenses in the amount of EUR 34.8 million (2020: EUR 16.2 million) primarily comprise marketing expenses, legal and consulting expenses as well as other expenses of affiliated companies. They also include merger losses of EUR 9.5 million from the mergers within the Group. The prior year expenses include approx. EUR 5.7 million in extraordinary expenses in connection with the capital measures implemented.

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

Net assets and financial position

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



| in Euro million | 2021 | 2020 | Change |
|------------------------------|------|-------|--------|
| Fixed assets | 63.8 | 17.7 | 260% |
| Current assets | 18.3 | 84.1 | -78% |
| Prepaid expenses | 1.4 | 0.9 | 56% |
| Total assets | 83.5 | 102.6 | -19% |
| | | | |
| in Euro million | 2021 | 2020 | Change |
| Equity | 70.6 | 81.8 | -14% |
| Provisions | 11.6 | 20.0 | -42% |
| Liabilities | 1.1 | 0.9 | 22% |
| Deferred income | 0.3 | 0.0 | - |
| Total equity and liabilities | 83.5 | 102.6 | -19% |

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

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

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



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

Taking into account the net loss for the year of EUR 11.2 million (31 December 2020: EUR 21.8 million), Exasol AG's equity declined to EUR 70.6 million as of 31 December 2021 (2020: EUR 81.8 million).

The provisions of EUR 11.6 million as of 31 December 2021 (31 December 2020: EUR 20.0 million) mainly included personnel-related provisions, provisions for accounting and audit costs for the year 2021 as well as provisions for taxes. The main reasons for the reduction are payments of bonuses from share-based remuneration systems and a revaluation of the provisions for share-based remuneration systems. Income from the reversal of provisions is shown under other operating income.

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

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

Risks and opportunities

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

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

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

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

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

1 https://www.reportlinker.com/p06246484/Big-Data-and-Analytics-Services-Global-Market-Report.html?utm_source=GNW
2 <https://wikis.gm.fh-koeln.de/Datenbanken/InMemory-DB>



- 3 <https://ir.exasol.com/de/publikationen/#other> (Presentation on preliminary figures 2021, slide 6)
- 4 <https://web.de/magazine/wissen/wissenschaft-technik/stromfresser-internet-energie-daten-verbrauchen-33170202>
- 5 https://www.tpc.org/tpch/results/tpch_perf_results.asp?resulttype=ALL&version=3%25¤cyID=0
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- 19 <https://www.gartner.com/en/newsroom/press-releases/2021-10-20-gartner-forecasts-worldwide-it-spending-to-exceed-4-trillion-in-2022>
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- 21 <https://www.gartner.com/en/newsroom/press-releases/2021-04-21-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-grow-23-percent-in-2021>
- 22 https://www.reportlinker.com/p06246484/Big-Data-and-Analytics-Services-Global-Market-Report.html?utm_source=GNW
- 23 <https://www.statista.com/statistics/871513/worldwide-data-created/>



Balance sheet as at 31 December 2021

Assets as at 31 December 2021

| | 31.12.2021 | | 31.12.2020 | |
|---|---------------|----------------------|---------------|-----------------------|
| | EUR | EUR | EUR | EUR |
| A. Fixed assets | | | | |
| I. Intangible assets | | | | |
| 1. Internally generated industrial property rights and similar rights and assets | 4,740,850.60 | | 0.00 | |
| 2. Concessions, industrial property rights and acquired similar rights and assets as well as licenses to such rights and assets for a consideration | 4,820,877.01 | | 8,524,995.41 | |
| 3. Goodwill | 1.00 | 9,561,728.61 | 1.00 | 8,524,996.41 |
| II. Property, plant and equipment | | | | |
| Other equipment, operating and office equipment | | 821,588.00 | | 75,995.00 |
| III. Financial assets | | | | |
| 1. Shares in affiliated companies | 1,018,298.73 | | 1,029,722.59 | |
| 2. Loans in affiliated companies | 52,412,642.01 | 53,430,940.74 | 8,021,804.26 | 9,051,526.85 |
| | | 63,814,257.35 | | 17,652,518.26 |
| B. Current assets | | | | |
| I. Receivables and other assets | | | | |
| 1. Trade receivables | 139,963.62 | | 0.00 | |
| 2. Receivables from affiliated companies | 0.00 | | 19,688,806.98 | |
| 3. Other assets | 524,932.07 | 664,895.69 | 390,052.02 | 20,078,859.00 |
| II. Securities | | 0.00 | | 35,604,032.04 |
| III. Cash and cash equivalents | | 17,612,731.73 | | 28,448,118.75 |
| | | 18,277,627.42 | | 84,131,009.79 |
| C. Prepaid expenses | | 1.442.925,20 | | 855,685.60 |
| | | 83,534,809.97 | | 102,639,213.65 |



Equity and Debts as at 31 December 2021

| | 31.12.2021 | | 31.12.2020 | |
|--|---------------|----------------------|---------------|-----------------------|
| | EUR | EUR | EUR | EUR |
| A. Equity | | | | |
| I. Issued capital | | | | |
| 1. Subscribed capital | 24,438,870.00 | | 24,438,870.00 | |
| 2. Nennbetrag eigener Aktien | -596,794.00 | 23,842,076.00 | -596,794.00 | 23,842,076.00 |
| II. Capital reserve | | 107,672,906.48 | | 107,672,906.48 |
| III. Accumulated deficit brought forward | | -49,741,025.61 | | -27,983,461.54 |
| IV. profit/loss for the year | | -11,161,573.06 | | -21,757,564.07 |
| | | 70,612,383.81 | | 81,773,956.87 |
| B. Provisions | | | | |
| 1. Provisions for taxes | | 712,592.99 | | 41,500.00 |
| 2. Other provisions | | 10,844,006.31 | | 19,937,187.87 |
| | | 11,556,599.30 | | 19,978,687.87 |
| C. Liabilities | | | | |
| 1. Liabilities to banks | | 29,304.90 | | 0.00 |
| 2. Trade payables | | 563,641.88 | | 343,278.26 |
| 3. Liabilities from affiliated companies | | 0.00 | | 439,540.03 |
| 4. Other liabilities | | 507,604.92 | | 103,750.62 |
| - thereof for taxes: EUR 427,983.40 (PY: EUR 96,245.81) – | | | | |
| - thereof for social security: EUR 44,637.23 (PY: 1,460.33) – | | | | |
| | | 1,100,551.70 | | 886,568.91 |
| D. Deferred income | | 265,275.16 | | 0.00 |
| | | | | |
| | | 83,534,809.97 | | 102,639,213.65 |



Income statement for the period from 1 January 2021 to 31 December 2021

| | 2021 | | 2020 | |
|--|----------------|-----------------------|----------------|-----------------------|
| | EUR | EUR | EUR | EUR |
| 1. Revenue | | 43,080,611.78 | | 13,771,863.97 |
| 2. Personnel expenses | | | | |
| a) Wages and salaries | -13,786,175.08 | | -15,265,868.83 | |
| b) Social security, pension and other benefits | -1,938,168.14 | -15,724,343.22 | -38,947.12 | -15,304,815.95 |
| 3. Amortisation of intangible assets and depreciation of property, plant and equipment | | -3,148,073.24 | | -4,068,966.97 |
| 4. Other operating expenses | | -34,753,611.87 | | -16,243,697.47 |
| – thereof from currency translation: EUR -21,937.04 (PY: EUR -46,466.48) – | | | | |
| 5. Other interest and similar income | | 305,421.88 | | 334,084.74 |
| – thereof from associated companies EUR 257,680.35 (PY: EUR 332,117.85) – | | | | |
| 6. Interest and similar expenses | | -7,362.63 | | -194,214.59 |
| 7. Earnings before Taxes | | -10,247,357.30 | | -21,705,746.27 |
| 8. Income taxes | | -912,929.62 | | -50,579.80 |
| 9. Earnings after taxes | | -11,160,286.92 | | -21,756,326.07 |
| 10. Other taxes | | -1,286.14 | | -1,238.00 |
| 11. profit/loss for the year | | -11,161,573.06 | | -21,757,564.07 |
| 12. loss carryforward PY | | -49,741,025.61 | | -27,983,461.54 |
| 13. net loss | | -60,902,598.67 | | -49,741,025.61 |



Notes to the financial statements for financial year 2020

A. General information and explanatory notes

- (1) EXASOL AG is based in Nuremberg and listed in the commercial register of Nuremberg District Court (register file number HRB 23037).
- (2) The financial statements have been prepared in accordance with the general recognition and valuation requirements set out in Sections 246 to 256a HGB and by taking account of the special recognition, valuation and classification requirements applicable to corporations (Sections 264 to 277 HGB); they are presented in euros. The income statement has been prepared using the nature of expense method.
- (3) The Company meets the criteria of a medium sized corporation as defined by Section 267 (2) HGB.

With respect to the disclosures in the notes, the Company makes partial use of the disclosure relief for medium sized corporations set out under Sections 276 and 288 HGB.
- (4) The assets and liabilities were measured under the assumption that the Company is able to continue as a going concern.
- (5) Fixed assets are stated at cost less amortisation and depreciation. In the case of impairments that are expected to be permanent, impairment losses are recognized in addition to scheduled depreciation to the lower fair value. Additions are written down on a pro rata temporis basis.
- (6) Internally generated intangible fixed assets have been recognized and measured in accordance with § 248 (2), § 255 (2a) HGB. In this context, the cost of production includes all direct costs and overheads directly attributable to the production process. Exercising the option to capitalize leads to an improved presentation of the earnings situation, as it is more accurate for the period, and better reflects the potential of the developments carried out in the asset situation. Amortization is charged on a straight-line basis over five years.
- (7) Purchased intangible assets (including advance payments made) are stated at cost and, if subject to wear and tear, are amortized over their useful lives. Acquired intellectual property rights are amortized over a useful life of five to ten years and other intangible assets over a useful life of three to twenty years.
- (8) Property, plant and equipment are stated at cost and, where subject to wear and tear, are depreciated on a straight-line basis. Property, plant and equipment are depreciated over their expected useful lives in accordance with maximum rates recognized for tax purposes. Fixed assets are depreciated on a straight-line basis. The useful lives range from three to fourteen years.



(9) Additions to low-value assets are written off in full in the same year if the acquisition cost is EUR 800,00 or less. This does not impair insight into the net assets, results of operations and financial position.

(10) Shares in affiliated companies and loans to affiliated companies are carried at cost less impairment losses in the event of a probable permanent reduction in value.

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

Non-current foreign currency receivables are translated at the exchange rate on the date of entry or at the lower rate on the balance sheet date. Short-term foreign currency receivables are converted at the mean spot exchange rate on the balance sheet date.

(12) Cash and cash equivalents are recognised at nominal value.

(13) Tax provisions as well as other provisions are recognised at the settlement amount deemed necessary based on sound business judgment and take account of all identifiable risks. Provisions with a remaining term of more than one year are discounted in accordance with legal requirements.

(14) Liabilities are stated at their settlement amounts.

Non-current foreign currency liabilities are translated at the exchange rate on the date of entry or at the higher rate on the balance sheet date. Short-term foreign currency liabilities are translated at the mean spot exchange rate on the balance sheet date.

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

(16) The prior-year amounts stated in the statement of financial position are not comparable with the amounts for the financial year because the statement of financial position for the 2021 financial year, unlike the statement of financial position for the previous year, includes asset and liability items of wholly owned subsidiaries merged with the Company. The same applies to the expenses and income reported in the income statement in each case.

The assets and liabilities taken over at book values correspond to the values of the closing balance sheets of the legal entities taken over as of December 31, 2020. Receivables or liabilities existing between the acquiring legal entity and the legal entities taken over as well as between the legal entities taken over as of December 31, 2020 have been eliminated by confusion. Corresponding notes thereon are shown below. The equity of the legal entities acquired is presented for the sake of completeness only. The following values result from the closing balance sheets:



| | 31.12.2020 |
|--|--------------------------------------|
| | Merged legal entities (cumulated) |
| | EUR |
| Assets | |
| A. Fixed assets | 1,751,521.73 |
| I. Intangible assets | 177,079.00 |
| II. Property, plant and equipment | 501,145.00 |
| III. Financial assets <i>thereof with effect on income due to merger : EUR 55,000.00</i> | 1,073,297.73 |
| B. Current assets | 4,194,081.04 |
| I. Receivables and other assets <i>thereof extinguished due to confusion : EUR 453,490.03</i> | 2,619,083.51 |
| II. Cash and cash equivalents | 1,574,997.53 |
| C. Prepaid expenses | 506,199.72 |
| D. Net loss not covered by equity | 8,432,524.24 |
| | 14,884,326.73 |
| Equity and liabilities | |
| A. Equity | 46,515.22 |
| I. Issued capital | 105,075.00 |
| II. Capital reserve | 45,490.17 |
| III. Accumulated deficit brought forward | -5,389,722.45 |
| IV. loss for the year | -3,146,851.74 |
| V. Net loss not covered by equity | 8,432,524.24 |
| B. Provisions | 4,451,296.00 |
| C. Liabilities <i>thereof extinguished due to confusion : EUR 9,017,450.67</i> | 10,072,496.82 |
| D. Deferred income | 314,018.69 |
| | 14,884,326.73 |



The income statement of the merged entities shows the following amounts in the prior period:

| | 31.12.2020 |
|---|--------------------------------------|
| | Merged legal entities (cumulated) |
| | EUR |
| 1. Revenue | |
| <i>thereof to acquiring / other legal entities acquired :</i> <i>EUR 10,877,379.04</i> | 19,550,727.12 |
| 2. Other operating expenses | |
| <i>thereof to acquiring / other legal entities acquired :</i> <i>EUR 13,950.00</i> | 264,120.49 |
| 3. Cost of materials | |
| a) Cost of raw materials, supplies and purchased goods <i>thereof to acquiring / other legal entities acquired :</i> <i>EUR -3,337,811.31</i> | -7,038,049.89 |
| b) Cost of purchased services | -8,437.23 |
| 4. Personnel expenses | |
| a) Wages and salaries | -8,875,585.12 |
| b) Social security, pension and other benefits <i>thereof for pensions: : EUR -9,613.58</i> | -1,192,327.31 |
| 5. Amortisation of intangible assets and depreciation of property, plant and equipment | -463,319.61 |
| 6. Other operating expenses | |
| <i>thereof from currency translation: : EUR -24,315.11</i> <i>thereof to acquiring / other legal entities acquired :</i> <i>EUR -1.346.227,29</i> | -5,290,884.14 |
| 7. Other interest and similar income | 56.15 |
| 8. Interest and similar expenses | |
| <i>thereof in associated companies ; EUR -74,087.50</i> <i>thereof to acquiring / other legal entities acquired :</i> <i>EUR -74.087,50</i> | -94,235.64 |
| 9. Income taxes | 1,565.44 |
| 10. Earnings after taxes | -3,146,369.74 |
| 11. Other taxes | -482.00 |
| 12. net loss | -3,146,851.74 |



B. Disclosures and explanatory notes to the balance sheet

1. Fixed assets

The development of fixed assets and depreciation/amortization in the financial year 2021 and the breakdown of individual items are presented in the statement of changes in fixed assets (appendix to the notes).

In the financial year 2021, internally generated intangible assets in the amount of EUR 2,242 thousand were capitalized (previous year: EUR 0 thousand). Development expenses totaling EUR 2,242 thousand (previous year: EUR 0 thousand) were incurred in the form of personnel expenses and directly allocable overheads for rent, IT infrastructure and administration.

The Company holds equity interests in companies in which the shareholding serves to establish a permanent connection:

| Name and seat of the Company | Shares in % | Currency | Equity at 31.12.2021 in thousand | Net profit/loss for 2021 in thousand |
|--|-------------|----------|----------------------------------|--------------------------------------|
| EXASOL Europa Vertriebs GmbH, Nürnberg | 100 | EUR | 0 | -13,467 |
| EXASOL UK Ltd., London (Großbritannien) | 100 | GBP | 0 | -3,649 |
| EXASOL USA Inc., San Francisco (USA) | 100 | USD | 0 | -11.199 |
| EXASOL France S.A.S., Paris (Frankreich) | 100 | EUR | 0 | -621 |
| EXASOL Schweiz AG, Zürich (Schweiz) | 100 | CHF | 137 | -729 |

All capital shares were transferred to the Company by way of merger by transfer of the assets with dissolution without liquidation as a whole of the wholly-owned subsidiary EXASOL Vertriebsholding



GmbH on the date of entry on July 30, 2021 at the registration court of the absorbing company on the basis of the merger agreement dated May 21, 2021 and the consent resolutions of the same date.

Prior to this, the wholly-owned second-tier subsidiaries EXASOL Big Data Technologies GmbH - entered in the commercial register of the absorbing EXASOL Vertriebsholding GmbH on June 10, 2021 - and EXASOL Cloud Computing GmbH - entered in the commercial register of the absorbing EXASOL Vertriebsholding GmbH on July 1, 2021 - were merged into the Company by way of a chain merger. EXASOL Cloud Computing GmbH - with the date of entry on July 1, 2021 at the registration court of the absorbing EXASOL Vertriebsholding GmbH - were merged with their respective wholly-owned parent company EXASOL Vertriebsholding GmbH by way of merger agreement dated May 21, 2021 and the respective resolutions of approval of the same date by way of transfer of their assets under dissolution without liquidation as a whole. Those assets were thus transferred to the Company upon the first-mentioned merger.

Furthermore, the wholly owned subsidiary yotilla GmbH was merged into the Company on the date of registration on July 30, 2021 with the register court of the absorbing company by way of a merger agreement dated May 21, 2021 and the approval resolutions of the same date by transferring its assets in their entirety with dissolution without liquidation.

2. Current assets

Receivables and other assets are as follows:

| EUR | Financial year | thereof due after more than one year | Prior year | thereof due after more than one year |
|--|----------------|--|------------|--|
| Trade receivables | 139,964 | 0 | 0 | 0 |
| Receivables from affiliated companies | 0 | 0 | 19,688,807 | 0 |
| Other assets | 524,932 | 35,240 | 390,052 | 20,382 |
| | 664,896 | 35,240 | 20,078,859 | 20,382 |

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

Receivables from affiliated companies were converted into loans to affiliated companies as of the balance sheet date. These are interest-bearing loans with an indefinite term.



Other assets include interest receivables from affiliated companies amounted to KEUR 258 (PY: KEUR 332).

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

3. Equity

(1) Subscribed capital

| | 1. Jan 2021 | Increase | Decrease | 31. Dec 2021 |
|------------------|-------------|-----------|----------|--------------|
| | EUR | EUR | EUR | EUR |
| Original capital | 86,950 | --- | --- | 86,950 |
| Capital increase | 15,567,050 | 8,784,870 | --- | 24,351,920 |
| Share capital | 15,654,000 | 8,784,870 | --- | 24,438,870 |

(2) Capital reserve

| | 1. Jan 2021 | Increase | Decrease | 31. Dec 2021 |
|---|-------------|----------|----------|--------------|
| | EUR | EUR | EUR | EUR |
| Offering premium arising from capital increase | 104,653,612 | 0 | 0 | 104,653,612 |
| Other additional payments | 596,794 | 0 | 0 | 596,794 |
| Offering premium arising from reselling treasury stocks | 2,422,500 | 0 | 0 | 2,422,500 |
| | 107,672,907 | 0 | 0 | 107,672,907 |

(3) Treasury stock

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



(4) Conditional capital

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

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

On June 30, 2021, the Annual General Meeting resolved to increase the Conditional Capital 2020/I. The conditional capital was increased by up to EUR 2,443,887.00. 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 value bearer or registered shares. The Conditional Capital 2020/I serves - now - 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 July 22, 2020 or on the basis of the authorization of the Annual General Meeting on June 30, 2021. The registration with the Nuremberg Local Court took place on July 30, 2021.

As of December 31, 2021, there are - not yet exercised - 850,974 subscription rights (option rights) pursuant to Section 192 (2) no. 3 AktG held by employees of the Company and employees of companies affiliated with the Company.

(5) Authorized capital

By resolution of the Annual General Meeting on July 22, 2020, the Board of Management is authorized, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions on or before July 21, 2025, by up to a total of EUR 11,108,935.00 against cash and/or non-cash contributions, whereby shareholders' subscription rights may be excluded (Authorized Capital 2020/I). The authorization was entered in the commercial register of the Nuremberg Local Court on October 2, 2020.

Based on this authorization, the share capital was increased by EUR 2,221,000.00 by registration with the Nuremberg Local Court on December 11, 2020. Accordingly, after partial utilization, Authorized



Capital 2020/I still amounts to EUR 8,887,935.00. This level corresponds to the Company's authorized capital as of December 31, 2021.

4. Accruals

Other accrued liabilities break down as follows:

| in EUR | 01.01.2021 ¹ | Consumption | Reversal | Addition | 31.12.2021 |
|-------------------------|-------------------------|-------------|-----------|-----------|------------|
| Holiday | 391,800 | 391,800 | --- | 463,000 | 463,000 |
| Other Personal expenses | 21,833,133 | 7,277,812 | 7,405,487 | 2,817,572 | 9,967,406 |
| Audit costs | 132,526 | 127,500 | 5,026 | 120,000 | 120,000 |
| Other | 2,031,025 | 2,013,214 | 17,811 | 293,600 | 293,600 |
| | 24,388,484 | 9,810,326 | 7,428,324 | 3,694,172 | 10,844,006 |

¹After taking into account the other provisions of the merged subsidiaries

The provisions reported under "Other personnel expenses" include obligations from stock awards in the amount of EUR 1,327 thousand.

The members of the Management Board were granted stock awards as a component of their compensation for the first time in 2020. The number of stock awards is calculated on the basis of the individual fixed compensation per Executive Board member multiplied by a percentage based on the performance of the Company's shares compared with the performance of the Tec-DAX. The number of share awards for the first, second and third tranches in 2020 totals 127,603 valued at the closing price on December 31, 2020. The entitlement does not arise in full at the end of the respective fiscal year, but in three tranches. The entitlement for the second and third installments is linked in each case to the existence of an employment contract on the balance sheet date(s) following the grant date.

After the first tranche was recognized in the financial statements as of December 31, 2020, the second tranche and pro rata the third tranche have been accrued as of December 31, 2021.

For the financial year 2021, a first tranche has been partially accrued.



6. Liabilities

The remaining terms of liabilities are as follows:

| EUR | Aggregate amount in financial year | thereof due within one year | between one and five years | after more than five years |
|-------------------------|---------------------------------------|--------------------------------|-------------------------------|-------------------------------|
| To Banks | 29,305 (PY: 0) | 29,305 (PY: 0) | 0 (PY: 0) | 0 (PY: 0) |
| Trade payables | 563,642 (PY: 343,278) | 563,642 (PY: 343,278) | 0 (PY: 0) | 0 (PY: 0) |
| To affiliated companies | 0 (PY: 439,540) | 0 (PY: 439,540) | 0 (PY: 0) | 0 (PY: 0) |
| Other liabilities | 507,605 (PY: 103,751) | 507,605 (PY: 103,751) | 0 (PY: 0) | 0 (PY: 0) |
| | 1,100,552 (PY: 886,569) | 1,100,552 (PY: 886,569) | 0 (PY: 0) | 0 (PY: 0) |

None of the liabilities are securitised and liabilities do not exist.

The item "Other liabilities" does not include any major amounts that do not legally arise until after the reporting date.

C. Disclosures and explanatory notes to the income statement

1. Other operating income

Other operating income includes foreign currency translation gains in the amount of EUR 383,477 (PY: EUR 36,912).

Furthermore, income from the reversal of other provisions (stock appreciation rights - Executive Board) amounting to EUR 7,393 thousand (previous year: EUR 0 thousand) is included in other operating income.

2. Other operating expenses

Other operating expenses include foreign currency translation expenses in the amount of EUR 21,937 (PY: EUR 46,466).

Other operating expenses include merger losses in the amount of EUR 9,471 thousand.



D. Contingencies and other financial obligations

1. Contingent liabilities pursuant to Section 251 HGB

The Company has issued a letter of comfort to its wholly owned subsidiary EXASOL Europa Vertriebs GmbH.

2. Other financial obligations

| Type of obligation | Annual amounts from 2022 EUR | Total |
|---------------------------------------|------------------------------------|------------------|
| Rent for offices | 474,722 | 1,402,096 |
| Rents and leases for office equipment | 36,892 | 47,883 |
| Advertising rights | 4,100,000 | 4,325,000 |
| Stock awards | 494,997 | 517,497 |
| | <u>5,106,610</u> | <u>6,292,476</u> |

The underlying contracts have terms of two to three years in the case of rents for business premises. In the case of leases for office equipment, the contracts have remaining terms of one to three years. For advertising rights, the contracts have remaining terms of one to one and a half years.

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



E. Other disclosures

1. Number of employees

| | Financial year |
|--------------------------------|----------------|
| Administration/Sales/Marketing | 30 |
| R&D/Operational Services | 113 |
| Executive Board | 3 |
| | 146 |

Part-time staff are counted per head and not presented on a full-time equivalent basis.

2. Executive Board

Members of the Executive Board in financial year 2021:

Aaron Auld, CEO, Munich

Mathias Golombek, CTO, Ottensoos

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

Jan-Dirk Henrich, CFO, Cologne (since 01 September 2021)

At the time the annual financial statements were prepared, Aaron Auld, Mathias Golombek and Jan-Dirk Henrich continued to be appointed. Michael Konrad left EXASOL AG at the end of June 30, 2021. This was entered in the commercial register of the Nuremberg Local Court on July 6, 2021.

The total remuneration of the Management Board is not disclosed in accordance with Section 286 (4) of the German Commercial Code (HGB) (protective clause).

3. Supervisory Board

Members of the Supervisory Board in financial year 2021:

Prof. h.c. Jochen Tschunke, corporate consultant, Munich

Gerhard Rumpff, corporate consultant, Munich (till 30 June 2021)

Dr. Knud Klingler, corporate consultant, Engerwitzdorf/Austria

Karl Hopfner, corporate consultant, Oberhaching

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



4. Information on amount blocked for distribution

Due to the capitalization of internally generated intangible fixed assets, there is a distribution block of EUR 4,740,850.60 in accordance with Section 268 (8) HGB.

5. Proposal on the appropriation of profit

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

F. Consolidated Financial Statements

EXASOL AG, Nuremberg, is included in the consolidated financial statements of the Company as the parent company. These are published in the electronic Federal Gazette.

G. Subsequent Events

No events subject to mandatory disclosure occurred after the balance sheet date.

Nuremberg, 25 March 2022

EXASOL AG

- Executive Board -

Aaron Auld

Mathias Golombek

Jan-Dirk Henrich



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

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 in compliance with German Legally Required Accounting Principles.
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Opinions

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



the Combined Management Report” section of our auditor’s report. We are independent of the Company in accordance with the 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

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

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

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

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

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

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

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



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

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

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.



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

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

Nürnberg, May 9, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr. Schroff
Wirtschaftsprüfer
[German Public Auditor]

Zippel
Wirtschaftsprüfer
[German Public Auditor]