



**EXASOL AG**

**Written report of the Management Board to the Annual General Meeting on agenda item 8 regarding the exclusion of a possible tender right of the shareholders when acquiring treasury shares as well as the subscription right when selling treasury shares pursuant to Section 186 (4) sentence 2 AktG in conjunction with Section 71 (1) no. 8 AktG. Section 71 (1) no. 8 AktG**

The Company's treasury shares already acquired free of charge were not covered by the previous authorization to acquire and use the Company's treasury shares. The Company's treasury shares acquired free of charge are to be used to service part of the Management Board's remuneration. In order to maintain this possibility and to take into account the changes in the stock option program, the Management Board and the Supervisory Board propose against this background to cancel the existing authorization to acquire and use treasury shares and to grant a new authorization to acquire and use treasury shares.

Section 71 (1) no. 8 AktG allows German Stock Corporations to acquire treasury shares up to a total of 10 % of their share capital on the basis of an authorization by the Annual General Meeting.

Agenda item 8 contains the proposal to grant such authorization, which is limited to a period of 5 years. This is intended to enable the Company to acquire treasury shares via the stock exchange up to a total of 10 % of the Company's share capital. Section 71 (1), no. 8 AktG permits other forms of acquisition and sale or use in addition to the typical case of acquisition and sale via the stock exchange. It shall be possible to make use of this.

In addition to the acquisition via the stock exchange, the Company shall also be given the opportunity to acquire treasury shares by means of a public purchase offer to be addressed to the shareholders of the Company. In doing so, the principle of equal treatment under stock corporation law shall be observed. The purchase price offered per share (excluding ancillary acquisition costs) may not be more than 10 % higher or 10 % lower than the average closing price on the Frankfurt Stock Exchange on the three trading days prior to the day of publication of a public offer.

If the number of EXASOL shares offered for purchase exceeds the total volume intended by the Company for purchase, the purchase can be made excluding the shareholders' right to tender according to the ratio of the EXASOL shares tendered or offered per shareholder instead of according to the ratio of the participation quotas in order to simplify the allocation procedure. This simplification is also served by the possibility of preferential consideration of small numbers of up to 50 tendered or offered shares per shareholder and rounding according to commercial principles.

The resolution provides that the Management Board, with the consent of the Supervisory Board, decides on the use of treasury shares. The resolution on the use of treasury shares includes both the treasury shares of the Company that have already been permissibly acquired on the basis of an earlier authorization or otherwise in accordance with the provisions of Section 71 (1) AktG and the treasury shares that will be permissibly acquired by the Company in the future on the basis of existing authorizations or otherwise in accordance with the provisions of Section 71 (1) AktG. The authorization



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is intended to enable the Management Board to react flexibly to the respective business requirements in the interest of the Company and while safeguarding the interests of the shareholders. Thus, the Management Board can resell the treasury shares via the stock exchange or by means of an offer to all shareholders. Shareholders' subscription rights to acquired treasury shares shall be excluded to the extent that these shares are used for the purpose,

- to offer them as consideration to third parties in the context of mergers, the acquisition of companies, interests in companies or parts of companies, and the acquisition of receivables from the Company.

The Management Board shall be enabled to offer the acquired shares outside the stock exchange to third parties as consideration in mergers, for the acquisition of companies, participations in companies, parts of companies or claims against the Company as acquisition currency, without having to create shares from the authorized capital for this purpose, which would lead to a dilution of the shareholders' participation. International competition and the globalization of the economy increasingly demand this form of consideration. The authorization proposed here is therefore intended to give the Company the necessary flexibility to take advantage of such opportunities as they arise quickly and flexibly without burdening the Company's liquidity. There are currently no concrete plans to make use of this authorization. When determining the valuation ratios, the Management Board will ensure that the interests of the shareholders are adequately protected. As a rule, it will base its assessment of the value of the shares given as consideration on their stock market price. However, a schematic link to a stock exchange price is not intended, in particular in order not to jeopardize negotiation results once they have been achieved by fluctuations in the stock exchange price.

- to sell them to third parties. The price at which the shares of the Company are sold to third parties may not be significantly lower than the stock exchange price of the shares at the time of the sale. When exercising this authorization, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186 (3) sentence 4 AktG shall be taken into account.

This authorization enables the Company to react at short notice to offers or requests for investments from investors that serve the Company's business purpose. In the interest of expanding the shareholder base of the Company, this authorization is intended in particular to create the possibility of offering shares in the Company to institutional investors in Germany and abroad and/or to tap into new groups of investors.

The asset and voting right interests of the shareholders shall be adequately protected. When using this authorization, the exclusion of subscription rights on the basis of other authorizations pursuant to Section 186 (3) sentence 4 of the AktG must be taken into account. For example, the authorization volume shall be reduced by the proportionate amount of the share capital attributable to shares or to which option and/or conversion rights or obligations relate from bonds that were issued or sold in direct or analogous application of Section 186 (3) sentence 4 AktG with the exclusion of shareholders' subscription rights. Furthermore, shares issued during the term of this authorization from authorized capital under exclusion of



subscription rights pursuant to Section 186 (3) sentence 4 AktG until the sale of treasury shares without subscription rights pursuant to Section 186 (3) sentence 4 AktG shall be counted towards this limit of 10 % of the share capital. The offsets ensure that acquired treasury shares are not sold under exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG if this would result in the exclusion of shareholders' subscription rights for a total of more than 10 % of the share capital in direct or indirect application of Section 186 (3) sentence 4 AktG.

The asset interests of the shareholders and the concept of protection against dilution are also taken into account by the fact that the sale may only take place at a price that is not significantly lower than the stock exchange price in corresponding application of Section 186 (3) sentence 4 AktG. The final determination of the sale price for the treasury shares will be made shortly before the sale. In doing so, the Management Board will endeavour - taking into account the current market conditions - to keep any discount on the stock market price as low as possible.

- to fulfil option and/or conversion rights or obligations arising from bonds with warrants and/or convertible bonds issued by the Company or its Group companies.

The use of treasury shares excludes the dilution of shareholders' interests that would occur if the option or conversion rights were serviced or the corresponding obligations from conditional capital were fulfilled. The proposed exclusion of shareholders' subscription rights is therefore intended to enable the Company to decide flexibly whether it wishes to grant new shares from conditional capital, treasury shares that it has acquired or a cash settlement when exercising these rights or obligations. Whether and to what extent the authorization to use treasury shares is exercised or new shares from conditional capital or a cash settlement is granted, will be decided by the Company in each case taking into account the current market and liquidity situation in the interest of the shareholders and the Company. In doing so, it will also take into account the other possibilities for the use of any treasury shares acquired.

- to offer them for purchase to employees of the Company and its affiliated companies or to transfer them to them and/or to use them to fulfil commitments to purchase or obligations to purchase shares in the Company that have been or will be granted to employees of the Company and its affiliated companies. In particular, they may also be used to service purchase obligations or purchase rights to shares in the Company agreed with employees in the context of employee participation programs.

Treasury shares may also be transferred to employees of the Company and its affiliated companies. This should enable the Company to offer treasury shares as remuneration components and to use them in the context of long-term incentive programs established by the Company or in the future. The issuance of treasury shares to employees is in the interest of the Company and its shareholders, as it promotes identification with the Company and thus an increase in the value of the Company. The use of existing treasury shares as a share price and value-oriented remuneration component instead of a capital increase or a cash payment can make economic sense for the Company. For this purpose, the shareholders' subscription



rights must be excluded. The issue of shares within the framework of the aforementioned share programs may also, where appropriate, be made to third parties (such as credit institutions or companies operating in accordance with Section 53 section 1 sentence 1 or Section 53b Section 1 sentence 1 or Section 7 of the German Banking Act (Gesetz über das Kreditwesen)), which grant the economic ownership and/or the economic fruits from the shares to the participants of these programs. For the stock option program, the Annual General Meeting shall simultaneously resolve under agenda item 7 on conditional capital from which the stock options can be serviced. It is proposed to provide for both possibilities of servicing, from treasury shares as well as from the conditional capital, so that the Company can make its decision according to the most sensible variant in each specific case.

Furthermore, the treasury shares permissibly acquired on the basis of this or an earlier authorization resolution or in any other manner in accordance with the provisions of Section 71 (1) of the AktG may be redeemed by the Company without a new resolution of the General Meeting. The retirement leads to a reduction of the share capital. Pursuant to Section 237 (3) no. 3 AktG, the Annual General Meeting of the Company may resolve to redeem its fully paid-up no-par value shares even without this necessitating a reduction of the share capital of the Company. The proposed authorization expressly provides for this alternative in addition to the redemption with a capital reduction. The redemption of treasury shares without a capital reduction automatically increases the arithmetical share of the remaining no-par value shares in the share capital of the Company.

The Management Board will examine in each individual case whether it should make use of the authorizations granted. It will only exclude the subscription right if the use of treasury shares is within the scope abstractly described by the General Meeting in this report and if the use is in the interest of the Company. The Management Board will inform the following Annual General Meeting about the use of the authorization.

Treasury shares that have been or will be repurchased by the Company on the basis of an authorization or in another manner permissible under Section 71 (1) AktG should also be able to be used to service purchase obligations or purchase rights to EXASOL shares that have been or will be agreed with members of the Management Board of EXASOL AG as part of the regulations on Management Board remuneration. An exclusion of shareholders' subscription rights is also required in this respect. Thus, variable remuneration components can be granted that provide an incentive for long-term corporate governance based on sustainability, for example by granting part of the variable remuneration in shares blocked for sale for a certain period of time or in commitments on shares with a blocking period instead of in cash. In addition, such share-based remuneration components can be linked to certain performance targets, such as the development of the price of the EXASOL share in relation to comparable industry indices or other value enhancement or sustainability targets.

By transferring sales-restricted shares or granting restricted shares or other share-based remuneration instruments to Management Board members, part of the remuneration can be deferred and thus the commitment to the Company can be increased by the Management Board participating in a sustainable increase in the value of the Company and only being able to dispose of the remuneration components after expiry of the vesting period. Since a sale of such shares can only take place after the vesting period has expired, the Management Board member participates during the vesting period not



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only in positive but also in negative developments of the stock market price. Thus, in addition to the bonus, there may also be a malus effect for the Management Board members. The details of the remuneration for the Management Board members are determined by the Supervisory Board.

The decision on the structure and method of service selected in each case will be made by the Supervisory Board in respect of the shares used as part of the Management Board's compensation and by the Management Board in respect of the remaining shares. In doing so, these bodies will be guided exclusively by the interests of the Company and the shareholders