Annual Report 2022

Exasol
The analytics database

Highlights from the 2022 financial year

EUR 35.6 million
Annual Recurring Revenue (ARR)

Growth of 17%
(based on comparable exchange rates)

216
Broad customer base

With many global players
from various industries

115%
Net Revenue Retention Rate

High customer retention
rate of 93%

Content

Message from the Executive Board 04

Report of the Supervisory Board 07

Exasol on the capital market 2022 11

Combined management report 13
General corporate information 13
Economic Report of the Exasol Group 15
Opportunities and risk report 20
Forecast 24
Management report of Exasol AG 25

Consolidated Financial Statements 28
Consolidated balance sheet Assets 29
Consolidated balance sheet Equity and Liabilities 30
Consolidated income statement for the period 31
Consolidated statement of cash flows 32
Consolidated statement of changes in equity 33
Movements in the Group's fixed assets 34

Notes to the consolidated financial statements 36

Responsibility Statement 44

Independent Auditor's Report 45

Financial Calendar 48

Message from the Executive Board

Jörg Tewes, CEO
Exasol AG

Dear Shareholders,

The past year – like virtually no other – presented the world with enormous challenges. The COVID-19 pandemic was hardly over when the war against Ukraine launched by Russia in February 2022, growing inflation and rising interest rates led to an economically and geopolitically difficult situation across the globe.

With overall ARR growth of around 17% year-on-year, Exasol nevertheless successfully performed in the difficult environment. Admittedly, we also felt the headwind, which was particularly noticeable in the acquisition of new customers in the second half of the year. Nevertheless, the loyalty of our customers, which remained at a high level with a retention rate of around 93%, made the past fiscal year the strongest in terms of sales in our company's history. Even though the numerous global crises made companies more cautious in their investment decisions, we can look back on a year in which we made good progress in corporate and product development and positioned ourselves more solidly for the future.

Our existing customers were once again the main drivers of our growth. Organizations that are already successfully using Exasol and are continuously expanding the application accounted for roughly 90% of new ARR. This shows the essential importance of our services for our customers. And it shows that – despite the adverse circumstances that characterized the past year – the long-term trend of evaluating growing amounts of data for corporate decisions continues unabated across the globe.

In the current economic environment, the need to make business processes even more efficient and to attach growing importance to data analytics is even greater than before. We are therefore pleased that we were also able to win numerous new customers last year, thus broadening the basis for our future growth.

But at the beginning of the year, we had hoped for even more dynamic growth. As the difficult economic and geopolitical situation prompted many organizations to adopt a wait-and-see stance, we had to downgrade our ARR growth expectations towards the end of the year. At the same time, we continued unwaveringly on our road to profitability. In this respect, we made faster progress than expected at the beginning of the year and therefore even upgraded our profitability and liquidity targets at the end of the year. The reorganization measures initiated back in 2021, especially in the USA, have thus borne fruit and today form a promising foundation on which to take Exasol to the next development stage, even under changed conditions.

Mathias Golombek, CTO
Exasol AG

Jan-Dirk Henrich, CFO/COO
Exasol AG

We also made good progress in further developing our product portfolio. The launch of our managed software-as-a-service solution provides our customers with an increasingly important additional option. We used the past year primarily to gather customer experience to bring the product to market maturity this year. Exasol thus offers one of the most flexible solutions in the analytical database market, where customers can decide for themselves in what infrastructure and operating model they want to run Exasol.

Exasol operates in a highly exciting market of the future. In our capacity as the Executive Board, we used last year to set the right course for sustainable growth. In doing so, we are supported by a Supervisory Board that was expanded and partly reshuffled last year and is now composed of numerous business, finance and technology experts. This was preceded by the decision of Prof. Jochen Tschunke and Dr. Knud Klingler, who have supported and invested in Exasol for many, many years and served on the Supervisory Board long before the IPO, to step down from office. Over the past years, they actively supported our growth with great commitment and valuable input and decided in May 2022 to hand over their duties after having served on the Supervisory Board for over 15 years. Aaron Auld, Exasol's long-serving CEO, also decided to resign from office in September 2022. We would like to thank the three of them for their commitment and their achievements. As of 1 January 2023, we have strengthened the Executive Board team by winning Jörg Tewes as our new CEO. This allows us to tackle the tasks ahead of us with combined forces.

We will continue to grow this year again. Building up and expanding our US business will be a key driver of our future growth. Having put the organization on a new, robust foundation last year, we expect growth to accelerate noticeably this year. Today already, we have renowned customers from different industries such as telecommunications, the financial sector or healthcare who rely on our technology. Here in Germany, as well as in other regions of the world, these are industries in which the analysis of data has become the critical success factor for business models. And in many of these industries, our unique selling proposition plays a particularly important role: Besides the enormous speed at which our technology allows data to be processed, our customers can choose where to store their data – on-premise, in a private cloud environment or in the public cloud. The hybrid application is often crucial also from a regulatory point of view and this is exactly the flexibility that we make possible.

We are optimistic about the coming year. Despite the challenges we are currently facing, the trend to make data analytics a main pillar of business success continues unabated. Flexibility in terms of where data are stored is becoming increasingly important in this context. And as the cost of data analytics is also playing an ever more important role, the superior performance of the Exasol technology can offer an efficiency advantage that should not be underrated. Our new and enlarged management team puts us in an excellent position to seize the opportunities that will arise in our market in the future. And thanks to our clearly improved cost structure, Exasol will break even on a quarterly basis already in the second half of the year without compromising on growth. Annual recurring revenue (ARR) is expected to grow by between 20% and 25% to between EUR 42.5 million and EUR 44.0 million, while adjusted EBITDA is expected to improve significantly to between EUR -3 million and EUR -1 million for the full year. The investments we made in our technology and our organization will thus unleash their full power in the coming years.

But our technology and our competitive edge are only one pillar of our future success. Our special thanks therefore go to our employees, who demonstrate their great commitment each day to make this success possible in the first place. Needless to say, we owe our success also to our shareholders, who accompany us on our journey with an open dialog and their confidence in our future. We would like to thank them for this and jointly look forward to a successful year 2023!

The Executive Board

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

Report of the Supervisory Board

Dear Shareholders,

The present report is designed to inform you about the activity of the Supervisory Board in the financial year 2022 as well as about the result of the audit of the separate and the consolidated financial statements for 2022.

Activity of the Supervisory Board

In the year under review, the Supervisory Board conscientiously performed the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure. The Supervisory Board continuously assisted the Executive Board in the management of the company, regularly advised it and monitored its activities. Monitoring was based on the lawfulness, regularity, expediency and efficiency of the actions of the Executive Board. The cooperation was characterized by openness and trust. Whenever decisions of fundamental and strategic importance for the company were taken, the Supervisory Board was involved in a timely and appropriate manner. Transactions and other matters requiring approval were correctly presented by the Executive Board. The Supervisory Board was continuously informed by the Executive Board about all measures and events that were important for the company at the regular Supervisory Board meetings as well as in written, telephone and personal exchanges. As a result, the Supervisory Board was always up to date on the company's business situation, business developments, material budgeting and planning aspects, including investment, financial and HR planning, as well as on the results of operations, organizational measures and the overall situation of the Group. The information exchange also included regular reports on the financial position as well as on the risk position and risk management. Deviations from the plans and targets were explained by the Executive Board if and when applicable and reviewed by the Supervisory Board.

It is the responsibility of the members of the Supervisory Board to undergo the training and continuing education measures required for performing their duties, e.g. regarding changes in the legal framework; in doing so, they are supported by the company. Internal information events are offered as required for effective further training. In the reporting year, an internal further training event on legal aspects of the Supervisory Board activity was held on 22 February 2022 for all members of the Supervisory Board. The new members of the Supervisory Board met the members of the Executive Board as well as executives with specialist responsibilities for an exchange on general and current topics, thus gaining an overview of the issues that are relevant to the company.

Focus of the Supervisory Board's deliberations

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

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

At the first ordinary meeting of the Supervisory Board on **24 January 2022**, which was attended by all members of the Supervisory Board, the remuneration of the Executive Board was discussed. For this purpose, the Supervisory Board invited an external remuneration consultant to discuss the structure of the long-term incentive plan of the Executive Board in the form of a virtual performance share plan. At this meeting, the Supervisory Board also adopted the goals for the composition of the Supervisory Board and the process for expanding the Supervisory Board from four to six members. At the same time, the preliminary results of the financial year 2021 were presented at this meeting, and the Supervisory Board approved the budget plans for the years 2022-2025.

Also, at this meeting, the Supervisory Board approved the Executive Board's proposal to hold the 2022 Annual General Meeting as a virtual meeting. Finally, the developments relating to the compliance and risk management system in the financial year 2021 were presented. Special mention was made of the successful audit of the compliance and risk management system as part of the certifications to ISO 27001 and ISO 9001 as well as the signing of the UN Global Compact.

The extraordinary meeting of the Supervisory Board on **31 March 2022** was attended by all members of the Supervisory Board. At this meeting, the target agreement for the special annual remuneration (2022) of the Executive Board was adopted and candidate proposals for the expansion of the Supervisory Board were discussed. In addition, the conditions of the issue of the next tranche of the stock option program as well as a proposal for the settlement of the Executive Board stock appreciation rights were outlined. Both topics were subsequently adopted by way of a written resolution.

At the second ordinary meeting of the Supervisory Board on **10 May 2022**, which was attended by all members of the Supervisory Board and by the auditor, the deliberations focused on the audit of the separate and the consolidated financial statements. In the presence of the auditor, the Supervisory Board adopted the separate financial statements of Exasol AG for the period ended 31 December 2021 and approved the consolidated financial statements of Exasol AG for the period ended 31 December 2021. Moreover, the Supervisory Board approved the agenda items for the Annual General Meeting of Exasol AG on 6 July 2022 and adopted the report of the Supervisory Board on the financial year 2021. The meeting also determined the target achievement for the variable remuneration of the Executive Board on the basis of the annual financial statements and resolved to pay the bonus for 2021. At the meeting on 10 May 2022, the Supervisory Board addressed the business trend and a product update and intensively discussed the investor relations activities of Exasol AG; for this purpose, the Head of Investor Relations had been invited. It was also decided to issue the 9th tranche of the stock option program.

The third ordinary meeting on **6 July 2022**, which was attended by all members of the new Supervisory Board elected by the Annual General Meeting, was held as a constituent meeting after the Annual General Meeting. At this meeting, Volker Smid was appointed Chairman of the Supervisory Board and Karl Hopfner Vice Chairman. Moreover, the Supervisory Board was informed of the material decisions made in the past months.

The extraordinary Supervisory Board meeting on **6 September 2022**, which was attended by all members of the Supervisory Board, was convened to consult on Aaron Auld's request for early termination of his Executive Board mandate. The termination agreement with Aaron Auld was signed on 7 September 2022. The Supervisory Board additionally decided – in the event that the termination agreement with Aaron Auld would be signed – to appoint Jan-Dirk Henrich as interim Executive Board Spokesman with effect from 1 October 2022 and to start the search for a new Executive Board Chairman.

At the fourth ordinary meeting of the Supervisory Board on **26 September 2022**, which was physically attended by all members of the Supervisory Board, the business trend as well as the medium-term plan and possible scenarios for the years 2023-2026 were discussed. In addition, the members of the Supervisory Board dealt with the company's corporate governance under several agenda items and, among other things, the new versions of the Rules of Procedure for the Executive Board and the schedule of responsibilities for the Executive Board as of 1 October 2022 were adopted. Under another agenda item, the resolution to ratify the acts of the Managing Directors of Exasol Europa Vertriebs GmbH was approved. Finally, the competence matrix was adopted at this meeting, and it was stated that all members of the Supervisory Board are to be regarded as independent in accordance with the criteria of the German Corporate Governance Code.

The extraordinary meeting of the Supervisory Board on **28 November 2022** was convened to discuss the Executive Board succession and to adopt corresponding resolutions. It was decided at the meeting to appoint Jörg Tewes as member and Chairman of the Executive Board for three years with effect from 1 January 2023; in addition, his Executive Board contract was approved. Four members attended this meeting, two members were excused, of which one member voted in writing.

The last ordinary meeting in the financial year 2022 was held on **15 December 2022**. Four members of the Supervisory Board attended this meeting in person, two members were excused, one of whom voted in writing. The consultations focused on the budget for the financial year 2023. In addition, a business development report took a closer look at business with the highest-revenue customer. Also, the Executive Board's decision to hold the 2023 Annual General Meeting as a virtual meeting was approved and the Rules of Procedure and the schedule of responsibilities were updated with effect from 1 January 2023.

Besides the resolutions adopted at meetings, several resolutions were adopted by way of written vote. In several resolutions adopted by way of written vote, the Supervisory Board approved the issue and allocation of tranches of the stock option program. Moreover, regulations regarding the Executive Board remuneration were adopted and the term of office of Executive Board member Mathias Golombek was extended until 31 December 2025.

Due to the fact that four new members were elected to the Supervisory Board in the financial year 2022, no self-assessment of the Supervisory Board was carried out in 2022.

Attendance at Supervisory Board meetings

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

Meeting attendance	Number	in %
Karl Hopfner*	6/8*	80
Dr. Knud Klingler *(Member of the Supervisory Board until 6 July 2022)*	3/3	100
Linda Mihalic *(Member of the Supervisory Board from 6 July 2022)*	5/5	100
Petra Neureither *(Member of the Supervisory Board from 4 October 2022)*	2/2	100
Volker Smid	8/8	100
Prof. Jochen Tschunke *(Member of the Supervisory Board until 6 July 2022)*	3/3	100
Torsten Wegener** *(Member of the Supervisory Board from 4 October 2022)*	0/2**	0
Dr. Roland Wöss *(Member of the Supervisory Board from 6 July 2022)*	5/5	100

*Karl Hopfner did not attend the meetings on 28 November 2022 and 15 December 2022 with excused absence due to hospitalization.

**Torsten Wegener was excused from attending the meetings on 28 November 2022 and 15 December 2022 in person. He participated in the resolutions by written votes.

Separate and consolidated financial statements

At the Annual General Meeting on 6 July 2022, KPMG AG, Wirtschaftsprüfungsgesellschaft, Nuremberg, was appointed auditor of the separate and the consolidated financial statements for the reporting year. On 11 January 2023, the Supervisory Board issued the respective audit assignment for the separate and the consolidated financial statements 2022. KPMG AG, Wirtschaftsprüfungsgesellschaft, audited the separate financial statements of Exasol AG and the consolidated financial statements of the Exasol Group as well as the management report of Exasol AG and the Exasol Group. The auditor issued an unqualified audit opinion for both the separate financial statements and the consolidated financial statements for the period ended 31 December 2022. The financial statements were signed by Matthias Koeplin and Markus Zippel as responsible audit partners. KPMG AG, Wirtschaftsprüfungsgesellschaft, stated that the management report of Exasol AG and the Exasol Group accurately reflects the situation of the company and the Group as well as the opportunities and risks of their future development.

The auditor's reports and financial statements documents were made available to the members of the Supervisory Board in good time before the Supervisory Board's annual accounts meeting and examined in detail. At the annual accounts meeting of the Supervisory Board on 3 May 2023, KPMG AG, Wirtschaftsprüfungsgesellschaft, reported on the main findings of the audit.

After detailed examination of the separate and the consolidated financial statements for the financial year 2022 and the management report of Exasol AG and the Exasol Group, the Supervisory Board raised no objections in this regard. The Supervisory Board thus concurred with the audit result of KPMG AG, Wirtschaftsprüfungsgesellschaft, and approved the separate financial statements of Exasol AG and the consolidated financial statements of the Exasol Group for the financial year 2022. The financial statements of Exasol AG have thus been adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (AktG).

Composition of the Executive Board and the Supervisory Board

In the reporting period, there were personnel changes on both the Executive Board and the Supervisory Board. Executive Board Chairman Aaron Auld resigned from office with effect from 30 September 2022. At the meeting on 26 September 2022, the Supervisory Board appointed Jan-Dirk Henrich as interim Spokesman of the Executive Board with effect from 1 October 2022 for a limited period until the succeeding Executive Board Chairman takes office. The term of office of Mathias Golombek as full Executive Board member was extended until 31 December 2025.

At the extraordinary meeting on 28 November 2022, Jörg Tewes was appointed member and Chairman of the Executive Board with effect from 1 January 2023 until 31 December 2025.

The following personnel changes occurred on the Supervisory Board: Prof. Jochen Tschunke and Dr. Knud Klinger resigned from the Supervisory Board with effect from 6 July 2022, Linda Mihalic and Dr. Roland Wöss were appointed to the Supervisory Board by the Annual General Meeting, Volker Smid was appointed Chairman of the Supervisory Board, and Karl Hopfner was appointed Vice Chairman. Subject to the entry of the corresponding amendment to the Articles of Association in the Commercial Register, the Supervisory Board of Exasol AG was expanded to six members. Petra Neureither and Torsten Wegener were also appointed members of the Supervisory Board by the Annual General Meeting; their term of office began on 4 October 2022. At the meeting on 8 February 2023, an Audit Committee was established, which is composed of Petra Neureither (financial expert with auditing expertise), Karl Hopfner (financial expert with accounting expertise) and Dr. Roland Wöss. Karl Hopfner was appointed Chairman of the Audit Committee at the Audit Committee meeting on 2 May 2023.

Thank you

We would like to thank the members of the Executive Board and all employees for their great commitment in the financial year 2022. Our thanks also go to our shareholders for their interest and confidence in our company.

Nuremberg, May 2023

For the Supervisory Board

Volker Smid
Chairman of the Supervisory Board
Exasol AG

Exasol on the capital market 2022

Characterized by concerns about inflation, rising interest rates and Russia's war against Ukraine, the past year was disappointing in stock market terms. While the German stock market opened close to all-time highs at the beginning of the year, it came under enormous pressure in the spring following Russia's invasion of Ukraine. The resulting energy crisis not only caused commodity prices to rise sharply but also raised renewed geopolitical questions about the end of globalization, as it had done at the beginning of the COVID-19 pandemic.

While some of the losses were offset towards the end of the year, the DAX indices and Scale indices all showed a negative performance over the year as a whole. In this context, it was observed that in phases of high volatility and uncertainty, high-valued technology shares and growth companies in need of financing came under particularly strong pressure due to rising interest rates, whereas some value shares performed comparatively well.

At the same time, inflation in the eurozone picked up successively in the course of the year, reaching a post-war high of 10.60% year on year in October. These developments put the central banks under increasing pressure to stop demonetization. On 21 July 2022, the European Central Bank therefore raised the benchmark interest rate by 0.50 percentage points, thus initiating a turnaround in interest rates with its first rate hike since 2011. As the year progressed, interest rates were lifted three more times each by 0.75 and 0.50 percentage points, respectively, bringing the main refinancing rate for banks to 2.50% on 21 December. The US Federal Reserve (FED) raised interest rates much earlier and more aggressively, lifting the Federal Funds Rate from 0.00-0.25% to 4.25-4.50% over the course of the year.

The Exasol share

The Exasol share was unable to defy last year's negative stock market sentiment and closed the year at EUR 2.95. This represents a decline by -61.4%. In the wake of general uncertainty, growth and technology shares were under particular selling pressure. Accordingly, the NASDAQ 100, for instance, declined by -32.9% over the same period, while the Scale all Share Index lost -35.6%. The Exasol share reached the highest intraday price of the year on 4 January 2022 at EUR 8.18 and the lowest intraday price on 28 December 2022 at EUR 2.61.

Financial analysts have again confirmed Exasol's good growth and earnings prospects. Their response to the reduced cost base coupled with high growth, which became increasingly apparent in the course of last year, has been very positive. The progress made in terms of efficiency has also been reflected in the upgrading of the earnings and liquidity forecast in November 2022, although the growth forecast for the full year had to be downgraded at the same time due to a weaker macroeconomic environment. The Executive Board's announcement to become profitable on a quarterly basis in the second half of 2023 also met with a positive response.

Annual General Meeting 2022

On 6 July 2022, Exasol held its Annual General Meeting. Due to the pandemic, the event was held virtually and broadcast live on the internet. During the event, registered shareholders were able to listen to the statements of the Executive Board as well as to the answers to the questions previously submitted in writing. All items on the agenda were approved by a large majority.

Investor relations

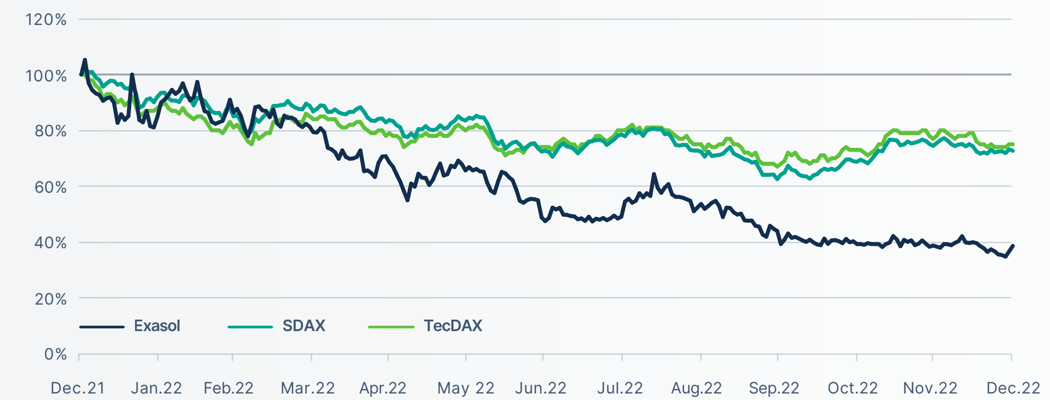
The Executive Board further intensified its dialog with investors, analysts and financial journalists in 2022. At roadshows and capital market conferences, the management was available for discussions with a growing number of interested parties. In addition, quarterly results were presented in public webcasts and the questions of capital market participants were answered. In the course of the year, the level of detail was gradually increased, improving transparency in the process. In June 2022, Exasol AG additionally held its first Capital Markets Day.

Exasol is currently closely covered by two banks, which regularly publish detailed analyses of the share. With an average price target of EUR 12.75, both analysts recommend the share as a buy. Exasol will continue the intensive dialog with capital market participants and provide them with regular information on the current business performance and strategic decisions.

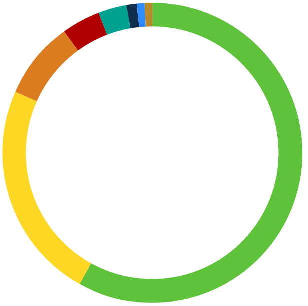
Key data of the Exasol share

WKN:	A0LR9G
ISIN:	DE000A0LR9G9
Stock exchange code	EXL
Stock exchange listing	Frankfurt Stock Exchange
Stock exchange segment	Open Market (Scale)
Index membership	Scale all Share, DAXsector All Software
Designated Sponsor	Hauck & Aufhäuser
Number of shares	24,438,870
Share capital in EUR	24,438,870
Share class	Ordinary registered shares without nominal value (no-par shares)
Highest price (Xetra)	EUR 8.06 (3 Jan. 2022)
Lowest price (Xetra)	EUR 2.66 (28 Dec. 2022)
Closing price (Xetra)	EUR 2.95 (30 Dec. 2022)
Average daily trading volume (Xetra)	51,700 shares
Market capitalization (30 Dec. 2022)	EUR 72.1 million
Free float	58.3%

Share price performance in 2022



Shareholder structure



- 58.33% Free float
- 23.38% Syntos Beteiligungs GmbH / Dr. Klingler
- 8.53% Hesz'sche Privatstiftung
- 4.10% Petra Tschunke
- 3.00% Credit Suisse
- 1.22% Exasol AG
- 0.81% Management Board*
- 0.64% Supervisory Board*

* incl. related parties and affiliated companies

Current coverage

Bank	Recommendation
Hauck & Aufhäuser	Buy
Warburg Research	Buy

Combined management report

for the financial year 2022

General corporate information

Business activity

Exasol AG is a global technology company. The company's core product is an analytical in-memory database that allows customers to access and analyze data at high speed and on a large scale. The use of Exasol's database technology enables organizations to run analytical applications which the company believes would previously have been impossible or very costly due to existing performance, hardware and/or cost limitations of the database. Moreover, organizations can improve existing business processes or create new business models.

Exasol's core market is characterized by increasing digitalization, which generates 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 bases 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%.[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 demonstrably one of the fastest and most powerful analytical database technologies on the market, as is regularly confirmed by numerous independent studies.[2]

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 knowhow 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 faster[3], 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 re-

1 https://www.fortunebusinessinsights.com/big-data-analytics-market-106179
2 https://www.tpc.org/tpch/results/tpch_perf_results5.asp?resulttype=all&version=3
3 https://wikis.gm.fh-koeln.de/Datenbanken/InMemory-DB

liably 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. Many of Exasol's customers come from the financial services, e-commerce, software/IT, media and healthcare sectors. But the performance of our solution not only allows data to be analyzed and used more quickly. What is more, the demands made on the infrastructure are much lower, enabling our customers to use existing systems more cost-efficiently or to implement given data applications with a leaner infrastructure and reduced computing effort than the competition.

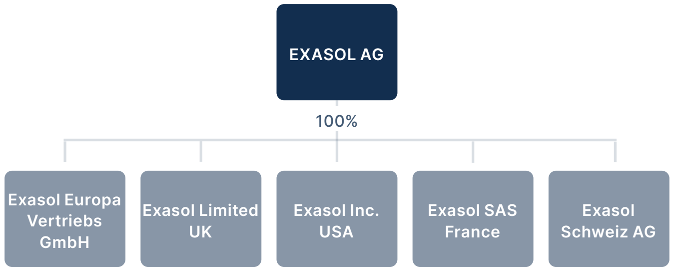
This results not only in an economic advantage. Today already, the storage and processing of data have an influence on global energy consumption that should not be underestimated. According to Greenpeace, data centers worldwide consume roughly the same amount of energy as global aviation.[4] This aspect 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 an optimized energy and carbon footprint.

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 7%. 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 2023, the company will additionally offer Exasol as a software-as-a-service (SaaS) solution, 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 (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.

Corporate structure and locations

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

Corporate structure of Exasol AG:



Research and development

In the past financial year, the company's R&D activities focused on further developing the Exasol database to the next version (version 8). The latter already forms the basis for Exasol's SaaS (software-as-a-service) solution and will be made available in 2023 also for installation on customer's on-premise systems or their own cloud infrastructure (Amazon AWS, Google GCP and Microsoft Azure). Version 8 is the result of several years of work and will provide our customers with additional product features that enhance the product's usability in the cloud, its performance and security backups.

According to Exasol, this is one of the most flexible offerings in the market for analytical databases, where customers can choose the infrastructure and operating model in which they want to operate Exasol – as a complete implementation including hardware, as a software-only solution in their own data center or in their own cloud account (on AWS, Google Cloud Platform or Microsoft

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

Azure), or as a managed SaaS solution, where both infrastructure and operation are provided by Exasol. Management believes that – compared to cloud-only providers – this flexibility builds a very attractive bridge between cloud and on-premise solutions and permits to combine the best of both worlds in a hybrid setup.

To facilitate integration into the heterogeneous data eco-systems of its customers, Exasol again developed a large number of new and improved connectors in 2022. Among others, the following products are now supported: AWS Glue, IBM SPSS, Metabase, Ab Initio, Denodo and TurinTech. The connector for AWS SageMaker can now also run statistical models directly in Exasol, the Keboola integration into the SaaS solution has been improved, and Tableau now automatically delivers the Exasol_JDBC connector via Tableau Exchange. In addition, support for Google Cloud Storage, Azure Blob Storage and Azure Data Lake Storage, as well as CSV files, has been added in the area of Virtual Schemas. Moreover, a native Lua driver for Exasol has been developed and the use of custom Python packages was facilitated via a VM variant of the script language containers.

In 2022, Exasol also further developed its new product for data warehouse automation, which is designed to accelerate and simplify the creation of data warehouses (DWHs). A first prototype is already being tested by customers in the context of an early adopter program and supports not only Exasol but also Amazon Redshift as the underlying database technology. This decision will allow market access to a much higher number of potential target customers.

In 2022, the requirements for capitalizing internally generated intangible assets were no longer met. Please refer to the disclosures in the notes to the consolidated financial statements. Based on the above approach to internally generated intangible assets, internally generated intangible assets in progress as of 1 January 2022 have been eliminated as an expense. Please also refer to the disclosures in the notes to the consolidated financial statements.

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

In the financial year 2022, a total of 73 (2021: 75) employees (full-time equivalents) worked in R&D, which is responsible for the new and further development of all Exasol products. R&D personnel expenses were thus roughly on a par with the previous year.

Economic Report of the Exasol Group

The macroeconomic environment

Having recovered from the COVID-19-related declines of the previous year in 2021, the world economy weakened noticeably in the past financial year under the impact of high inflation, Russia's war of aggression against Ukraine and regular lockdowns in China. As inflationary pressure increased across the globe, many central banks have already raised interest rates. However, persistent supply shortages prevented inflation rates from falling noticeably in the course of the year and thus weighed on private consumption and capital spending. In spite of these challenging conditions, global economic output increased by 3.4% in 2022 according to the International Monetary Fund (IMF). At 3.9%, GNP growth in the emerging and developing countries was slightly higher than in the industrialized countries, which grew by 2.7%.[5]

Within the group of industrialized countries, US GNP rose by 2.0% according to the IMF, while the eurozone recorded growth of 3.5%. At 5.2% and 3.9%, respectively, Spain and Italy, in particular, grew much faster than Germany, which again recorded below-average growth of 1.9%. Among the emerging and developing countries, China, at 3.0%, remained significantly below historical growth rates, while India continued to grow dynamically, although its growth rate of 6.8% was below that of the previous year.[6]

The industry environment

The IT market was influenced by the declining momentum of the world economy and grew by only 0.8% in the past financial year, compared to an increase of 10.2% in the previous year.[7] According to U.S. analysts Gartner, however, "data center systems" and "software" continued to grow dynamically at 10.4% and 8.0%, respectively, whereas "devices" and "communication services" experienced partly significant declines of -8.4% and -1.7%, respectively. In Germany, spending on software also increased by a disproportionate 9.4% compared to the previous year, followed by IT services spending, which increased by 5.5%, according to industry association Bitkom.[8]

5 https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023

6 https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023

7 https://www.gartner.com/en/newsroom/press-releases/2022-10-19-gartner-forecasts-worldwide-it-spending-to-grow-5-percent-in-2023

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

Regardless of global economic developments, the amount of data produced is growing unabated. According to Statista, it is expected to reach over 97,000 exabytes in 2022, an increase of 23% over the previous year.[9] Experts estimate that the market for big data and data analytics rose to a total volume of USD 271 billion in 2022, up 13% from the previous year.[10]

Exasol believes that it is very well positioned in this market environment, although traditional providers such as Microsoft, Oracle, SAP, Terra Data or IBM have been active in this market for many years, leading to intense competition. Exasol also competes with global players Google and Amazon, as well as with younger technology companies such as Snowflake and Databricks. From the company's point of view, however, Exasol's database infrastructure is one of the technologically leading solutions, especially with regard to speed, performance, scalability, 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.

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 already started using adjusted EBITDA as well as cash and cash equivalents as additional performance indicators. 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 the future new business volume, that is expected over the next twelve months provided that no contracts are terminated or existing contracts are renewed. For the financial year 2022, the contractually agreed recurring revenue components as of 31 December 2022 are annualized to 12 months to calculate ARR.

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

Adjusted EBITDA is the second financial key performance indicator besides ARR. Here, earnings before interest, taxes, depreciation and amortization (EBITDA) are adjusted for effects from 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.

Targets 2022	Results 2022	Comment
ARR EUR 35.5 to 37.0 million	EUR 35.6 million	Intra-year adjustment of the forecast in November 2022 from EUR 38.5 to 40.0 million to EUR 35.5 to 37.0 million
Adj. EBITDA EUR -13 to -14 million	EUR -13.4 million	Intra-year adjustment of the forecast in November 2022 from EUR -14 to -16 million to EUR -13 to -14 million
Cash and cash equivalents EUR 11 to 13 million	EUR 12.7 million	Intra-year adjustment of the forecast in November 2022 from EUR 10 to 12 million to EUR 11 to 13 million

Business trend in the financial year 2022

The past year – like virtually no other – presented the world with enormous challenges. Following the COVID-19 pandemic, the war against Ukraine launched by Russia in February 2022, growing inflation and rising interest rates led to an economically and geopolitically difficult situation across the globe.

While the impact of these crises on Exasol was moderate at the beginning of the year, as the first half progressed it became clear that companies were becoming increasingly cautious in their investment decisions, which had a negative impact on our ability to win new customers, especially in the second half of the year.

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

10 https://www.statista.com/statistics/1336002/big-data-analytics-market-size/#:~:text=The%20global%20big%20data%20analytics,650%20billion%20dollars%20by%202029.

At approx. 17%, the ARR growth rate nevertheless exceeded the prior year level by a wide margin. This is primarily due to the expansion of relationships with existing customers, which – as in previous years – were again the main growth driver. In addition, additional global brands were signed up as new customers, thus further expanding the basis for growth in the future. Notwithstanding the level of ARR growth achieved, expectations at the beginning of the year were higher. Given the economic challenges, companies were more cautious in their investment decisions, which impacted Exasol's ARR growth, especially in the third quarter. Accordingly, the full-year ARR growth forecast was corrected in November from between EUR 38.5 million and EUR 40.0 million to between EUR 35.5 million and EUR 37.0 million for the full year 2022. At the same time, the company continued unwaveringly on the path taken towards profitability, which is why its expectations regarding profitability and liquidity were upgraded.

The company also believes that good progress was made in the further development of its product portfolio. The launch of Exasol's managed software-as-a-service solution provides customers with an increasingly important additional option. The past year was used primarily to gather customer experience in order to bring the product to market maturity this year.

As in the previous years, Exasol again received top scores in independent surveys last year. For the third time in a row, Exasol dominated the competition in the Analytical Database Products group with six top rankings and eleven leader positions, which again was an above-average performance. Exasol also obtained above-average ratings in categories such as value for money, time to market, product satisfaction, customer satisfaction, performance, development efficiency, user friendliness, innovation, connectivity, adaptability and referral.

Results of operation, financial and net asset position

Results of operation

In EUR millions	2022	2021	Change
Annual recurring revenue (ARR)	35,6	30,5	16.7%
Revenue	33,2	27,5	20.7%
Recurring revenue	31.5	24.7	27.5%
In % of revenues	94.9	89.8	5.1 pp
Other revenue	1.7	2.8	-39.3%
In % of revenues	5.1	10.2	-5.1 pp

ARR climbed to EUR 35.6 million in the financial year 2022. This represents an increase of 16.7% compared to the previous year (2021: EUR 30.5 million). A total of 18 new customers was won in the past financial year (2021: 26), with the total number of customers reaching 216 as of 31 December 2022 (31 December 2021: 212). This includes a customer from the sports sponsoring sector (EUR 0.9 million) with whom the termination of the contractual relationship was already agreed at the end of the financial year with effect from 1 January 2023. The resulting decrease in ARR is more than offset by the simultaneous decrease in marketing expenses.

Consolidated revenues amounted to EUR 33.2 million in the financial year 2022 (2021: EUR 27.5 million). This represents an increase of 20.7%. The share of the strategically important recurring revenue increased by a disproportionate 27.5% to EUR 31.5 million in the reporting period (2021: EUR 24.7 million). This corresponds to a share of 94.9% of total revenues (previous year: 89.8%) and reflects the high level of customer satisfaction and the associated continuity of business relationships. Recurring revenue is revenue for the period from 1 January to 31 December of a year and a subset of consolidated revenue. It is not identical with annual recurring revenue, which is used as a performance indicator for corporate controlling purposes.

Geographically, Exasol breaks down its revenues into four regions, i.e. DACH (Germany, Austria, Switzerland), Great Britain, North America and Rest of the World.

In EUR millions	2022	2021	Change
DACH	22.2	19.8	12.1%
Great Britain	2.4	1.7	41.2%
North America	4.8	3.6	33.3%
Rest of the world	3.8	2.4	58.3%
Total revenues	**33.2**	**27.5**	**20.7%**

The share of revenues of the DACH region, which is currently the most important region for Exasol, remained high and rose by 12.1% in the reporting period thanks to a stable customer base. At the same time, the importance of the North America and Rest of the World regions has increased as a result of focused sales efforts.

In % of total revenues	2022	2021
DACH	67%	72%
Great Britain	7%	6%
North America	15%	13%
Rest of the world	11%	9%

In EUR millions	2022	2021	Change
Revenue	33.2	27.5	+5.7
Own work capitalized	–	2.2	-2.2
Other operating income	3.1	8.2	-5.1
Cost of materials	-2.1	-3.2	+1.1
Personnel expenses	-29.8	-39.3	+9.5
Depreciation/amortization	-2.8	-2.8	–
Other operating expenses	-16.5	-21.1	+4.6
Financial result	-0.1	–	-0.1
Result from ordinary activities	-15.0	-28.5	+13.5
Taxes	–	-0.8	+0.8
Consolidated net income	**-15.0**	**-29.3**	+14.3

At the beginning of 2022, Exasol AG reorganized the methods used to manage software development resources and, as a result, time recording by activities is no longer carried out. Due to the discontinuation of time recording, **development work** can no longer be reliably determined, which is a prerequisite for the capitalization of own work. As a result, capitalization was discontinued, so that own work capitalized was no longer reported in the reporting period (2021: EUR 2.2 million).

Other operating income decreased noticeably to EUR 3.1 million, down from EUR 8.2 million in the previous year. The decline is attributable to the revaluation of Executive Board stock appreciation rights in 2021, in the context of which provisions of EUR 7.4 million were released through profit/loss, leading to high non-cash non-recurring income. The amount in the financial year 2022 was much lower.

The **cost of materials** declined to EUR 2.1 million in 2022 (2021: EUR 3.2 million). The main reason for this is a lower volume of hardware purchases for appliance revenues (bundling of hardware and software). The cost of materials also comprises expenses for the ExaCloud infrastructure (leasing of servers and expenses relating to the operation of the data center), which remained essentially unchanged compared to the previous year.

In FY 2022, **personnel expenses** were down by -24.0% on the previous year to EUR 29.8 million (2021: EUR 39.3 million). The decline is primarily due to a lower number of employees. While the headcount had temporarily been increased noticeably, a reorganization took place within the Exasol Group at the end of 2021, which also led to personnel savings. The effects of these measures began to make themselves felt as of the first quarter of 2022. At the end of the financial year 2022, Exasol employed 211 people.

Other operating expenses amounted to EUR 16.5 million in the financial year 2022, which was clearly below the previous year's EUR 21.1 million. The -21.8% decline is primarily attributable to reduced marketing expenses. Moreover, due to the strong expansion of the workforce, increased recruitment costs were incurred especially in the first half of 2021, which returned to normal in FY 2022.

At the bottom line, the Exasol Group's **earnings before interest, taxes, depreciation and amortization** (EBITDA) improved to EUR -12.2 million in the financial year 2022 (2021: EUR -25.7 million). This is due to both the continued increase in revenues and the greatly reduced cost base, especially with regard to personnel and marketing expenses. **Adjusted** for effects from share-based remuneration of EUR 1.2 million, **EBITDA** amounted to EUR -13.4 million in the reporting period (2021: EUR -31.6 million).

Reconciliation of adjusted EBITDA

In EUR millions	2022	2021
EBITDA (reported)	**-12.2**	**-25.7**
+ effects from share-based remuneration*	-1.2	-5.9
+ expenses for capital measures	–	–
= adjusted EBITDA	**-13.4**	**-31.6**

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

At EUR 2.8 million, **depreciation and amortization** in the financial year 2022 was on a par with the previous year (2021: EUR 2.8 million). Together with a financial result of EUR -0.1 million (2021: EUR 0.0 million) and tax expenses of EUR 0.0 million (2021: EUR -0.8 million), **earnings after taxes** in the reporting period improved noticeably year-on-year to EUR -15.0 million (2021: EUR -29.3 million).

Net assets and capital structure

As of 31 December 2022, total assets were below the level of the prior year reporting date due to the operating loss incurred in 2022 as well as to the disbursement of employee entitlements acquired in the context of the 2020 IPO. The decline in total assets from EUR 41.5 million to EUR 23.2 million is thus essentially attributable to the change in cash and cash equivalents.

In EUR millions	31 Dec. 2022	31 Dec. 2021	Change
Intangible assets	5.8	8.4	-2.6
Property, plant and equipment	0.7	1.0	-0.3
Total fixed assets	**6.4**	**9.4**	**-3.0**
Inventories	0.2	–	+0.2
Receivables and other assets	2.6	3.3	-0.7
Cash and cash equivalents	12.7	27.2	-14.5
Total current assets	**15.5**	**30.5**	**-15.0**
Prepaid expenses	1.3	1.6	-0.3
TOTAL ASSETS	**23.2**	**41.5**	**-18.3**

Intangible assets declined to EUR 5.8 million in the financial year 2022 (31 December 2021: EUR 8.4 million). This trend was mainly driven by the change in the methods used to manage software development resources and the resulting elimination of own work capitalized as of 1 January 2022. Depreciation/amortization and the derecognition through profit/loss of earlier capitalizations were therefore no longer offset by additions in the reporting period, resulting in a decrease in the balance sheet item as of 31 December 2022.

Accordingly, **fixed assets** declined from EUR 9.4 million as of 31 December 2021 to EUR 6.4 million on the balance sheet date. As of the end of the reporting date, intangible assets represented 89.7% of total fixed assets (31 December 2021: 89.5%).

At the same time, **current assets** declined to EUR 15.5 million (31 December 2021: EUR 30.5 million). This is mainly attributable to the decline in short-term cash and cash equivalents to finance the operations and to the disbursement of employee entitlements from the 2020 IPO. In this context, cash and cash equivalents (incl. securities) declined to EUR 12.7 million at the end of the reporting period (31 December 2021: EUR 27.2 million).

Equity and liabilities

In EUR millions	31 Dec. 2022	31 Dec. 2021	Change
Equity	5.5	19.0	-13.5
Provisions	5.8	13.6	-7.8
Liabilities	2.8	2.3	+0.5
Deferred income	8.9	6.4	+2.5
Deferred tax liabilities	0.2	0.2	–
TOTAL EQUITY AND LIABILITIES	**23.2**	**41.5**	**-18.3**

Group equity dropped to EUR 5.5 million as of 31 December 2022 (31 December 2021: EUR 19.0 million). This is equivalent to an equity ratio of 23.7% (31 December 2021: 45.9%). The change in equity is largely attributable to the negative result of the financial year 2022.

Provisions were down by 57.4% compared to 31 December 2021 and amounted to EUR 5.8 million as of 31 December 2022 (31 December 2021: EUR 13.6 million). This represents 25.0% of total assets (31 December 2021: 32.8%). The decline is essentially due to the partial payment (EUR 1.3 million) and the reversal through profit/loss (EUR 2.4 million) of the provision resulting from a revaluation of the stock appreciation rights due to the change in the price of the Exasol share. As of the reporting date 31 December 2022, the remaining provisions for the SAR program amounted to EUR 2.5 million (31 December 2021: EUR 9.1 million).

At EUR 2.8 million, **liabilities** as of 31 December 2022 slightly exceeded the level of the prior year reporting date (31 December 2021: EUR 2.3 million).

Compared to the previous year, **deferred income** increased to EUR 8.9 million as of the balance sheet date (31 December 2021: EUR 6.3 million). This was due to the increase in term-based customer contracts that had already been paid as of 31 December 2022.

Changes in cash and cash equivalents

In EUR millions	2022	2021	Change
Operating cash flow	-14.3	-36.1	+21.8
Cash flow from investing activities	-0.3	31.1	-31.4
Cash flow from financing activities	0.1	-1.8	+1.9
Net change in cash and cash equivalents	**-14.5**	**-6.8**	**-7.7**

Operating cash flow for the reporting period stood at EUR -14.3 million, which represented a clear improvement compared to the previous year (2021: EUR -36.1 million). This improvement primarily reflects Exasol's improved results of operation.

Cash flow from investing activities amounted to EUR -0.3 million in the reporting period (2021: EUR 31.1 million). The high prior year figure is due to the proceeds of EUR 35.5 million from the sale of short-term securities for cash management purposes.

Cash flow from financing activities improved to EUR 0.1 million in the financial year (2021: EUR -1.8 million). This is attributable to the fact that no capital measures affecting cash flow were carried out in the reporting period.

As of 31 December 2022, **cash and cash equivalents** totaled EUR 12.7 million (31 December 2021: EUR 27.2 million). In addition, the company has an unused credit line of EUR 1 million with its principal bank.

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

Overall assessment by the Executive Board

The Executive Board considers the general business performance as well as the net assets, financial position and results of operation to be satisfactory on balance. The company's ARR growth fell short of original expectations in 2022 as global economic developments deteriorated in the course of the year. At the same time, however, Exasol's profitability and liquidity showed a better trend in the past financial year than expected at the beginning of the year. This and the continued positive market outlook make the Executive Board believe that there are still great market opportunities for the company that should be reflected in continued growth and steadily improving profitability.

Opportunities and risk report

Risk management and risk management system

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

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

In the financial year 2022, compliance and risk management were again bundled in a uniform system (CRMS) in order to identify and assess potential risks and to mitigate and/or control them by taking appropriate measures. This enables the Executive Board to make informed decisions.

The CRMS is the responsibility of the Chief Financial Officer. It is structured along the value chain, with a Risk Officer appointed in each department. The Compliance and Risk Manager monitors the CRMS, supports the Risk Officers and regularly reports to the Executive Board. There are both regular reporting duties and defined ad-hoc reporting lines. There is a direct reporting line from the Compliance and Risk Manager to the responsible Executive Board member; if required, the Compliance and Risk Manager may also contact the full Executive Board and/or the Supervisory Board. In FY 2022, it was again ensured that the Executive Board and the Supervisory Board were fully informed of the risk situation.

In the financial year 2022, risks were again consistently assessed on the basis of the common criteria of "amount of damage" and "probability of occurrence". Where the "amount of damage" is concerned, a distinction is made between "high" (expected damage of over EUR/$ 500,000), "medium" (expected damage between EUR/$ 50,000 and EUR/$ 500,000) and "low" (expected damage of less than EUR/$ 50,000). With respect to the "probability of occurrence", a distinction is made between "unlikely" (1 incident/10,000 events or fewer than 0.5 incidents/year), "possible" (1 incident/1,000 events or 1 incident/year) and "almost certain" (1 incident/100 events or more than 2 incidents/year) based on a defined number of possible occurrences. This results in the risk categories shown here (low, medium, high):

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

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

Risk report

Macroeconomic risks

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

In view of the numerous risks that may potentially have a negative impact on the world economy, economic forecasts are currently subject to great uncertainty. In this context, uncertainties about the further course of the war in Ukraine and its geographic expansion are of special importance. Moreover, further oil and gas supply shortages and the resulting increase in inflation may have an adverse impact on consumer sentiment and, consequently, on companies' investment activity. The COVID-19 pandemic also continues to weigh on the world economy. Generally, however, other pandemic, epidemic or infectious diseases may also have an adverse effect on Exasol's business, results of operation and financial position.

Overall, Exasol rates the aforementioned risks as high because of their low predictability.

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

Industry-specific market risks

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

Risks from technological change

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

Risks from the customer structure

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

The company generates close to 30% of its revenue with the TOP 5 customers. This structure entails the risk that the loss of one or more large existing customers has at least a temporary adverse impact on revenue and ARR. This would also have negative effects on Exasol's financial resources and results of operation.

Existing customers also account for a considerable share of the company's revenue growth. This is partly due to the fact that Exasol has built up long-standing business relationships with many of its customers. As the business volume continues to increase, however, these dependencies are likely to be reduced.

With regard to sales, the company continued to develop its existing action plan and carried out a more detailed analysis of its customer structure in the financial year 2022. The product portfolio has been and will continue to be expanded and the contractual relationships are being reorganized. This is intended to lead to a further increase in customer retention rates and to help the company generate new customers.

Financial risks

Exasol is currently at the threshold to profitability. Operationally, Exasol will break even in the second half of 2023 based on adjusted EBITDA, but will still generate a negative result in the transitional phase of the first half of 2023. Increasing revenue with existing and new customers is a key driver on the road to profitability. Lower-than-expected revenue growth could postpone the point in time at which Exasol breaks even, with the corresponding negative effect on the company's financial situation. Exasol therefore monitors the business with new and existing customers very closely and would be able to adjust the cost base at short notice in the event of unplanned negative deviations. In addition, the company is constantly monitoring cash flow and equity and prepares the corresponding cash forecasts.

Human resources risk

Recruiting staff is a major challenge for the technology sector.

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

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

Cyber risks

Cyber risks are one of the main original risk areas for a technology company.

Cyber risks that materialize may have a considerable adverse impact on business performance, e.g. the complete failure of IT systems, interruptions in Internet connections, infrastructure errors or other disruptions. This may lead to customer contracts not being honored, products or services not being available or other shortages occurring.

Outside influence such as cyber-attacks is also possible. This may lead to the theft of (customer) data, infrastructure damage or other consequences. If such attacks become known, this could lead to substantial reputational damage and massive claims for damage and thus have an adverse impact on liquidity, equity and revenue.

Exasol has an established information security system in the form of an integrated management system that addresses information security issues and ensures quality and process control. This allows cyber risks to be identified, monitored and minimized to the extent possible and to be reduced to an acceptable residual risk. The corresponding certifications (ISO 27001 and 9001) were confirmed by an audit in the financial year 2022. Internal expertise has also been further expanded.

Regulatory and legal risks

General legal risks

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

Data protection risks

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

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

Patent and IP rights

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

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

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

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

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

Opportunities report

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

As mentioned in the forecast following the opportunities report, 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 an estimated 97 zettabytes in 2022 to 181 zettabytes in 2025.[11]

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.

Material opportunities

Global demand continues to grow
In spite of the currently tense macroeconomic environment, Exasol's market continues to grow strongly, as the data volumes to be processed are also growing constantly. 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 around USD 270 billion in 2022 to USD 308.3 billion in 2023 and to USD 396.4 billion by 2025. This corresponds to an average growth rate of 13.1%.[12]

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.[13] Due to the possibility to flexibly use the various platforms, Exasol sees market opportunities for its product in areas which its competitors cannot cover.

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)[14] as well as by the standard industry surveys conducted by BARC.[15] 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.

---

11 https://www.statista.com/statistics/871513/worldwide-data-created/
12 https://www.statista.com/statistics/1336002/big-data-analytics-market-size/
13 https://www.exasol.com/de/ressource/dresner-marketstudie-2022-zu-analytical-data-infrastructure/
14 https://www.tpc.org/tpch/results/tpch_perf_results5.asp?resulttype=cluster&version=3
15 https://www.exasol.com/de/barc-survey-2022/

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 performance layer. This 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.

Launch of Exasol's SaaS solution
With a view to also target enterprises preferring a fully managed 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 used the year 2022 to further improve its SaaS solution and plans to market it on a much larger scale in 2023.

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 after having registered.

Forecast

Expected macroeconomic environment

The International Monetary Fund expects the global stress factors will have an adverse impact on the world economy also in 2023. In their January 2023 forecast, the experts project global economic growth of 2.9%.

The IMF expects economic output in the advanced countries to increase by 1.2% in 2023 and by 1.4% in the following year. Within the group of industrialized countries, the USA is expected to grow by 1.4% and by 1.0% in 2024, while growth rates of only 0.7% and 1.6% are projected for the eurozone for 2023 and the following year, respectively. For Germany, which is the largest economy in the eurozone, the IMF experts project growth rates of 0.1% and 1.4%, respectively.

The IMF expects growth in the emerging countries to again improve noticeably in 2023 (+4.0%) and to pick up slightly further in 2024 (+4.2%). China's gross domestic product is even expected to grow by 5.2% compared to the previous year and by 4.5% in the following year.

Expected industry environment

While global IT spending declined slightly by -0.2% to USD 4.4 trillion in 2022, market research firm Gartner expects it to pick up again in 2023 to USD 4.5 trillion.[16] This would be equivalent to an increase by 2.4%. At 9.3%, 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 5.5% again, while hardware spending is expected to continue to decline, albeit less markedly than in the previous year. According to industry association Bitkom, revenues of EUR 126.4 billion are projected for Germany's IT sector in 2023, which corresponds to a growth rate of 6.3% compared to 2022. It is currently difficult to assess to what extent the factors weighing on the world economy will have a negative impact on IT spending and thus affect growth in the industry as a whole.

The market for big data analytics is currently expected to grow by 13.4% from around USD 270 billion in 2022 to USD 308.3 billion this year.[17] This goes hand in hand with a general increase in the total amount of data produced, which is assumed to multiply from 97 zettabytes in 2022 to 181 zettabytes in 2025.[18]

16 https://www.gartner.com/en/newsroom/press-releases/2023-01-18-gartner-forecasts-worldwide-it-spending-to-grow-2-percent-in-2023
17 https://www.statista.com/statistics/1336002/big-data-analytics-market-size/
18 https://www.statista.com/statistics/871513/worldwide-data-created/

Expected company performance and outlook

Global IT spending and spending on software, in particular, has been increasing steadily for years. Even the various crises such as the COVID-19 pandemic or the adverse effects of Russia's war of aggression against Ukraine and last year's high inflation rates have influenced the growth momentum of the software sector only little. The Executive Board therefore expects a positive business trend in 2023. This trend is additionally supported by Exasol's growing product range, e.g. in the context of software-as-a-service, much better market access in the USA following last year's strategic repositioning and a pick-up in partner sales. It cannot be ruled out, however, that the current supply chain problems, supply shortages, price increases, e.g. for commodities and energy, as well as the persistently high inflation rates might have a negative impact on the business trend.

For the current financial year, the Executive Board expects both the current growth to continue and profitability to increase further: With ARR expected to rise to between EUR 42.5 million and EUR 44,0 million in FY 2023 (2022: EUR 35.6 million), the Executive Board assumes that adjusted EBITDA will improve further to between EUR -3 million and EUR -1 million (2022: EUR -13.4 million). The company is expected to reach break-even on a quarterly basis already in the second half of the current financial year. Accordingly, cash and cash equivalents will remain hardly unchanged at between EUR 9 million and EUR 11 million at the end of the year (31 December 2022: EUR 12.7 million).

Overall statement of the Executive Board on the expected performance

The Executive Board is optimistic about the year 2023. With ARR again expected to grow at double-digit rates, profitability will improve successively and the company will break even in the second half of the year. This trend will be supported not only by the efficiency-increasing measures that were launched back in 2021 and took even greater effect in 2022 but also by the continued positive market environment and the strong competitive position of Exasol.

Management report of Exasol AG

Complementing the report on the Exasol Group, the performance of Exasol AG in the financial year 2022 is described below.

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

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

All R&D activities of the Group are pooled at Exasol AG. For a detailed presentation, please refer to the "Research and development" chapter on Exasol Group.

Results of operation

The financial year of Exasol AG is the calendar year.

The income statement of Exasol AG for the financial year 2022 is as follows:

In EUR millions	2022	2021	Change
Revenue	26.1	24.2	+1.9
Own work capitalized	–	2.2	-2.2
Other operating income	10.5	20.6	-10.1
Cost of materials	-3.8	-4.0	+0.2
Personnel expenses	-16.0	-15.7	-0.3
Depreciation/amortization	-3.1	-3.1	–
Other operating expenses	-18.9	-34.8	+15.9
Financial result	2.6	0.3	+2.3
Result from ordinary activities	**-2.6**	**-10.2**	**+7.6**
Taxes	–	-0.9	+0.9
Net loss for the year	**-2.6**	**-11.2**	**+8.6**

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 2022 totaled EUR 26.1 million (2021: EUR 24.2 million). The increase in revenues essentially results from additional sales to end customers.

Own work capitalized amounted to EUR 0.0 million in the financial year 2022 (2021: EUR 2.2 million). The decline is attributable to the fact that own work is no longer capitalized. For a detailed presentation, please refer to the "Research and development" chapter on Exasol Group.

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 10.5 million in the financial year 2022 (2021: EUR 20.6 million).

The cost of materials in the financial year 2022 totaled EUR 3.8 million (2021: EUR 4.0 million) and essentially includes expenses for the operation of the customer data center, hardware purchases and for services purchased within the Group.

At EUR 16.0 million, the company's personnel expenses are at a similar level as in the previous year (2021: EUR 15.7 million). Exasol AG employed an average of 139 people during the financial year (2021: 68).

Depreciation and amortization amounted to EUR 3.1 million in the financial year 2022 and were thus unchanged from the previous year (2021: EUR 3.1 million). Amortization of intangible assets is the main item.

Other operating expenses in the amount of EUR 18.8 million (2021: EUR 34.8 million) primarily comprise marketing expenses, legal and consulting expenses as well as other expenses of affiliated companies. The figure for the previous year includes merger losses of around EUR 9.5 million from the mergers implemented within the Group.

Exasol AG's net loss for the year amounted to EUR 2.6 million (2021: EUR 11.2 million).

Targets 2022		Results 2022	Comment
Revenue	Slight increase	EUR 26.1 million	As a result of rising revenues at the subsidiaries, Exasol AG's revenues increased to EUR 26.1 million (previous year: EUR 24.2 million).
Operating result	Slight improvement	EUR -2.6 million	As a result of the improved profitability of the subsidiaries, Exasol AG's operating result increased to EUR -2.6 million (previous year: EUR -10.2 million).

Net assets and financial position

Exasol AG's net assets and financial position as of 31 December 2022 and the prior year reporting date were as follows:

In EUR millions	31 Dec. 2022	31 Dec. 2021	Change
Fixed assets	71.4	63.8	+7.6
Current assets	3.6	18.3	-14.7
Prepaid expenses	0.9	1.4	-0.5
Total assets	**75.9**	**83.5**	**-7.6**

In EUR millions	31 Dec. 2022	31 Dec. 2021	Change
Equity	69.5	70.6	-1.1
Provisions	4.2	11.6	-7.4
Liabilities	1.8	1.1	+0.7
Prepaid expenses	0.4	0.2	+0.2
Total liabilities	**75.9**	**83.5**	**-7.6**

Total assets of Exasol AG amounted to EUR 75.9 million as of 31 December 2022 (31 December 2021: EUR 83.5 million).

As of 31 December 2022, fixed assets accounted for EUR 71.4 million of this total (2021: EUR 63.8 million). At EUR 63.3 million, loans to affiliated companies are the main item (2021: EUR 52.4 million). The increase is attributable to the conversion of current receivables into interest-bearing loans with indefinite terms.

As of 31 December 2022, current assets include bank balances of EUR 2.7 million (31 December 2021: EUR 17.6 million) and trade receivables of EUR 0.1 million (31 December 2021: EUR 0.1 million).

Prepaid expenses amounted to approx. EUR 0.9 million as of 31 December 2022 (31 December 2021: EUR 1.4 million).

Taking into account the net loss for the year of EUR 2.6 million (31 December 2021: EUR 11.2 million), Exasol AG's equity declined to EUR 69.5 million as of 31 December 2022 (2021: EUR 70.6 million).

The provisions of EUR 4.2 million as of 31 December 2022 (31 December 2021: EUR 11.6 million) mainly included personnel-related provisions, provisions for accounting and audit costs for the year 2022 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 1.8 million (31 December 2021: EUR 1.1 million) and resulted primarily from trade payables of EUR 1.3 million (31 December 2021: EUR 0.6 million) as well as wage tax and value-added tax of EUR 0.3 million (31 December 2021: EUR 0.4 million), which are shown under other liabilities.

Deferred income amounted to approx. EUR 0.4 million as of 31 December 2022 (31 December 2021: EUR 0.3 million).

Risks and opportunities

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

Forecast

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

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

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

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

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

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

Exasol
The analytics database

Consolidated Financial Statements

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

Consolidated balance sheet

as at 31 December 2022

Assets	31 December 2022 EUR	31 December 2022 EUR	31 December 2021 EUR	31 December 2021 EUR
A. Fixed assets				
I. Intangible assets				
1. Internally generated industrial property rights and similar rights and assets	4,971,768.10		7,320,911.71	
2. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	621,210.44		836,274.33	
3. Goodwill	159,145.50	5,752,124.04	217,014.87	8,374,200.91
II. Property, plant and equipment				
Other equipment, operating and office equipment		660,434.82		984,307.21
		6,412,558.86		**9,358,508.12**
B. Current assets				
I. Inventories		158,753.26		0.00
II. Receivables and other assets				
1. Trade receivables	1,885,705.38		2,873,641.50	
2. Other assets	704,192.75	2,589,898.13	470,417.69	3,344,059.19
III. Securities		0.00		0.00
IV. Cash and cash equivalents		12,727,979.55		27,206,316.55
		15,476,630.94		**30,550,375.74**
C. Prepaid expenses		**1,312,045.97**		**1,588,066.71**
		23,201,235.77		**41,496,950.57**

Consolidated balance sheet

as at 31 December 2022

Equity and liabilities	31 December 2022 EUR	31 December 2022 EUR	31 December 2021 EUR	31 December 2021 EUR
A. Equity				
I. Issued capital				
1. Subscribed capital	24,438,870.00		24,438,870.00	
2. Nominal value of own shares	-298,397.00	24,140,473.00	-596,794.00	23,842,076.00
II. Capital reserve		108,890,548.49		107,672,906.48
III. Difference in equity due to currency translation		372,123.78		435,146.45
IV. Accumulated deficit brought forward		-112,918,444.29		-83,620,525.81
V. Consolidated profit/loss for the year		-15,014,087.34		-29,297,918.48
		5,470,613.64		**19,031,684.64**
B. Provisions				
1. Provisions for taxes		315,850.80		713,096.33
2. Other provisions		5,525,051.35		12,901,530.91
		5,840,902.15		**13,614,627.24**
C. Liabilities				
1. Liabilities to banks		0.00		29,304.90
2. Trade payables		1,653,183.61		1,228,284.45
3. Other liabilities – thereof for taxes: EUR 508,595.04 (PY: EUR 555,375.21) – thereof for social security: EUR 105,125.63 (PY: EUR 271,624.87)		1,190,205.06		1,043,038.72
		2,843,388.67		**2,300,628.07**
D. Deferred income		**8,887,187.81**		**6,332,996.75**
E. Deferred tax liabilities		**159,143.50**		**217,013.87**
		23,201,235.77		**41,496,950.57**

Consolidated income statement

for the period from 1 January to 31 December 2022

	2022		2021	
	EUR	EUR	EUR	EUR
1. Revenue		33,190,740.01		27,458,949.16
2. Other own work capitalised		0.00		2,242,060.29
3. Other operating income – thereof from currency translation: EUR 198,963.07 (PY: EUR 396,202.73)		3,088,771.00		8,200,267.04
4. Cost of materials				
a) Cost of raw materials, supplies and purchased goods	-1,630,933.47		-2,019,508.01	
b) Cost of purchased services	-498,916.61	-2,129,850.08	-1,180,193.86	-3,199,701.87
5. Personnel expenses				
a) Wages and salaries	-25,759,400.18		-34,979,828.05	
b) Social security, pension and other benefits – thereof for pensions: EUR 131,292.24 (PY: EUR 156,342.16)	-4,080,934.82	-29,840,335.00	-4,304,168.11	-39,283,996.16
6. Amortisation of intangible assets and depreciation of property, plant and equipment		-2,759,953.47		-2,826,398.09
7. Other operating expenses – thereof from currency translation: EUR 105,230.79 (PY: EUR 82,283.64)		-16,482,422.17		-21,086,423.10
8. Other interest and similar income		6,071.06		47,797.76
9. Interest and similar expenses – thereof to shareholders: EUR 0.00 (PY: EUR 0.00)		-90,738.15		-7,948.17
10. Income taxes – thereof to deferred tax: EUR 57,870.36 (i. Vj. EUR 57,870.36)		8,723.46		-837,306.20
11. Earnings after taxes		**-15,008,993.34**		**-29,292,699.34**
12. Other taxes		-5,094.00		-5,219.14
13. Consolidated profit/loss for the year		**-15,014,087.34**		**-29,297,918.48**

Consolidated statement of cash flows

for financial years 2022 and 2021

	2022 TEUR	2021 TEUR
Profit for the period (net income including share of profit of other shareholders)	-15,014	-29,298
Amortisation, depreciation and write-downs on fixed assets	2,760	2,826
Increase/decrease in provisions	-5,860	-12,618
Other non-cash expenses/income	-4,793	-2,863
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-746	-1,529
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	9,474	6,838
Profit/loss from the derecognition of fixed assets	454	0
Interest expense/income	85	-39
Income tax expense/income	-9	837
Other operating income from grants	-183	0
Income taxes paid	-446	-224
Cash flows from operating activities	**-14,279**	**-36,070**
Acquisition of intangible assets	-8	-3,429
Acquisition of property, plant and equipment	-273	-1,019
Cash inflows and outflows due to cash investments within the scope of the short-term cash management	0	35,523
Interest received	6	48
Cash flows from investing activities	**-275**	**31,123**
Proceeds from equity contributions by shareholders of the parent company	0	-1,632
Proceeds from the issuance of bonds and from borrowings	0	0
Repayments of bonds and borrowings	-44	-191
Proceeds from subsidies/grants received	183	0
Proceeds from the sale of treasury stock	0	0
Interest paid	-91	-8
Cash flows from financing activities	**48**	**-1,831**
Net increase/decrease in cash and cash equivalents	-14,505	-6,777
Effect of movements in exchange rates and remeasurements on cash held	27	106
Cash and cash equivalents at the beginning of the period	27,206	33,878
Cash and cash equivalents at the end of the period	**12,728**	**27,206**

Cash and cash equivalents consist of the following	**2022 TEUR**	**2021 TEUR**
Cash and cash equivalents	**12,728**	**27,206**
Current account liabilties	**0**	**0**
	12,728	**27,206**

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

Consolidated statement of changes in equity

as at 31 December 2022

	Parent company's equity							
	Issued capital							
	Share capital	Own shares	Sum of share capital	Capital reserve	Foreign currency translation differences	Accumulated deficit brought forward	Consolidated net income/ loss for the year	Consolidated equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2020	**24,438,870.00**	**-596,794.00**	**23,842,076.00**	**107,672,906.48**	**373,363.92**	**-49,293,187.55**	**-34,327,338.26**	**48,267,820.59**
Currency translation	0.00	0.00	0.00	0.00	61,782.53	0.00	0.00	61,782.53
Other changes	0.00	0.00	0.00	0.00	0.00	-34,327,338.26	34,327,338.26	0.00
Consolidated net loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	-29,297,918.48	-29,297,918.48
As at 31 December 2021	**24,438,870.00**	**-596,794.00**	**23,842,076.00**	**107,672,906.48**	**435,146.45**	**-83,620,525.81**	**-29,297,918.48**	**19,031,684.64**
Currency translation	0.00	0.00	0.00	0.00	-63,022.67	0.00	0.00	-63,022.67
Purchase/sell of own shares	0.00	298,397.00	298,397.00	-298,397.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	1,516,039.00	0.00	-29,297,918.48	29,297,918.48	1,516,039.01
Consolidated net loss for the year	0.00	0.00	0.00	0.00	0.00	0.00	-15,014,087.34	-15,014,087.34
Stand am 31. Dezember 2022	**24,438,870.00**	**-298,397.00**	**24,140,473.00**	**108,890,548.48**	**372,123.78**	**-112,918,444.29**	**-15,014,087.34**	**5,470,613.64**

Movements in the Group's fixed assets

in the financial year from 1 January 2021 to 31 December 2022

	Cost				
	1 January 2022	Additions	Disposals	Currency differences	31 December 2022
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	18,275,314.17	0.00	451,646.61	0.00	17,823,667.56
2. Concessions, industrial properts rights and similar rights and assets acquired for a consideration	9,849,609.80	8,300.00	0.00	0.00	9,857,909.80
3. Goodwill	7,583,762.86	0.00	0.00	0.00	7,583,762.86
	35,708,686.83	**8,300.00**	**451,646.61**	**0.00**	**35,265,340.22**
II. Property, plant and equipment					
Other equipment, operating and office equipment	**3,524,264.40**	**272,488.01**	**318,338.33**	**-12,619.43**	**3,465,794.65**
	39,232,951.23	**280,788.01**	**769,984.94**	**-12,619.43**	**38,731,134.87**

Movements in the Group's fixed assets

in the financial year from 1 January 2021 to 31 December 2022

	Accumulated amortisation, depreciation and write-downs							Book Value	
	1 January 2022	Change in scope of consolidation	Amortisation, depreciation and write-downs during the financial year	Write-ups of the financial year	Diposals	Currency differences	31 December 2022	31 December 2022	31 December 2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets									
1. Internally generated industrial property rights and similar rights and assets	10,954,402.46	0.00	1,897,497.00	0.00	0.00	0.00	12,851,899.46	4,971,768.10	7,320,911.71
2. Concessions, industrial properts rights and similar rights and assets acquired for a consideration	9,013,335.47	0.00	223,363.89	0.00	0.00	0.00	9,236,699.36	621,210.44	836,274.33
3. Goodwill	7,366,747.99	0.00	57,869.37	0.00	0.00	0.00	7,424,617.36	159,145.50	217,014.87
	27,334,485.92	**0.00**	**2,178,730.26**	**0.00**	**0.00**	**0.00**	**29,513,216.18**	**5,752,124.04**	**8,374,200.91**
II. Property, plant and equipment									
Other equipment, operating and office equipment	**2,539,957.19**	**0.00**	**581,223.22**	**0.00**	**315,820.58**	**0.00**	**2,805,359.83**	**660,434.82**	**984,307.21**
	29,874,443.11	**0.00**	**2,759,953.48**	**0.00**	**315,820.58**	**0.00**	**32,318,576.01**	**6,412,558.86**	**9,358,508.12**

Notes to the consolidated financial statements

for financial year 2022

A. General information and explanatory notes

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

(2) The consolidated financial statements were prepared in accordance with the provisions of Sections 290 et seq. of the German Commercial Code [HGB] and the supplementary provisions of the German Stock Corporation Act [AktG].

The functional currency is the euro.

The financial year for the Group and the consolidated companies is the calendar year.

B. Basis of consolidation

The consolidated financial statements of EXASOL AG, Nuremberg, encompass the wholly owned subsidiaries included pursuant to Section 313 (2) HGB.

Disclosures pursuant to Section 313 (2) HGB

Name and registered office of the company	Share in %	Currency
EXASOL Europa Vertriebs GmbH, Nuremberg	100	EURO
EXASOL UK Ltd., London (United Kingdom)	100	GBP
EXASOL USA Inc., San Francisco (USA)	100	USD
EXASOL France S.A.S., Paris (France)	100	EURO
EXASOL Schweiz AG, Zurich (Switzerland)	100	CHF

All companies were fully included in the consolidated financial statements through full consolidation. With the exception of the first-time consolidation of EXASOL France S.A.S., Paris, as well as EXASOL Schweiz AG, Zurich, the date of first-time consolidation is 1 January 2017. EXASOL France S.A.S., Paris, was founded on 1 September 2017 and consolidated for the first time on this date. EXASOL Schweiz AG, Zurich, was founded on 1 September 2020 and consolidated for the first time on this date. All investments are directly held by EXASOL AG.

C. Accounting and measurement policies

(1) The financial statements of the companies included in EXASOL AG's consolidated financial statements were prepared in accordance with uniform accounting policies, the general accounting policies specified in Sections 246 - 256a HGB and the special recognition and measurement policies applicable to corporations (Sections 264 - 277 HGB in conjunction with Section 298 (1) HGB).

The income statement was prepared using the nature of expense method.

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

(2) Assets and liabilities were recognized under the assumption that the company will be able to continue as a going concern.

(3) Fixed assets are generally stated at cost less amortization and depreciation.

If permanent impairment is likely, assets are written down beyond amortization/depreciation to the lower fair value. Additions are depreciated pro rata temporis.

Internally generated intangible fixed assets are recognized and valued in accordance with Section 248 (2) and Section 255 (2a) HGB. The manufacturing costs in this regard include all direct and indirect costs directly attributable to the production process. These assets are amortized on a straight-line basis over five years. The previously used capitalization option was still exercised.

Due to necessary systemic changes, however, the requirements for capitalizing intangible assets not yet completed were no longer met in the reporting year. Consequently, all internally generated intangible assets in progress as of 31 December 2021 have been eliminated as an expense. This derecognition led to other operating expenses of KEUR 452 in the financial year 2022.

(4) Intangible assets acquired for a consideration (including advance payments made) are stated at cost and, if they have a limited life, amortized on a straight-line basis over their respective useful lives. Purchased property rights are amortized over a useful life of five to ten years and the remaining intangible assets are written down over a useful life of three to twenty years. Recognized goodwill is amortized over its useful life of five years. As goodwill is based on established and consistent business, the company considers the total useful life approach to be appropriate. Purchased property rights are amortized over a useful life of five to ten years and the remaining intangible assets are written down over a useful life of three to twenty years.

(5) Property, plant and equipment are stated at cost less depreciation where subject to wear and tear. Items of property, plant and equipment are depreciated based on their estimated useful lives in line with the highest rates recognizable for tax purposes. Fixed assets are depreciated on a straight-line basis. The useful lives vary between three and fourteen years.

(6) Any low-value assets acquired at a cost of EUR 800.00 or less are written down in full in the year of acquisition.

(7) Inventories are recognized at cost.

(8) Receivables and other assets are stated at nominal value. A general bad debt provision has been recognized for general credit risk and the costs usually incurred in connection with delayed payment. Specific allowances are recognized for all identifiable individual risks.

Non-current receivables denominated in foreign currency are translated at the rate prevailing on the transaction date or the lower rate on the balance sheet date. Current receivables denominated in foreign currency are translated at the average spot exchange rate applicable as at the reporting date.

(9) Cash and cash equivalents are recognized at nominal value or, in the case of foreign currency balances, at the average spot exchange rate as at the balance sheet date.

(10) Tax provisions and other provisions are recognized at the settlement amount deemed necessary based on sound business judgement and take account of all identifiable risks. Provisions with a remaining term of more than one year are discounted using a market rate with matching maturity. In addition to the associated social security contributions, termination rates were taken into account in personnel provisions.

(11) Liabilities are stated at their settlement amounts.

Non-current liabilities denominated in foreign currency are translated at the rate prevailing on the transaction date or the higher rate on the balance sheet date. Current liabilities denominated in foreign currency are translated at the average spot exchange rate as at the balance sheet date.

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

(13) In accordance with Section 274 HGB, deferred tax assets and liabilities are recognized for temporary differences between the values stated in the tax balance sheet and the values reported under the German Commercial Code (temporary concept).

In addition, deferred taxes are recognized in respect of tax losses carried forward, provided it is expected that these can be used in the near future.

Deferred taxes are determined on the basis of the tax rates that, according to the current legal situation in the countries concerned, will apply or are expected to apply at the time of realization. Deferred tax assets are recognized only if it is expected that these can be realized.

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

The option to net deferred tax assets and liabilities has been exercised.

D. Currency translation

The Group uses the modified closing rate method for translating foreign currencies.

The balance sheet items of the foreign subsidiaries are translated at the respective average spot exchange rate on the balance sheet date. Equity is translated at historical exchange rates.

Income statement items of foreign subsidiaries are translated using the average annual exchange rate. In order to incorporate the net income for the year from the income statement (translated at the average annual rate) into the balance sheet, the difference from the rate prevailing on the reporting date is allocated to a separate item entitled "Difference in equity due to currency translation".

The following exchange rates provided the basis for the translation of foreign currencies:

EUR 1 is equivalent to	Closing rate on 31 Dec. 2022	Average rate in 2022
US dollar (USD)	1.07 (PY: 1.13)	1.05 (PY: 1.18)
British pound (GBP)	0.89 (PY: 0.84)	0.85 (PY: 0.86)
Swiss franc (CHF)	1.02 (PY: 1.03)	1.00 (PY: 1.08)

E. Consolidation policies

The reporting date of the consolidated financial statements is 31 December 2022 and corresponds to the balance sheet date of the parent company and that of the subsidiaries.

Capital consolidation

Capital was consolidated as at the date of first-time consolidation (1 January 2017) pursuant to Section 301 (2) sentence 5 HGB using the values recognized at the date the entities became subsidiaries, as all subsidiaries existing as at this date were established by cash contribution in the past. The differences from netting the acquisition costs of the shares upon establishment (date of acquisition) and the equity at book value as of 1 January 2017 of the subsidiaries are solely from accumulated profits and losses and were offset against the consolidated retained earnings brought forward.

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

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

Consolidation of liabilities

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

Elimination of intercompany profit or loss

Assets included in the consolidated financial statements, which are based on supplies or services between the companies included in the consolidated financial statements, are recognized at Group production cost. The Group's manufacturing costs include appropriate material and production overheads and are otherwise calculated using the same method that is uniformly used in the financial statements of the Group companies. If intercompany trade profits or losses are realized between companies included in the consolidated financial statements, these were determined and eliminated pursuant to Section 304 (1) HGB for the purpose of the consolidated financial statements.

The elimination of intercompany profits and losses led to a KEUR 803 change in the Group's earnings as at the balance sheet date (PY: KEUR 787).

Consolidation measures in the consolidated income statement

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

F. Disclosures and explanatory notes on the consolidated balance sheet

Fixed assets

The movements in fixed assets during the financial year between 1 January 2022 and 31 December 2022 as well as the breakdown of the individual items are presented in the statement of movements in fixed assets (appendix to the notes).

Intangible assets include purchased property rights and IT software, internally generated intangible fixed assets (capitalized development costs for software) and goodwill. No internally generated intangible fixed assets were capitalized in the financial year (PY: KEUR 2,242). Purchased property rights include property rights acquired as part of purchase and transfer agreements along with other acquired rights.

Additions to fixed assets in the financial year 2022 mainly included investments in IT infrastructure.

Current assets

Receivables and other assets are as follows:

KEUR	Financial year	thereof due after more than one year	Previous year	thereof due after more than one year
Trade receivables	1,886	0	2,874	0
Other assets	704	45	470	42
	2,590	45	3,344	42

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

“Other assets” include receivables from a loan granted to a member of the Executive Board in the amount of KEUR 257 (PY: KEUR 0), whose value date is the reporting date.

Loans to two Executive Board members were granted in the financial year. The total amount of the loans is KEUR 580 and both carried an interest rate of 1.64% p.a. They were repaid in monthly instalments of KEUR 2 plus accrued interest. The remaining entitlement to Executive Board stock appreciation rights is offset against the loans on a priority basis at the time of payment. Unscheduled repayments are possible at any time during the term. One loan was repaid in full in the financial year through the reversal of the Executive Board stock appreciation rights and a cash repayment.

The remaining loan is due for repayment no later than 31 December 2023.

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

Equity

(1) Subscribed capital

EUR	1 Jan. 2022	Increase	Decrease	31 Dec. 2022
Original capital	86,950	---	---	86,950
Capital increase	24,351,920	---	---	24,351,920
Share capital	**24,438,870**	---	---	**24,438,870**

(2) Capital reserve

EUR	1 Jan. 2022	Increase	Decrease	31.12.2022
Offering premium arising from capital increase	104,653,613	---	---	104,653,613
Other additional payments	596,794	---	298,397	298,397
Offering premium arising from resale of own shares	2,422,500	1,516,039	---	3,938,539
	107,672,907	1,516,039	298,397	**108,890,549**

(3) Treasury stock

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

(4) Conditional capital

On 5 December 2019, an Extraordinary Annual General Meeting resolved to form conditional capital (Conditional Capital 2019/I). The share capital of the company was conditionally increased by up to EUR 6,200,000.00 by issuing up to 6,200,000 new registered shares with a notional value of EUR 1.00 per share. The Conditional Capital is limited until 4 December 2024. It was registered with the Nuremberg Local Court on 6 February 2020.

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

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

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

As of 31 December 2022, employees of the company and employees of companies affiliated with the company held 1,585,050 – not yet exercised – subscription rights (option rights) pursuant to Section 192 (2) No. 3 AktG.

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

Based on this authorization, the share capital was increased by EUR 2,221,000.00 by registration with the Nuremberg Local Court on 11 December 2020. Following partial utilization, the Authorized Capital 2020/I thus still amounts to EUR 8,887,935.00.

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

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

As of 31 December 2022, authorized capital totaled EUR 7,331,661.00

Other provisions
Other provisions mainly include provisions for bonuses, commissions, stock appreciation rights and stock awards (KEUR 3,685; PY: KEUR 11,716), personnel expenses (KEUR 1,046; PY: KEUR 716), external annual accounting expenses (KEUR 257; PY: KEUR 160) and Supervisory Board remuneration (KEUR 220; PY: KEUR 195).

Liabilities
The remaining terms of the liabilities are as follows:

KEUR	Aggregate amount in the financial year	thereof with a remaining term of: up to one year	between one and five years	more than five years
Liabilities to banks	0 (PY: 29)	0 (PY: 29)	0 (PY: 0)	0 (PY: 0)
Trade payables	1,653 (PY: 1,228)	1,653 (PY: 1,228)	0 (PY: 0)	0 (PY: 0)
Other liabilities	1,190 (PY: 1,043)	1,190 (PY: 1,043)	0 (PY: 0)	0 (PY: 0)
	2,843 (PY: 2,300)	**2,843 (PY: 2,300)**	**0 (PY: 0)**	**0 (PY: 0)**

None of the liabilities are securitized.

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

Deferred taxes
The company has not recognized any deferred tax assets. Deferred tax assets were offset against deferred tax liabilities to the extent permissible and if they arose towards the same tax authority (Germany, UK, USA, France and Switzerland).

Deferred tax assets were recognized on tax loss carryforwards up to the amount of the net excess over deferred tax liabilities on temporary differences. The excess amount was not recognized because the usability of loss carryforwards in the next five years cannot be reliably estimated.

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

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

With regard to the first-time consolidation of yotilla GmbH in 2020, deferred tax liabilities were recognized in accordance with Section 306 HGB due to existing differences between the values stated in the commercial and tax balance sheets.

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

EUR	1 Jan. 2022	Change	31 Dec. 2022
Deferred tax liabilities	217,013.87	./. 57,870.37	159,143.50

G. Disclosures and explanatory notes on the consolidated income statement

Revenue

Revenue breaks down as follows:

By region	2022 KEUR	2022 %	2021 KEUR	2021 %
Germany, Austria, Switzerland (DACH)	22,253	67	19,790	72
Rest of Europe (excluding the UK) and rest of the world	3,758	11	2,394	9
United Kingdom	2,369	7	1,685	6
Region America	4,810	15	3.590	13
Total	**33,190**	**100**	**27,459**	**100**

Other operating income

Other operating income includes income from the reversal of other provisions (stock appreciation rights – Executive Board) in the amount of KEUR 2,410 (PY: KEUR 7,481).

In addition, Exasol received research grants of KEUR 183 (PY: KEUR 0) in 2022.

Other income unrelated to the accounting period amounted to KEUR 65 (PY: KEUR 24), which mainly relates to income from the reversal of provisions and the reduction of valuation allowances.

Personnel expenses

Personnel expenses amounted to KEUR 29,840 (PY: KEUR 39,284).

The decrease is mainly due to the planned reduction of the personnel base.

Other operating expenses

Other operating expenses do not include any extraordinary expenses (PY: KEUR 5,665). Expenses from currency translation amounted to KEUR 105 (PY: KEUR 24). Other operating expenses include expenses unrelated to the accounting period in the amount of KEUR 571, which mainly relate to losses from the disposal of property, plant and equipment. Internally generated intangible fixed assets are recognized and valued in accordance with Section 248 (2) and Section 255 (2a) HGB. The previously used capitalization option was still exercised. Due to necessary systemic changes, however, the requirements for capitalizing intangible assets not yet completed were no longer met in the reporting year. Consequently, all internally generated intangible fixed assets not yet completed as of 31 December 2021 were eliminated in the context of a carrying amount disposal recognized as an expense. This non-recurring expense led to other operating expenses of KEUR 452 in the financial year 2022.

H. Contingent liabilities and other financial obligations

Contingent liabilities pursuant to Section 251 HGB

There were no contingent liabilities pursuant to Section 251 HGB.

Off-balance sheet transactions

Material off-balance sheet transactions exist in the form of rental agreements for office space as well as leases for server capacity. This approach helps to reduce capital tie-up and means that the investment risk is borne by the landlord/lessor. For more information, please refer to the disclosures under "Other financial obligations".

Other financial obligations

Type of obligation	Payable within 1 year KEUR	Total KEUR
Rents for premises	581	1,127
Rents and leases for office equipment	332	580
Advertising rights	225	225
	1,138	**1,932**

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

I. Other disclosures

Number of employees

	2022
Administration / Sales / Marketing	91
R&D / Cloud / Services	129
Total	**220**

Executive Board

Members of the Executive Board in financial year 2022:

Aaron Auld (Executive Board Chairman), CEO, Munich (until 30 September 2022)

Mathias Golombek, CTO, Ottensoos

Jan-Dirk Henrich (Executive Board Spokesman from 1 October 2022 until 31 December 2022), CFO, Cologne

Mathias Golombek and Jan-Dirk Henrich continued to be appointed on the date the consolidated financial statements were prepared. Aaron Auld left EXASOL AG at the end of 30 September 2022. The registration with the Nuremberg Local Court was made on 27 October 2022.

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

The total remuneration paid to the Executive Board is not disclosed as provided for under Section 286 (4) HGB (exemption clause).

Supervisory Board

Members of the Supervisory Board in financial year 2022:

Prof. h.c. Jochen Tschunke (Chairman of the Supervisory Board until 6 July 2022), corporate consultant, Munich

Volker Smid, CEO of Acrolinx GmbH, Hamburg (Chairman of the Supervisory Board from 6 July 2022)

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

Dr. Knud Klingler, (until 6 July 2022), corporate consultant, Engerwitzdorf, Austria

Linda Mihalic (from 6 July 2022), Chief Sales Officer of Degura GmbH, Berlin

Dr. Roland Wöss (from 6 July 2022), corporate consultant, Linz, Austria

Petra Neureither (from 4 October 2022), Managing Director of PEN GmbH, Heidelberg

Torsten Wegener (from 4 October 2022), member of the Executive Board of adesso SE, Hamburg

The total remuneration paid to the Supervisory Board amounted to KEUR 220 in the financial year.

Auditor's fee

The total fee of KEUR 219 charged by the auditor of the consolidated financial statements for the financial year under review is comprised as follows:

Activity	KEUR
Audit services	219
Other assurance services	0
Tax advisory services	0
Other services	0
	219

Proposal on the appropriation of profit

The Executive Board proposes that EXASOL AG's net loss for the year of EUR 2,634,628.12 be carried forward to the following year.

Information on the amount blocked for distribution

Due to the capitalization of internally generated intangible fixed assets, an amount of EUR 4,971,768.10 is blocked for distribution pursuant to Section 268 (8) of the German Commercial Code (HGB).

Exemption option pursuant to Section 264 (3) HGB

Exasol Europa Vertriebs GmbH makes use of the exemption pursuant to Section 264 (3) HGB and therefore does not prepare a management report.

J. Information on the cash flow statement

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

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

Material non-cash expense and income largely included the reversal of the prior year's amounts for prepaid expenses (KEUR 1,588; PY: KEUR 1,433) and deferred income (KEUR 6,333; PY: KEUR 4,357) as well as the change in the provision for stock appreciation rights (KEUR 6,597; PY: KEUR 11,991).

K. Post balance sheet events

There were no reportable events after the balance sheet date.

Nuremberg, 2 May 2023

EXASOL AG

Executive Board
Jörg Tewes
Mathias Golombek
Jan-Dirk Henrich

Responsibility Statement

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements for the period ended 31 December 2022 give a true and fair view of the net assets, financial position and results of operation of the Group and the consolidated management report includes a fair review of the business trend including the performance and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nuremberg, 3 May 2023

EXASOL AG

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

Independent Auditor's Report

To the EXASOL AG, Nuremberg

Opinions

We have audited the consolidated financial statements of EXASOL AG, Nürnberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2022 to December 31, 2022, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of EXASOL AG, which has been combined with the management report of the Company, for the financial from year January 1, 2022 to December 31, 2022.

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

» the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1, 2022 to December 31, 2022 in compliance with German Legally Required Accounting Principles, and

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

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Other Information

Management respectively supervisory board are responsible for the other information.

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

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

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

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

» otherwise appears to be materially misstated.

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

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

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

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

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

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

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

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

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

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

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

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

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

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

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

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

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

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

Nuremberg, May 3, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Koeplin Wirtschaftsprüfer [German Public Auditor]	Zippel Wirtschaftsprüfer [German Public Auditor]

Financial Calendar

Publications

Consolidated Financial Statement 31-12-2022 and Trading Update 3M 2023

10 May 2023

General Meeting

Annual General Meeting

virtually

23 June 2023

Publications

Interim Financial Statements 30-06-2023

16 August 2023

Trading Update 9M 2023

14 November 2023

Exasol

The analytics database

Exasol AG
Neumeyerstr. 22-26
90411 Nuremberg
Germany

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