



20

Annual Report



Executive Summary B-A-L Germany AG

	2017	2018	2019	2020
units	32	48	67	81
area	840 sqm	1,648 sqm	2,781 sqm	3,749 sqm
vacancy	0 %	3 %	8 %	9 %
Rental income k EUR	55	88	170	262
Cash-Flow k EUR	9	./. 89	./. 192	60
EBITA k EUR	n/a	8,2	17,6	101,6

Colditz, Ochsenfurter str.





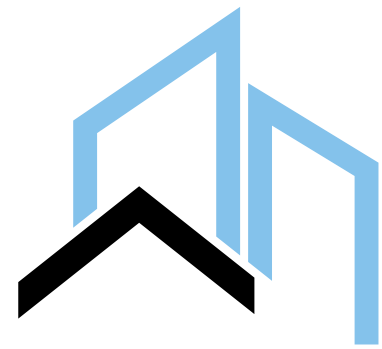
Contents

Introduction by the CEO	3
Report of the Supervisory Board	5
1. Strategic direction	6
2. Detailed business plan	7
a. Saxony as a regional focus	7
b. Focus on small to medium-sized units	7
c. Stable rental levels with positive outlook	8
d. High utilization	8
3. Operational implementation	9
a. Purchasing	9
b. Renovation/modernization	9
c. Renting	9
d. Management	10
4. Control System	11
5. Corporate bodies	11
6. Personnel	12
7. The real estate market in Saxony	12
a. Overall economic development in Saxony	12
b. Rental housing market in Saxony	13
c. Availability of construction services	13
d. Economic development in the previous fiscal year	14
8. Corporate Guidance	15
9. Opportunities report	16
10. Risk report	17
a. Identification of fewer suitable properties for purchase	17
b. Vacancy rate	17
c. Payment defaults	18
d. High maintenance costs	18
e. Difficulties in raising capital	18
f. Political interventions	19
g. Restrictions due to the pandemic	19



Meißen, Neugasse





Introduction by the CEO

Dear shareholders and business partners,

First the good news: The company has reached the profit zone. As in the first half of the year, we also generated a slightly positive result in the annual financial statements. Despite the pandemic and the subsequent slump on the capital market, we were able to further increase sales and contain costs. We are profitable, and the foundation has been laid for the ability to pay dividends.



We felt the effects of the pandemic in the second quarter.

Appointments to view apartments were cancelled by the dozen, and the vacancy rate reached 23%, unusual figures for us. In cooperation with our management partner IMMOPLAN, we were compelled to develop a strategy to improve the occupancy rate. Essential measures such as online viewings and refurbishments were implemented immediately. I would also like to take this opportunity to thank our tradesmen, who made their services available to us during the pandemic without any red tape. In an extensive renovation and modernization program, the vacant units were brought into top condition. This paid immediate dividends in late summer and fall. Letting picked up again and we were able to offer a large number of newly refurbished apartments. For tradesmen, we were a reliable partner during the crisis period and will continue to be a preferred partner in future periods of economic I would also like to take this opportunity to thank our tradesmen, who made their services available to us during the pandemic without any red tape. In an extensive renovation and modernization program, the vacant units were brought into top condition. This paid immediate dividends in late summer and fall. Letting picked up again and we were able to offer a large number of newly refurbished apartments. For tradesmen, we were a reliable partner during the crisis period and will continue to be a preferred partner in future economic upturns.

At the end of the year, our occupancy rate was already back above 91 % and total operating revenue rose to EUR 262,215, compared with EUR 169,767 in the previous year. This is an increase of over 54 % compared to the previous year. We also continued to make additional purchases. In 2020, 14 units comprising 968 sqm were added. With their contribution margins, these acquisitions will help us to further increase profit in the coming years.

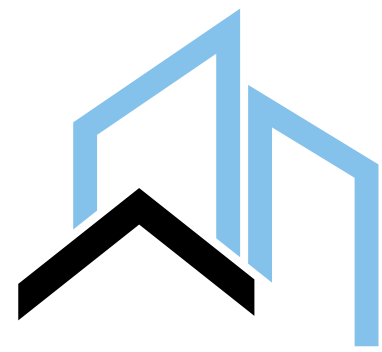
In the future, we will continue to improve earnings for our shareholders and maintain an attractive and profitable portfolio through prudent use of capital and well-considered acquisitions.


Falko Zschunke
Management Board



Döbeln, Hainichener str.





Report of the Supervisory Board

Dear Ladies and Gentlemen,

In the previous financial year 2020, the Supervisory Board supported and monitored the development of the Company. In doing so, it performed the duties incumbent upon it under the law and the Articles of Association and provided advice and support to the Management Board in the operation of the Company.



All three Supervisory Board meetings organized in the 2020 financial year were attended by all members of the Supervisory Board. Cooperation between the Supervisory Board and the Executive Board was again based on trust and openness in the 2020 financial year.

All transactions and measures requiring the approval of the Supervisory Board under the law or the Articles of Association were discussed with the Management Board and approved by the Supervisory Board. The Supervisory Board approved the annual financial statements of the Company as of December 31, 2020. The agenda of the Company's Annual General Meeting was jointly determined by the Supervisory Board and the Management Board. The Supervisory Board members were constantly informed by the Executive Board in personal meetings and telephone calls about current events and the development of the Company. Options for action were discussed and agreed.

The Board of Management informed the members of the Supervisory Board in appropriate detail about the situation and development of the Company by means of informative documents and verbal explanations. Among other things, interim financial statements, portfolio developments and individual statements were presented to the Supervisory Board. The members of the Supervisory Board have unrestricted access to the RESCORE real estate platform and can view all property-related data for the entire portfolio and can follow portfolio developments in real time.

We would like to thank the Management Board for its work and the positive development of business.

Hambühren, 17.05.2021

Bernd Albrecht
For the Supervisory Board



1. Strategic Direction

1. Strategic Direction

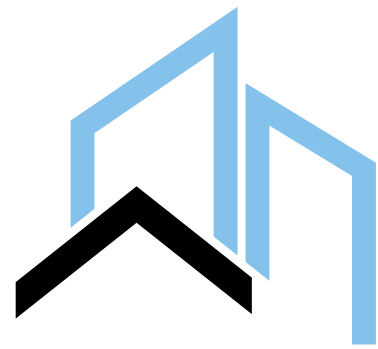
BAL is now a permanent fixture on the residential rental market in Saxony. With its business model of small-scale acquisitions of individual units and smaller apartment buildings, BAL is operating in a niche market. This is because this segment is too costly for large investors and banks. Thus, the potential lies in the meticulous search for opportunities across all parts of the country. The two largest seller groups, owner-occupiers and small investors, generally use the sales channels of brokers or property managers to locate a buyer. Independently creating an offer on real estate platforms is the exception. Professional apartment vendors and developers are explicitly not part of BAL's target group, as their offers are usually priced outside our expectations and are mainly aimed at younger owner-occupiers. Our distinct target group consists of smaller privately owned residential complexes, which we can enhance in the long term through intensive management.

BAL is currently still a small company with limited purchasing power, so we move cautiously and plan carefully. In terms of property selection, we are always on the spot, while most operational processes are highly automated and largely paperless. This minimizes fixed costs and leads to improvements in key figures as we grow.

In our negotiations regarding properties, we mainly encounter private individuals and to a lesser extent tenants. Although this type of person will often submit higher bids, in some cases we are nevertheless awarded the contract. In most cases, the decisive factor here is our ability to make a rapid commitment without any financing conditions. Our existing cooperation partners also continue to be important for acquisitions.

There are advantages for property managers or brokers to contact BAL before listing their property. If a purchase is made, these partners save themselves the time-consuming preparation of an extensive property presentation and benefit from a quick sales success. We are also happy to use the exclusive property knowledge of these players for upcoming new rentals. Our clear, strategic goals are to achieve the highest possible return on properties and to make optimum use of the resources that are already available.

Our priority for growth is therefore to increase the acquisition of equity and debt capital and to exercise strict discipline in the selection of investment properties. In the management area, the focus is on value-creating refurbishments, measures to limit utility costs, and the consistent reduction of vacancies.



2. Detailed business plan

a. Saxony as a regional focus

Our core market continues to be in Saxony. Despite rising prices overall, we are currently receiving a large number of interesting offers. Our extensive network of brokers, managers and investors ensures a steady supply of properties for sale. This in turn allows us to carefully and selectively choose the best offers.

Another decisive factor for the effective management of our properties is their easy accessibility for tradesmen and administrative staff. Almost all units are located in the immediate vicinity and can be reached in less than an hour's drive.

A significant aspect of our acquisition success can be attributed to the in-depth local knowledge of our administrative staff. Both prime locations and problem areas are known, and rentability can be assessed quickly and accurately.

In Saxony, the attractiveness of small towns and communities surrounding metropolitan areas has increased significantly in recent years. People like to move to the well-developed areas. This brings many advantages, such as a higher quality of life and lower rents. In the residential areas around Chemnitz and Leipzig, a decline in vacancy rates can be observed.

b. Focus on small to medium-sized units

In addition to the continuing trend toward single households and the associated need for one- and two-room apartments, there is a trend toward the use of neighbouring apartments by family members. For instance, smaller neighbouring apartments are rented by older parents in need of care who want to live close to their younger relatives. On the one hand, this makes it easier for the family to provide care, but on the other hand it preserves a certain degree of independence and privacy. Necessary conversion measures for age-appropriate equipment are applied for by the tenants with the insurance companies and are largely cost-neutral for the landlord. The main advantage is the resulting higher tenant loyalty and the enhancement of the unit through the increased rent.



2. Detailed business plan

c. Stable rental levels with positive outlook

As in previous years, cold rents were increased slightly for each new letting, although this adjustment was more moderate due to vacancies. The general level of rents continued to rise slightly in 2020, although it is nowhere near keeping pace with the growth rates in the metropolitan areas.

All new leases signed in 2020 were at an increased rent compared with the previous lease. The improved occupancy rate of the housing stock is becoming increasingly noticeable. In most cases, leases are signed at one of the first viewings.

The integration of garages and parking spaces into residential leases has consistently continued.

d. High utilization

At the beginning of the financial year, a marked increase in the vacancy rate became apparent. There were two main reasons for this development. Firstly, the package of apartments acquired at the end of 2019 included six vacant units, and secondly, at the beginning of the pandemic in March and April 2020, all viewing appointments were abruptly cancelled. This led to an increase in vacancies to over 23% at the end of the second quarter. This figure is the highest in the company's history. At our cash cow in Mittweida, a few units also remained vacant at the start of the semester.

Thanks to the increased efforts of our management partner IMMO-PLAN, the vacancy rate was reduced to a still high but tolerable 9% by the end of the year. At some locations, we again cooperated with brokers and also offered apartments on the market under our own name.

Strategically, however, we expect a better occupancy rate in the medium term. The increasingly rapid bureaucratization of the residential construction sector and the complete failure of banks to provide commercial financing will effectively hamper residential construction in the coming years. As this trend has already continued in this form for several years, the number of efficient skilled contractors has been steadily declining, which precludes a rapid increase in construction activity.



3. Operational implementation

3. Operational implementation

BAL is a portfolio holder of residential real estate. All revenues are generated from rental income. The property portfolio is prudently and reasonably managed and continuously maintained. The allocation of the available capital is always based on the highest expected return.

a. Purchasing

No further properties were acquired in 2020. In the first quarter, the processing of the purchase agreements was still taking place, and these were concluded at the end of 2019. Further purchases can only be made after equity or debt capital has been raised.

b. Renovation/modernisation

In 2020, a large number of apartments were refurbished and renovated. This was due to the high vacancy rate caused by the pandemic and the availability of low-cost tradesmen. Investments were made in more than half of the portfolio during the year. From overdue repairs to complete renovations, almost every unit underwent improvements. All pending and planned measures were implemented within a few months. The very favourable price level has also made possible more extensive measures that had only been planned for coming years. The renovated units are offered with increased cold rents.

c. Leasing

Throughout 2020, the main focus was on limiting and reducing vacancies. Restrictions on face-to-face meetings and limitations on administrative visits hampered viewings. Immediately implemented measures such as key issuance and virtual 360° online viewing slightly limited the impact of the lack of viewings.

At the Mittweida site, for the first time the annual full occupancy at the start of the university semester could not be achieved. The reduced number of face-to-face classes resulted in a sharp drop in student numbers. The apartments renovated in the summer months could be preferentially leased, and by the end of the year the occupancy rate had risen again to slightly below 91 %.



3. Operational implementation

d. Management

Utilities expenses

An important factor in our leasing success is the utility costs. For all properties, we regularly review the contracts with the utilities and adjust them where possible. We consider the level of utility costs to be an important criterion that for many people is crucial in deciding whether or not to rent a particular unit. When we have the decision-making power, we immediately implement all necessary measures to reduce the utility costs. This creates and maintains a stable relationship with our tenants.

Grimma, Obstlandstr.





4. Control system

All operational processes, from property acquisition to leasing management to billing, are mapped on our RESCORE platform. This allows us to seamlessly control key performance indicators and to access all booking data down to the level of individual invoices.

In the course of 2019 we have again fundamentally modernized the tool and added a fully-fledged booking system. With the RESCORE 2.0 version launched in mid-December 2019 it is possible to monitor the financial data of each property. We were already able to make good use of these new functions in 2020. From the moment of the first purchase price offer, all transactions such as purchases, refurbishments, new leases, etc. are mapped. In addition to accounting using standard industry functions, property valuation and information for users has also been significantly improved. Our scoring procedure has been further refined so that influences from changes in management can also be measured directly.

In this way, all control data is available to management in any depth and in real time. Furthermore, the foundation for further growth of the asset portfolio has been laid and the interfaces with partners have been standardized. Initial experience since the release has already shown significant improvements in data maintenance and presentation.

5. Corporate bodies

The Company is operated by a Management Board, and the Supervisory Board consists of three members.

Management Board		Falko Zschunke	(until 2023)
Supervisory Board	Chairman	Bernd Albrecht	(until 2024)
	Deputy Chairman	Frank Richter	(until 2024)
	Member	Dennis van Diemen	(until 2023)

As agreed, Mr. Zschunke continues to receive no remuneration for his activities. The Company grants the members of the Supervisory Board a lump-sum expense allowance, and the Supervisory Board members do not receive any further remuneration.



6. Personnel

In 2020, the Company employed an administrative worker and an accountant on a part-time basis. No additional personnel are planned in the medium term.

7. The real estate market in Saxony

a. Overall economic development in Saxony

Saxony also suffered from the lockdowns from March 2020, but economic activity fell by only 1.3 percentage points year-on-year compared to the country as a whole. Total sales in industry had already fallen by just under two percent in 2019. In the first two months of 2020, this trend continued, only to intensify again from March 2020. In other words, the lockdown resulting from the Corona pandemic reinforced the already existing downward sales trend in Saxony's industry.

Real estate purchase decisions in the private sector also decreased somewhat as a result of the extended periods of official restrictions. The supply of available housing was constant in rural areas and increased slightly in metropolitan areas. The timing components of people's rental and relocation plans were affected by the pandemic, but they were generally not cancelled; instead, most were postponed.

In our perception, multi-story residential construction is only taking place in the centres of Dresden, Chemnitz and Leipzig. A significant increase in rented residential space is therefore not to be expected in the next few years.

Delays and shortages were felt in all sectors of the economy in 2020, and some supply chains no longer functioned consistently. Compared to 2019 as a whole, the overall economic situation has become a little gloomier. The nationwide lockdown was also maintained until the end of 2020 and led to restrictions in all areas of life. For individuals, the imposed intervention meant some changes in personal plans, especially from a financing and precautionary perspective.



7. The real estate market in Saxony

b. Rental housing market in Saxony

Various players in the real estate market constantly talk about location, location and location as the three most important criteria for valuing a property. In the past, this mantra has led to price excesses in metropolitan areas, urban migration, and imbalances in regional developments. However, this expectation has also changed as a result of the pandemic. More than ever, proximity to the workplace is in demand, for example in order to avoid inconvenient travel times with public transport.

A second major social trend is the change in the „work“ factor. Today, services are no longer necessarily provided on site or within a company, but more and more frequently occur from a home office or entirely virtually from various locations. The resulting decline in demand for inner-city commercial space is simultaneously leading to an increase in demand for private residential space (e.g., for home office space).

We have included the changing needs of society in our location criteria because we assume a longer-term trend here. With our RESCORE rating platform, we evaluate the development of major cities on the one hand and accessibility from the respective location on the other.

The general trends of recent years, such as:

- Increased space requirements
- More single households
- Decreasing vacancy rates
- Slightly rising cold rents

have continued in 2020, albeit at a slower pace. This observation is based on data from around 3,700 leases.

c. Availability of construction services

We would like to emphasize one special feature of the 2020 financial year. Due to the restrictions in public procurement and the reduced regional construction activity, we experienced stable and viable business in refurbishments and energy upgrades thanks to our long-standing relationships with construction companies and supplier companies. By using temporary vacancies for modernization measures, we were able to create a high level of quality for our properties, which now helps us to achieve price premiums in leasing. We would like to thank our regular partners in construction and refurbishment for their extensive and willing cooperation in all projects.



7. The real estate market in Saxony

d. Economic development in the previous fiscal year

In the course of the year we were once again able to significantly expand our portfolio. We were able to significantly increase both residential space (+35% 3,749 sqm) and rental income (+55% 262 k EUR). The decision criteria have continued to be diversification, earnings strength and relative rental attractiveness within the location.

area	Chemnitz (33%), Dresden (20%), Leipzig (44%)
area, units:	<40sqm (22%, 43%), >40sqm (78%, 57%)
Construction year:	before 1945 (34%), before 1989 (16%), up to 1990 (50%)
Joint ownership share:	Partial ownership (71%), entire complex (29%)

Total assets increased by k EUR 562 to k EUR 2,615 as of December 31, 2020 (previous year: k EUR 2,053 thousand). The reason for this increase is the acquisition of a further 14 residential units. As a result of the capital increase carried out in the first quarter, the share capital increased to k EUR 2,000 (previous year k EUR 1,600) and the equity ratio to 85.22% (previous year 79.25%).

The annual result after taxes amounts to k EUR 1.67 in the fiscal year (previous year k EUR -234.05). This result was essentially achieved through the consistent reduction of costs. At k EUR 6.68, the result from ordinary business activities (POA) is also significantly higher than the previous year's figure (k EUR -231.23).

If the result is adjusted for the „being public“ costs and the costs of the capital measures, the EBIT amounts to k EUR 43.0 (previous year: k EUR -15.5) and the EBITA amounts to k EUR 101.63 (previous year: k EUR 17.64).

Due to the positive result for the year, the return on equity rose to 0.07% (previous year 0%) and the return on assets to 0.42% (previous year 0%).

Borrowed capital fell further by k EUR 39.6 to k EUR 386.43 (previous year k EUR 426.03) as a result of ongoing repayments. This results in a debt ratio of 14.78% (previous year 20.75%). The gearing ratio is 17.34% (previous year 26.19%). Net debt for the past fiscal year amounts to k EUR 381.9 (previous year k EUR 423.7).

For the year 2020, the cash flow amounts to k EUR 60.33 (previous year: k EUR 192.17). The target of a positive cash flow was successfully achieved in 2020.



7. The real estate market in Saxony | 8. Corporate Guidance

Revenues increased from k EUR 169.8 in 2019 to k EUR 262.2 in the fiscal year. The increase was achieved through:

- Increase in floor area
- Stable occupancy rate
- Rent increases

Overall, all key performance indicators have developed in the right direction.

8. Corporate Guidance

Growth has slowed somewhat recently due to the pandemic, but it remains high. Further financing is based on three main pillars.

Equity: Further capital measures of at least EUR 3 million are planned in the coming years. Implementation will depend on investment requirements. The capital raised will be invested directly in new purchases.

Borrowed capital: In order to rapidly increase the intrinsic value of the shares, the use of borrowed capital on a significant scale is planned. Discussions with partners will begin next year. This should make it possible to acquire larger portfolios and even complete properties.

Retention of earnings: After completion of the going public process and the elimination of the associated non-recurring costs, the Company reinvests generated earnings primarily in further growth.

The Management Board has the following positive expectations for the Company with regard to the key framework conditions up to the end of 2021:

- Moderately rising energy costs and consumer prices
- Continued low growth in new housing construction
- Rising incomes due to shortage of skilled workers
- Metropolitan areas with population growth positively influencing the surrounding areas
- Interest rate environment remains favourable

In this environment, rents are expected to continue to rise moderately and vacancy rates to fall in the coming year.

The Board continues to level growth targets to opportunities within the pandemic.



8. Corporate Guidance | 9. Opportunities Report

For the next few years, this means:

- Acquisition of around 5 - 20 new units with approximately 500 -1,000 sqm of living space.

- Increasing capital stock in order to secure growth financing

- Preparation for raising external capital in order to improve return on equity on a sustainable basis

- Generating and distributing an initial dividend to our preferred shareholders starting in fiscal year 2021.

9. Opportunity Report

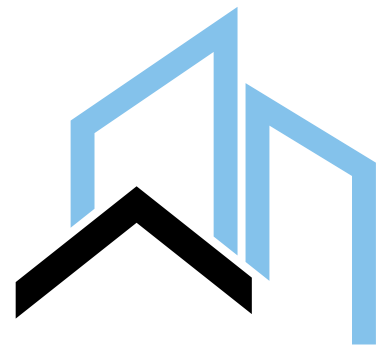
With the transformation of BAL into a capital market-oriented company over the last two years, the Management Board has laid the foundations for the further development of the company. There are now many opportunities to expand business activities.

Administrative processes are largely digitized, which minimizes overheads. The scalability this enables is an important prerequisite for the smooth integration of purchased real estate portfolios.

The improved profile of the Company among potential investors as a result of its listing on the stock exchanges in Germany and Austria increases the prospects for further capital increases to be issued. Each of these capital steps in turn reinforces this effect, and liquidity in the shares has been good.

A similar trend is emerging from the further purchases. Our network of vendors, brokers and property managers is expanding continuously. This increases the available supply of properties for purchase and thus access to value-for-money opportunities.

Further business opportunities arise in the service area through cooperation with various partners. In all cases, the company offers the properties to the partners in each case and benefits from higher rental income and improved occupancy.



10. Risk Report

With the introduction of RESCORE in 2014, an internal risk management system was created and significantly expanded at the end of the previous fiscal year with version 2.0. The focus is on identifying risks at an early stage. The system is regularly adapted to new developments and findings. As soon as potential risks are identified, measures to avoid and counter them are initiated immediately.

The main risks to the operational business of the Company are:

a. Identification of insufficient suitable properties for purchase

As a result of further price increases in the major cities and subsequently in the surrounding areas, supply in the desired price range could become limited.

The supply exceeds the financial possibilities many times over. We therefore assume a very low probability of occurrence in the next few years. We are currently observing a generational change among sellers. The investors of the 1990s have now reached advanced retirement age and in many cases their inheritors lack a regional connection. This circumstance should at least maintain a stable supply in the medium term.

b. Vacancy rate

Vacancy is a major risk for housing companies, as vacancy costs such as housing charges and letting commissions are added to the loss of income. Newly acquired properties have always had vacancies, which have then been factored into the purchase prices. Letting is being driven forward at high urgency in close cooperation with our management partner IMMO-PLAN. New leasing starts with the publication of the rental offer (partly with archive pictures) already with the notice of the tenant (existing properties) or signature of the purchase contract (new acquisitions), so that in most cases there are no down months.

Döbeln, Straße des Friedens





10. Risk Report

c. Payment defaults

If a tenant does not pay the landlord usually faces a costly legal process, at the end of which a standard four-digit loss remains. As a rule, the usual legal process requires at least one year before the unit can be re-let. However, this only applies if a tenant who is unwilling to pay leaves the apartment in good order and does not use valid legal remedies.

The tool of choice here is prevention. A large number of verifications and certificates are requested for new leases, identifying difficult cases in advance. In the event of bottlenecks and proactive communication from the tenant, reasonable solutions are agreed to. If the worst-case scenario occurs, BAL always applies the harshest remedy. If a tenant exceeds the two-month period, termination without notice is always issued. Currently, this case occurs only once every two years, which speaks for the effectiveness of the screening at the commencement of the contract.

d. High maintenance costs

The condominium associations can decide by majority vote on cost allocations for necessary renovation measures, which must then be borne proportionately by all owners of a condominium association (including BAL).

The company actively participates in the decision-making processes of the associations and supports the respective administrations in finding sensible solutions to problems that arise. In this way, cost-driving bad investments are avoided in advance. In addition, BAL is regularly represented by a partner administration in the association in the case of shareholdings of more than 30%.

e. Difficulties in raising capital

Risks from the capital market environment mainly include cyclical market developments, which in some phases could make it more difficult to access further equity.

Through a comprehensive information strategy and a consistent dividend policy, the company plans to present an interesting investment in all market cycles. Furthermore, in the previous fiscal year the company was able to expand its network of potential placement partners, which reduces dependency.



f. Political interventions

In our perception the political need for further regulation and bureaucratization of the economy has grown. Every event is used to introduce further reporting and auditing requirements. Rental companies with their real estate properties are a popular target. On the one hand, there is no escape to another jurisdiction; on the other hand, any regulation to the detriment of landlords will reach a large constituency of affected tenants. This also explains the intrusiveness with which politicians interfere with landlords' rights of ownership and freedom.

Despite the high probability of occurrence, the impact of any regulations (rent and capping brakes, expropriation, etc.) on BAL is rather low. The size of the company allows the use of size-dependent relief. Furthermore, cold rents are at a very low level, so that even taking into account occasional increases, none of the planned measures will take effect. Secondly, regulatory intervention affects all housing companies equally, which makes it difficult for individual competitors to benefit.

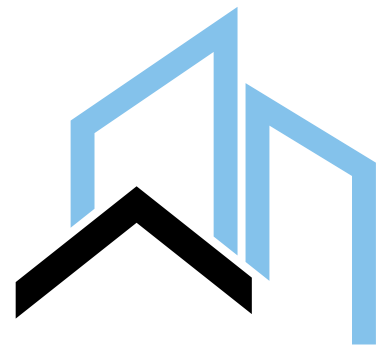
g. Restrictions due to the pandemic

As became quite clear in 2020, a widespread pandemic can lead to major changes worldwide. Not only globally but also regionally, interruptions in industrial supply chains and the availability of important public resources have a negative impact on business operations. With extreme measures such as lockdowns and contact restrictions, the construction and rental business in particular experiences severe changes. However, the uncertainty and risk is systemic and cannot be influenced positively or negatively by individual players. Often even different regional regulations and legislation can lead to a changed competitive environment. BAL strives to anticipate all relevant influences on the rental business in the best possible way and meets the changes flexibly and dynamically in its adaptation. Nevertheless, the changed framework conditions also apply to our business.



Döbeln, Rossweiner str.





BALANCE SHEET as at 31. December 2020

ASSETS

	EUR	Financial year EUR	Previous year EUR
A. Fixed assets			
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets		35,195.00	50,614.00
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land	2,265,532.01		1,676,562.72
2. Other equipment, operating and office equipment	627.00		1,720.00
3. Prepayments and assets under construction	<u>7,369.46</u>		<u>32,683.06</u>
		2,273,528.47	1,710,965.78
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	53,843.04		10,231.74
2. Other assets	<u>229,681.16</u>		<u>263,198.24</u>
		283,524.20	273,429.98
– of which due after more than one year EUR (EUR 136,408.84)			
II. Cash-in-hand, central bank balances, bank balances and cheques		4,491.32	2,338.06
C. Prepaid expenses		<u>18,007.64</u>	<u>15,336.39</u>
		<u>2,614,746.63</u>	<u>2,052,684.21</u>



BALANCE SHEET as at 31. December 2020

EQUITY AND LIABILITIES

	EUR	Financial year EUR	Previous year EUR
A. Equity			
I. Subscribed capital		2,000,000.00	1,600,000.00
II. Capital reserves		560,000.00	360,000.00
III. Accumulated losses brought forward		333,348.96 –	99,300.33 –
IV. Net income for the financial year		1,669.98	234,048.63 –
B. Provisions			
1. Other provisions		9,461.32	11,561.34
C. Liabilities			
1. Liabilities to banks	50,000.00		0.00
– of which due after more than one year EUR 50,000.00 (EUR 0.00)			
2. Trade payables	22,248.64		90,098.09
– of which due within one year EUR 22,248.64 (EUR 90,098.09)			
3. Other liabilities	<u>302,120.65</u>		<u>322,169.74</u>
		374,369.29	412,267.83
– of which taxes EUR 620.40 (EUR 234.64)			
– of which social security EUR 229.98 (EUR 926.23)			
– of which due within one year EUR 4,486.20 (EUR 8,572.79)			



BALANCE SHEET as at 31. December 2020

EQUITY AND LIABILITIES

	EUR	Financial year EUR	Previous year EUR
– of which due after more than one year			
EUR 297,634.45			
(EUR 313,596.95)			
D. Deferred income		<u>2,595.00</u>	<u>2,204.00</u>
		<u>2,614,746.63</u>	<u>2,052,684.21</u>

Waldheim, Fröbelstr.

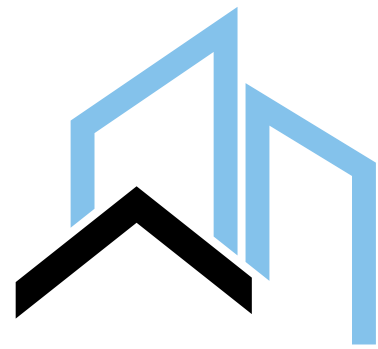




INCOME STATEMENT from 01.01.2020 to 31.12.2020

INCOME STATEMENT from 01.01.2020 to 31.12.2020

	EUR	Financial year EUR	Previous year EUR
1. Sales		<u>262,215.28</u>	<u>169,767.14</u>
2. Gross revenue for the period		262,215.28	169,767.14
3. Other operating income			
a) Income from reversal of provisions	211.91		0.00
b) Miscellaneous other operating income	<u>40,426.17</u>		<u>7,817.58</u>
		40,638.08	<u>7,817.58</u>
– of which currency translation gains EUR 0.00 (EUR 231.02)			
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	41.01 –		0,00
b) Cost of purchased services	<u>0.00</u>		<u>466.25</u>
		41.01–	<u>466.25</u>
5. Personnel expenses	9,275.44		
a) Wages and salaries			7,688.66
b) Social security, post-employment and other employee benefit costs	<u>8,848.94</u>		<u>2,096.15</u>
		18,124.38	<u>9,784.81</u>



INCOME STATEMENT from 01.01.2020 to 31.12.2020

	EUR	Financial year EUR	Previous year EUR
6. Depreciation, amortisation and write-downs			
a) Amortisation and write-downs of intangible fixed assets and depreciation and write downs of tangible fixed assets		58,665.53	33,144.06
7. Other operating expenses			
a) Occupancy costs	117,127.55		80,437.40
b) Insurance premiums, fees and contributions	529.20		2,114.25
c) Cost of third-party repairs and maintenance	20,252.69		11,521.55
d) Vehicle fleet expenses	1,652.41		0,00
e) Advertising and travel expenses	0.00		1,227.20
f) Selling and distribution expenses	2,549.60		3,886.54
g) Miscellaneous operating costs	57,672.66		242,302.13
h) Miscellaneous other operating expenses	<u>12,458.61</u>		<u>16,550.76</u>
		212,242.72	358,039.83
8. Other interest and similar income		2,248.07	3,813.69
– of which from affiliated companies EUR 0.00 (EUR 133.28)			
9. Interest and similar expenses		9,435.27	11,193.63
10. Taxes on income		<u>0.46</u>	<u>4.70</u>
11. Net income/net loss after tax		6,674.08	231,234.87–
12. Other taxes		<u>5,004.10</u>	<u>2,813.76</u>
13. Net income for the financial year		<u><u>1,669.98</u></u>	<u><u>234,048.63–</u></u>



Auditor's Report¹

Independent Auditor's Report For B-A-L Germany AG, Meissen

Audit opinion

I have audited the annual financial statements of B-A-L Germany AG, Meissen, consisting of the balance sheet as of December 31, 2020, the income statement for the fiscal year from January 1, 2020, and the notes to the financial statements, including a description of the accounting and valuation methods.

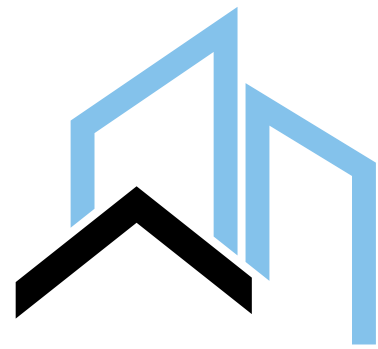
In my opinion, based on the findings of my audit, the accompanying financial statements present accurately, in all material respects, the financial position of the Company as of December 31, 2020 and of its financial performance for the fiscal year from January 1, 2020 to December 31, 2020 in accordance with accepted German accounting principles.

In accordance with Section 322 (3) Sentence I HGB, I declare that my audit has not led to any objections to the correctness of the annual financial statements.

Basis for the audit opinion

I conducted my audit of the annual financial statements in accordance with S 317 HGB and generally accepted German standards for the audit of financial statements determined by the Institut der Wirtschaftsprüfer (IDW). My responsibility under these provisions and standards is further described in the section „Auditor's Responsibility for the Audit of the Annual Financial Statements“ of my auditor's report.

I am independent of the Company in accordance with German commercial law and professional regulations and have fulfilled my other German professional obligations in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion regarding the financial statements.



Responsibility of the legal representatives and the Supervisory Board for the annual financial statements

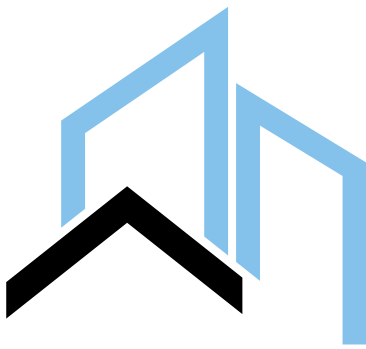
The legal representatives are responsible for the preparation and fair presentation of these financial statements in accordance with German accounting principles and for such internal control as the legal representatives determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, the legal representatives are responsible for the internal controls that they have determined are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the Company's ability to continue as a going concern. In addition, they are responsible for preparing the financial statements on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

Auditor's responsibility for the audit of the financial statements

My objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with S 317 HGB and generally accepted standards in Germany for the audit of financial statements as determined 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



Auditor's Report

to influence the economic decisions of users taken on the basis of these financial statements. During the audit, I exercised professional judgment and maintained a critical attitude. Furthermore:

- I identify and assess the risks of material misstatement of the financial statements, design and perform audit procedures relevant to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting material misstatements is higher for noncompliance than for inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misleading representations, or the overriding of internal controls.
- I obtain an understanding of internal control relevant to the audit of financial statements 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 the Company's system.
- I evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives. I draw conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I draw my conclusions on the basis of the audit evidence obtained up to the date of my audit opinion. Future events or conditions, however, may result in the Company being unable to continue as a going concern.
- I assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements provide a true and fair view of the net assets, financial position and results of operations of



the Company in accordance with German accounting principles. I discuss with those responsible for governance, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Greven, den 13.05.2021

(Wirtschaftsprüfer)



