



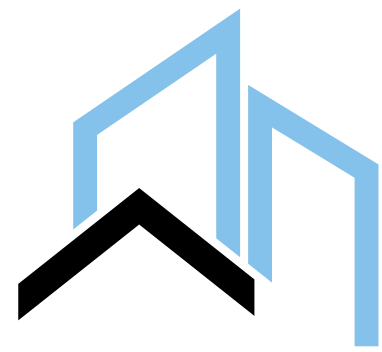
Annual Report



Executive Summary B-A-L Germany AG

	2018	2019	2020	2021	2022
Units	48	67	81	81	89
Area in m ²	1,648	2,781	3,749	3,749	4,333
Vacancy in %	3	8	11	9	6
Rental income k EUR	88	170	262	296	304
Cashflow k EUR	./ 89	./ 192	60	70	92
EBITA k EUR	8.2	17.6	101.6	116.6	89.3

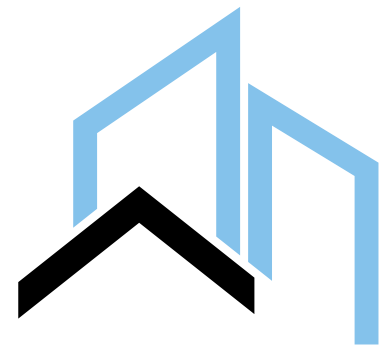




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Foreword by the Management Board

Dear shareholders and business partners,

This has been a business year with ups and downs. We have increased turnover with existing properties, reduced vacancies, lowered management costs and we have also invested again in maintenance and modernisation.

In addition, we have again raised a considerable amount of debt capital and purchased further properties. These will have an effect on the next year's result and will further increase the intrinsic value of our shares. By the end of the year, the hidden reserves had risen to a remarkable 100% of the share price. I would like to take this opportunity to thank the shareholders involved.



We submitted the data collection necessary for the recalculation of property taxes to the tax authorities in the required timeframe, and have responded to the emerging obligation to include ESG issues with a roadmap for the development of a sustainability strategy. This topic will continue to receive special attention in the coming years.

This year, we have continued to operate with a high degree of cost discipline and have further upgraded our portfolio. We have been able to reduce the vacancy rate, which had increased in the previous two years.

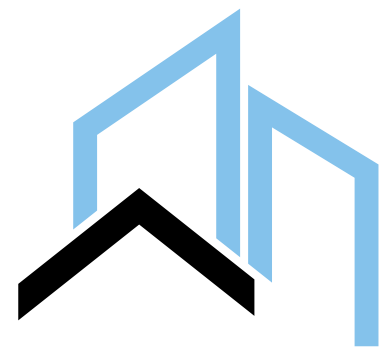
However, we have also experienced the consequences of the energy policy of the federal government. The costs for electricity and heat skyrocketed, and the suppliers extorted us with contract cancellations and price increases of 100% in some cases. Despite all countermeasures, this led to an increase in energy costs of > 25,000 EUR, which had a major impact on the results. Passing on these costs to our tenants will keep us busy well into next year.

I would like to take this opportunity to thank all stakeholders for their cooperation and support. I will again stand for election to the Management Board next year and hope for your support.



Falko Zschunke





Dear Ladies and Gentlemen,

As in previous years, the Supervisory Board has promoted and monitored the development of the Company in the 2022 financial year.

In doing so, the board performed the duties required of it by law and by the Articles of Association with energy and dedication. One regular meeting of the Supervisory Board was held in the 2022 financial year, with one member of the Management Board being represented.



The agenda of the company's Annual General Meeting was set jointly by the Supervisory Board and the Management Board. Due to the pandemic, a large number of votes were also taken online during the year 2022. The Whereby discussion venue provided by the company was used for documentation purposes. The Management Board participated in some of these votes in order to provide information and analysis on topics of the meeting. The votes and discussions were conducted in an open and trusting atmosphere.

The Supervisory Board ratified the annual financial statements of the Company as at 31.12.2022.

All members of the Supervisory Board have unrestricted access to the RESCORE real estate platform, and they can view all property-related data of the entire portfolio as well as follow the development of the portfolio in real time. In addition, data from the current accounts can also be viewed and evaluated. In case of queries from members of the Supervisory Board, these were answered promptly by the Management Board; requested and necessary documents were provided without delay.

In the 2022 financial year, the Supervisory Board approved the proposal by the Management Board to accept a loan of 500,000 Euro from existing shareholders and thus provide the further growth of the company with the necessary capital. We would like to thank the Management Board for their work in this dynamic and challenging environment and for the remarkably positive performance of the business.

Hambühren, 10.06.2022

Bernd Albrecht
On behalf of the Supervisory Board



1. Strategic direction | 2. Business model in detail

1. Strategic direction

The BAL business model consists of the small-scale purchase of residential properties, flats and houses. Vacancies, low cold rents, rent arrears and renovation needs are allowed for and taken into account when determining the purchase price. These deficiencies are remedied after acquisition and a corresponding increase in the value of the properties is realised. The basis of the calculation is the achievement of a 10-11 percent rental return on the property after implementation of the necessary measures.

In addition to brokers and direct offers, the contacts of our management partner IMMOPLAN are primarily used to acquire properties for purchase. With the enquiries received, a significant discount from the market value can often be negotiated in exchange for a rapid purchase decision. The properties have been known to the management staff for years and confirm their assumptions regarding economic viability and condition.

Raising funds on the equity market gives the company access to capital for its purchases and allows it to remain largely independent of banks, which is a unique feature for companies of this size. The main medium-term goal is to expand the portfolio in order to reduce the operating costs per unit. These costs are reduced to the absolute minimum. The majority of operational processes in administration and management accounting are automated.

2. Business model in detail

a. Saxony as regional focus

From our perspective, the residential property market in Saxony continues to develop positively. The major cities have left former vacancy problems behind and are recording significant rent increases in most locations.

Expansion into the surrounding, well-serviced areas and small towns is in full swing. Previous infrastructure investments are now paying off. The cultural environment is also benefiting from rising population numbers and is further enhancing the quality of life. In these areas, almost all un-renovated properties and derelict buildings have disappeared.

In the acquisition process, we pay attention to ensuring a favourable micro-location. This now ensures us above-average tenant quality in addition to excellent rental potential.



2. Business model in detail

b. Focus on small to medium-sized units

Despite an increase in the average living space per household, the demand for one- and two-room flats remains high. Unlike in the cities, where families with children increasingly demand larger flats, in the rural region this demand is met by single-family homes. In some locations, both older and young people, especially students, are requesting small and medium-sized units and, if supply is scarce, they also agree to slightly higher cold rents. These are not disproportionately significant as absolute amounts due to the small areas of the units. This is associated with an increased fluctuation, which, however, has tangible advantages for us, such as the potential for rent increases and regular maintenance options, despite the expense of re-letting.

c. Rent levels with a positive outlook

In the course of the business year, we were once again able to moderately adjust the cold rents for each new letting. Along with the reduction in vacancies, these adjustments are one of the main pillars of our increases in turnover and earnings. Of course, we will not exceed the dramatic increase in inflation with this, but the value of the properties also increases with the rising income level. In this way, we create concrete added value for our shareholders by using the potential for rent increases.

We have refrained from increasing rents in current leases against the backdrop of rising energy costs. We will make up for this in 2023. In general, a slight increase in rent levels can also be observed in rural areas. The increased occupancy makes it unnecessary to take out emergency leases below the average rent, which used to be common practice, especially among interregional property owners and developers.

The government's planned creation of 400,000 social housing units per year is not even close to being achieved. The small numbers that will actually be built are in the urban centres. This means that competition from new construction is not to be expected in our region in the next few years. We continue to assume that new construction will become more expensive in the coming years. In addition to rising bureaucratic hurdles, significant increases in material prices and interest rates as well as the reduction of subsidies contribute to the uneconomic nature of new construction projects. In this way, policy increases the value of the housing stock, from which we particularly benefit. Various project developers cite approval procedures lasting ten years or more. This means planning security for us.

Excluding the properties newly acquired in the last quarter, the average rent of 5.08 EUR/m² was within the range of the Saxon average. Some of the new acquisitions are let very favourably, which again opens up new rent increase potential for us.



2. Business model in detail | 3. Operational implementation

d. Sustainability

Maintaining the value of the portfolio is of central importance, especially for small companies. Profitable operation with a consistently high occupancy rate can only be achieved with well-maintained flats in a green and attractive environment. Respectful and fair dealings with tenants, tradesmen and service providers are also important and are therefore part of our daily practice.

In order to represent the current sustainability topics in the reporting system, a certain amount of effort is necessary. We have decided to build up a sustainability strategy in the coming years. In a first step, we will start with creating an inventory in 2023. The plan is to record the energy demand of the existing building stock. The fundamental factors, such as energy generation, size and quality of green spaces and the types of supply and disposal, will be summarised. Based on the data then available, a target will be defined and submitted to the shareholders for a vote.

In view of the associated costs, an ESG rating is not planned for the time being. In our view, sustainable action is far more effective than a bureaucratic rating process.

3. Operational implementation

Day-to-day business is managed prudently and soundly. For us, this essentially means four priorities:

- The process begins with acquisitions. Here we act in a very disciplined manner and on the basis of our acquisition criteria. We select the most attractive offers from those on the table and focus primarily on cash flow.
- We then intensively pursue leasing. The properties are published on our partners' platforms, and we respond to viewing requests on the same day and support the interested parties by implementing minor adjustments.
- Reduction of service charges. We regularly look at all cost items and renegotiate where possible, reduce vacancies and adjust rents. Management costs remain at an absolute minimum.
- In addition, we create the highest transparency for our shareholders and partners. We publish all relevant figures and information and answer all enquiries comprehensively. All data is available and retrievable on the company's website.



3. Operational implementation

a. Acquisition

In the fourth quarter, a package of 13 units with > 750 m² was acquired in the Nossen/Oschatz area. The properties, most of which are already let, are in good condition with no significant need for refurbishment. The rented portion was recognised in income in 2022 with immediate transfer of utilisation and liabilities.

We have already commenced letting activities for the vacant units. Here, the aim is to let the units until transfer of ownership.

b. Renovation/modernization

During the year, a unit in Roßweiner Str. was modernised. By extending the bathroom area, this four-room flat was significantly upgraded and adapted to the needs of a larger family. The planned balcony extensions in Straße des Friedens in Döbeln once again had to be postponed. The building authorities succeeded in generating an extensive approval process for the renewal of a balcony installation, with the involvement of all available offices, neighbours and experts. We have patiently worked through the requirements, measured the building several times and taken into account the comments and wishes of authority. If the process is successfully concluded, as planned in mid-2023, we will carry out the balcony extensions and adjust the tenancy agreements concerned.

c. Letting

The measures to reduce the vacancy rate have continued. By the beginning of the third quarter, the 5% mark was reached again for the first time. Full occupancy is now in sight again. With the properties acquired towards the end of the year, however, we have again purchased new vacant space that must be cleared again. Some of these properties are let at very favourable rates, so that the necessary rent adjustments will result in a further temporary increase. At the end of the year, the occupancy rate rose to 95.2 %.

d. Management

The sharp increase in electricity and heating costs in the second half of the year is disadvantageous for us. Of course, in the wake of these energy costs, the rest of the public economic sector (waste, public transport, etc.) has also increased its costs. This means that



3. Operational implementation | 4. Management system RESCORE

more funds are now available to expand employment in these sectors. It is to be expected that this development will be reflected in a further bureaucratisation of the supply and waste disposal processes.

It is us who must invoice and recover these increased costs from the tenants. At the moment, consumers seem to be able to bear these additional burdens with new state relief packages. It is very interesting to note that public utilities in particular are profiting more than average from the state subsidies of the price caps that have been passed, thanks to clever pricing. While private energy suppliers were quickly able to offer prices well below the limits of the price caps, municipal suppliers in particular remain well above these values and receive lavish subsidies with their basic supply tariffs. Nevertheless, we continue to try to reduce costs or at least curb cost increases with further provider comparisons and intelligent pricing models. We were again successful this year with our building insurance premiums. At two properties, we were able to reduce insurance costs by more than 20% by changing providers. This benefits our tenants directly.

We suspended the retrofitting of the heating system already planned for some properties last year. The government's lack of planning in energy policy does not currently allow for any reasonable estimates of the future development of fuel costs and availability.

4. Management system RESCORE

The management and property administration has been completely converted to our RESCORE tool. All accounting and filing functions are used. This means that not only is all property data available in real time, but the evaluations and data preparation are almost completely automated.



5. Corporate bodies of the company | 6. Personnel | 7. The property market in Saxony

5. Corporate bodies of the company

The company is headed by a Management Board.
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)
	Board member	Dennis van Diemen	(until 2023)

As agreed, Mr Zschunke continues to receive no remuneration for his work.
The company grants the supervisory board members a lump-sum expense allowance.
The supervisory board members do not receive any further remuneration.

6. Personnel

The company again employed a part-time accountant in 2022. In the course of the year, we were able to release one administrative employee whom we had hired for data maintenance during the upgrade of our RESCORE 2.0 administration tool. Further staffing is not planned in the medium term.

7. The property market in Saxony

a. Macroeconomic development in Saxony

Over the past year, Saxony has increasingly diluted its role as a model of regulatory policy. More bureaucracy is proposed, the number of civil servants is being increased and infrastructure investments are being scaled back.

Economically, on the other hand, there are definitely positive signs. The specialisation in the production of electric cars at the Zwickau, Leipzig and Dresden locations means that Saxony is benefiting from the so-called economic transformation. The orientation towards the federal states of Bavaria, Baden-Württemberg and Lower Saxony is continuing. Population decline has largely come to a halt, which again opens up new development opportunities.





7. The real estate market in Saxony

b. The rental housing market in Saxony

The attractiveness of metropolitan areas in Saxony has continued to increase. Chemnitz has now joined Leipzig, Dresden and Freiberg as a fourth "swarm city". These cities attract people in large numbers and are growing continuously. The urban infrastructure is being extended into the surrounding regions, which thus benefit from better connections and occupancy rates. While cold rents are already rising significantly in these cities, the surrounding regions are seeing stabilisation and a significant decline in vacancy rates. The widespread end of the pandemic restrictions has revived the universities and led to the usual full occupancy for student flats. The conditions for multi-storey residential construction have deteriorated further. In addition to the bureaucratic hurdles that had already existed for years, the increase in the cost of new construction is now also being driven by rising interest rates and material costs. In the meantime, one can speak of a political blockade of housing construction. This is certainly not just a phenomenon in Saxony.

c. Availability of trade services

The catch-up of investments that had been postponed in the pandemic years 2020 and 2021 has given local tradesmen full order books. This work will largely tie up existing capacities until mid-2023. Uncertainty in the price development of building materials and the reluctance of many builders due to rising interest rates will lead to a decline in capacity utilisation in the medium term. In the second half of 2023, skilled trade services will then be available again, but at higher costs due to the price of materials. Since we have already completed the most important refurbishment projects, we are postponing larger construction investments for the time being and are waiting to see how things develop.

d. Economic development in the previous business year

Growth and further portfolio expansion continue to be of central importance for the company. It is very pleasing that new units have again been acquired in the 2022 financial year. The portfolio increased to 91 units with a living space of 4,521 m². The balance sheet value of the properties increased to 2,497.81 TEUR (previous year 2,239.42 TEUR). Rental income rose to 303.77 TEUR (previous year 295.95 TEUR). This corresponds to an annual rent of 67.20 EUR/m² and, based on the book value, a gross rental yield of 12.16%. If the average market value of the portfolio is set at a conservative 1,100 EUR/m², this results in a total value of 4,973.10 TEUR (2.48 EUR per share).



7. The real estate market in Saxony | 8. Outlook

The balance sheet total as at December 31, 2022 amounted to 3,142 TEUR (previous year 2,644 TEUR). This results in an increase of 498 TEUR. Of the balance sheet total, 84.2% (previous year 86.6%) are reported as fixed assets.

The first-degree investment coverage drops to 84% compared to the previous year (98%). This describes the relationship between equity and fixed assets and shows the use of borrowed capital to build up the portfolio. The long-term assets are thus essentially financed by long-term capital.

The reported equity capital remained almost the same in the financial year at 2,230.71 TEUR (previous year 2,237.82 TEUR). The equity ratio at the end of the 2022 financial year is 70.99% compared to 84.62% at the end of the previous year. The change is mainly due to loans taken out during the year. Borrowed capital rose to 893.10 TEUR (previous year 406.67 TEUR), which corresponds to a DE ratio of 29.01% (previous year 15.38%). Repayments made in the financial year amounting to 13.50 TEUR were offset by the taking out of two new loans totalling 500 TEUR.

The results from ordinary business activities (EBT) are once again below the break-even point at –7.09 TEUR. This is due to the continuing high “being-public” costs of 15.42 TEUR in 2022, but above all to the energy costs, which have risen sharply by 24.63 TEUR. However, this item can largely be passed on to the tenants in 2023.

The EBIT drops to 26.56 TEUR, the EBITA to 83.92 TEUR, the total cash flow from investment, financing and operating activities rises to 91.96 TEUR (previous year 0.93 TEUR).

8. Outlook

The company continued to grow through acquisitions in the 2022 financial year. In addition, the focus has remained on reducing the existing and purchased vacancies.

- **Equity:** Further capital measures cannot be considered at a share price level far below the value of the property portfolio. The registered authorised capital creates the possibility for short-term responses to opportunities.



- **Debt capital:** The use of debt capital continues to be the method of choice. The company's low debt ratio speaks in favour of this means. Discussions with several credit institutions have so far failed to produce any economically viable financing options. The continuing rise in interest rates is making this method of financing increasingly difficult. In the area of corporate bonds, our current capital requirements are still too low. There are only solutions available on the market in the range of more than EUR 5 million.
- **Retained earnings:** After completion of the going public process and the elimination of the associated one-time costs, the company is reinvesting the income generated primarily in further growth. In the past business year, two small investments could already be implemented in this way.

The following positive expectations exist with regard to the main underlying conditions until the end of 2023:

- Further increases in construction and energy costs
- Continued low increase in the number of new flats
- Rising incomes due to the shortage of skilled workers
- Metropolitan areas with population growth having a growth positively influence the surrounding region
- Interest rates remain favourable

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

For the coming years this means:

- Acquisition of approx. 5–20 new units with approx. 500–1,000 m² living space.
- The preparation of external capital procurement to improve long-term return on equity.



9. Report on opportunities

9. Report on opportunities

For BAL, growth and earnings opportunities arise in the following areas:

a. Consolidation of the administration market

Our management partner IMMO-PLAN has grown significantly in the past year. Smaller management companies that commenced operations at the beginning of the 1990s are for sale or are disposing of their portfolios. The growth of our management partner continues to provide us with sales offers in the future.

b. Development of the economic environment

The value and utilisation of the portfolio are currently and in the foreseeable future positively influenced by the following factors:

- Migration from rural areas to cities and centres of large municipalities.
- Further bureaucratisation of housing construction makes new construction more expensive and thus prevents it.
- The prospect of rising interest rates and the associated reluctance to make major investments (house construction)
- Increasing demand for living space, especially for smaller households

c. Digitisation

In connection with the introduction of our administration tool RESCORE 2.0, further automation of the billing and administration processes is possible, which will lead to further savings in personnel costs. The evaluation of tender properties has been simplified once again, which allows for the review and evaluation of more offers.

d. Acquisition and financing

The rising interest rate level makes it difficult to finance acquisitions economically and, in the medium term, to reduce the interest burden of the company. We are still in discussion with the most important shareholders and investors in order to evaluate possibilities of raising capital under economical terms and conditions.



10. Risk Report

The RESCORE system, which has been tried and tested for years, was significantly improved and simplified at the end of 2021 with version 2.4. The early identification of risks as well as the permanent comparison with the expectations from the acquisition phase remains in the foreground. The system is regularly adapted to new developments and findings. When possible risks are identified, measures to avoid and counter them are initiated immediately.

The main risks for the operational business of the company are as follows:

a. Identification of insufficient properties suitable for purchase

As prices continue to rise in the big cities and, by extension, in the surrounding areas, supply in the sought-after price range could become scarce. The supply exceeds the financial possibilities many times over. Therefore, we assume a very low probability of this occurring 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 the heirs lack a regional connection. This circumstance should maintain a stable supply at least in the medium term.

b. Vacancy rate

Vacancies are a major risk for housing companies, as vacancy costs such as house fees and letting commissions are added to the loss of income. Newly acquired properties have always had vacancies, and this has been taken into account in the purchase prices. Letting is being driven forward at high pressure in close cooperation with our management partner IMMO-PLAN. New lettings begin with the announcement of the rental offer (in some cases with archive pictures) as soon as the tenant gives notice (existing properties) or signs the purchase contract (new acquisitions), so that in most cases there are no months of default.



10. Risk Report

c. Payment defaults

If the tenant fails to make payment, the landlord is usually faced with a costly legal process, at the end of which a regular four-digit loss remains. As a rule, the ordinary legal process takes at least one year until the unit can be re-rented. However, this only applies if the tenant who is unwilling to pay leaves the flat in good order and does not use effective legal remedies. The remedy of choice is prevention. A large number of verifications and certificates are requested for new lettings, which identify difficult cases in advance. If there are bottlenecks and the tenant communicates proactively, reasonable solutions are agreed to. If the worst comes to the worst, BAL always applies the harshest remedy. If a tenant exceeds the two-month period, termination without notice is always issued. Currently, this happens only once every two years, which speaks for the effectiveness of the assessment at the beginning of the contract.

d. High maintenance costs

The owner associations can decide by majority vote on cost allocations for necessary renovation measures, which are then to be borne proportionately by all owners of an 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 in the community by a partner administration in the case of participations of more than 30 %.

e. Difficulties in obtaining capital

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

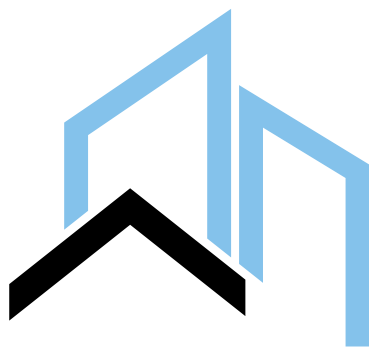
The company plans to present an interesting investment in all market cycles through a comprehensive information strategy and a consistent dividend policy. Furthermore, the company has succeeded in expanding its network of potential investment partners in the past financial year, which reduces dependency.



f. Political interventions

In our perception, the political need for further regulation and bureaucratisation of the economy has grown. Every event is used to introduce further reporting and auditing obligations. Rental companies with their immovable assets are a popular target. On the one hand, it is impossible to escape to another jurisdiction; on the other hand, any regulation to the detriment of landlords is bound to affect a large constituency with the tenants concerned. This also explains the impertinence with which politicians interfere with the property and freedom rights of landlords.

Despite the high probability of occurrence, the effects on BAL of potential regulations (rent and cap brakes, expropriation, etc.) are 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 have an impact. On the other hand, all housing companies are equally affected by regulatory interventions, which makes it more difficult for individual competitors to benefit.



Balance Sheet as at 31/12/2022

Balance Sheet as at 31/12/2022

ASSETS

	EUR	Financial Year EUR	Prior Year EUR
A. Noncurrent assets			
I. Intangible fixed assets			
1. Purchased licences, trademarks and similar rights and values as well as licenses to such rights and values		10,284.00	21,547.00
II. Tangible fixed assets			
1. Properties, rights equivalent to real property and buildings, including buildings on third-party land	2,497,807.99		2,239,422.35
2. Other equipment, operating and office equipment	3.00		9.00
3. Advance payments made and construction in progress	137,670.14		28,216.30
		<u>2,635,481.13</u>	<u>2,267,647.65</u>
Total noncurrent asset		2,645,765.13	2,289,194.65
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	231,155.80		127,571.27
2. Other assets	158,159.86		210,166.00
– of which remaining term greater than 1 year			
EUR 112,276.72 (EUR 136,408.84)			
		<u>389,315.66</u>	<u>337,737.27</u>



Balance Sheet as at 31/12/2022

ASSETS

	EUR	Financial Year EUR	Prior Year EUR
II. Cash on hand, central bank balances, bank balances, and checks		97,378.84	5,419.18
Total current assets		486,694.50	343,156.45
C. Prepaid expenses		9,980.81	12,137.82
		3,142,440.44	2,614,746.63





Balance Sheet as at 31/12/2022

TOTAL EQUITY AND LIABILITIES

	EUR	Financial Year EUR	Prior Year EUR
A. Equity			
I. Subscribed capital		2,000,000.00	2,000,000.00
II. Capital reserves		560,000.00	560,000.00
III. Accumulated losses brought forward		322,184.84	331,678.98 –
IV. Net loss for the financial year		7,107.64	9,494.14
Total equity		<u>2,230,707.52</u>	<u>2,237,815.16</u>
B. Provisions			
1. Other provisions		13,244.92	16,223.00
C. Liabilities			
1. Liabilities to financial institutions	50,147.67		50,000.00
– of which remaining term up to 1 year EUR 147.67 (EUR 0.00)			
– of which remaining term greater than 1 year EUR 50,000.00 (EUR 50,000.00)			
2. Trade payables	72,470.81		51,724.98
– of which remaining term up to 1 year EUR 72,470.81 (EUR 51,724.98)			
3. Other liabilities	770,465.52		284,889.78
– of which taxes EUR 196.33 (EUR 0.00)			
– of which social security EUR 0.00 (EUR 727.60)			



Balance Sheet as at 31/12/2022

TOTAL EQUITY AND LIABILITIES

	EUR	Financial Year EUR	Prior Year EUR
– of which remaining term up to 1 year EUR 405,283.96 (EUR 5,157.08)			
– of which remaining term greater than 1 year EUR 365,181.56 (EUR 279,732.70)			
	_____	893,084.00	386,614.76
D. Prepaid expenses		5,404.00	3,836.00
		<u>3,142,440.44</u>	<u>2,644,488.92</u>





Income Statement from 01/01/2022 to 31/12/2022

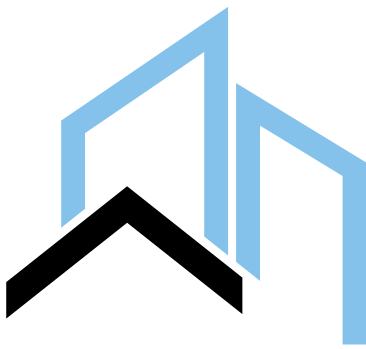
Income Statement from 01/01/2022 to 31/12/2022

	EUR	Financial Year EUR	Prior Year EUR
1. Sales		303,772.43	295,946.65
2. Gross revenue		303,772.43	295,946.65
3. Other operating income			
a) Income from reversal of provisions	835.00		25.00
b) Miscellaneous other operating income	<u>23,150.90</u>		<u>49,156.24</u>
		23,985.90	49,181.24
4. Cost of materials			
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	29.45 –		13.00 –
b) Expenses for purchased services	<u>1,300.00</u>		<u>0.00</u>
		1,270.55	13.00 –
5. Personnel expenses			
a) Wages and salaries	6,916.59		1,398.52
b) Social security costs and expenses related to pension plans and for support	<u>4,388.02</u>		<u>9,352.16</u>
		11,304.61	10,750.68
6. Depreciation and amortization			
a) Of noncurrent intangible assets and property, plant and equipment		57,364.33	58,993.16



Income Statement from 01/01/2022 to 31/12/2022

	EUR	Financial Year EUR	Prior Year EUR
7. Other operating expenses			
a) Occupancy costs	156,152.99		136,857.66
b) Insurance premiums, fees and contributions	397.50		205.50
c) Cost of third-party repairs and maintenance	18,088.82		24,495.70
d) Advertising and travel expenses	118.66		111.14
e) Selling and distribution expenses	6,009.50		5,613.62
f) Miscellaneous operating costs	46,926.60		55,724.67
g) Miscellaneous other operating expenses	18,997.11		28,277.33
		246,691.18	251,285.62
8. Other interest and similar income		216.61	155.46
9. Interest and similar expenses		12,598.94	9,040.74
10. Taxes on income		1.79	2.51
11. Net income/net loss after tax		1,256.46 –	15,223.64
12. Other taxes		5,851.18	5,729.50
13. Net income for the financial year		7,107.64	9,494.14



Independent Auditor's Report

for **B-A-L Germany AG, Meissen**

Auditor's opinion

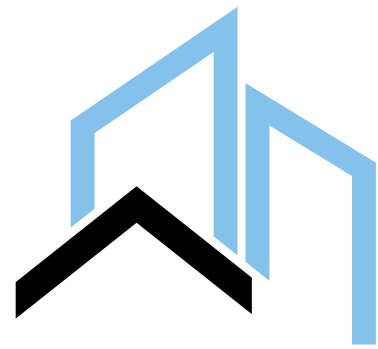
I have audited the annual financial statements of **B-A-L Germany AG, Meissen**, comprising the balance sheet as at **31 December 2022** and the income statement for the financial year from **1 January 2022 to 31 December 2022**, and the notes to the financial statements, including a description of the accounting and valuation methods.

In my opinion, based on the findings of my audit, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of **31 December 2022**, and of its financial performance for the financial year from **1 January 2022 to 31 December 2022** in accordance with the generally accepted principles of German accounting.

In accordance with § 322 para. 3 sentence 1 of the German Commercial Code (HGB), I declare that my audit has not revealed any objections to the accuracy of the annual financial statements.

Basis for the audit opinion

I conducted my audit of the annual financial statements in accordance with § 317 HGB and the generally accepted German standards for the audit of financial statements established by the Institut der Wirtschaftsprüfer (IDW). My responsibility under those provisions and standards is further described in the "Auditor's responsibility for the audit of the annual financial statements" section of my audit opinion. I am independent from 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 the audit opinion on the financial statements.



Responsibility of the legal representatives and the supervisory board for the annual financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted German accounting principles for companies with share capital and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for the internal controls that it maintains in accordance with generally accepted accounting principles in Germany as necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the company to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. Furthermore, 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 financial reporting process of the company for the preparation of the financial statements.

Auditor's responsibility for the audit of the financial statements

My objectives are to obtain reasonable assurance as to whether 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 § 317 HGB and generally accepted German standards for the audit of financial statements as established 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 collectively, any misstatement could reasonably be expected to influence the economic decisions of recipients taken on the basis of these financial statements.



Independent Auditor's Report

During an audit, I exercise due discretion and maintain a critical attitude. Furthermore, I:

- Identify and assess the risks of material misstatement of the financial statements, 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 my opinion. The risk of not detecting material misstatements is higher in the case of non-compliance than in the case of inaccuracies, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls
- Obtain an understanding of internal control relevant to the audit of the 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 entity's internal control
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Draw conclusions about the appropriateness of the going concern basis of accounting used by management 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 audit opinion to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. I base my conclusions on the audit evidence obtained up to the date of my audit opinion. However, subsequent events or circumstances may result in the company being unable to continue as a going concern
- 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 overview of the net assets, financial position and results of operations of the company in accordance with generally accepted German accounting principles



Independent Auditor's Report

I have discussed with those charged with governance the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that I identified during my audit.

Greven, den 13.07.2023
(Wirtschaftsprüfer)



