



# Annual Report



# Executive Summary B-A-L Germany AG

	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Residential units	17	32	48	67
Living space	432 m <sup>2</sup>	840 m <sup>2</sup>	1.648 m <sup>2</sup>	2.781 m <sup>2</sup>
Vacancy	2 %	0 %	3 %	8 %
Cash-Flow	11,241.69 €	9,475.03 €	- 89,364.87 €	-192,166.69 €
Total capital profitability	4.35 %	0.82 %	0 %	0 %
Dept repayment time	14.5 years	44.3 years	0.8 years	n.n.
Equity ratio	21.09 %	10.14 %	74.58 %	79.24 %

Frankenberg, Am Sachsenpark 13





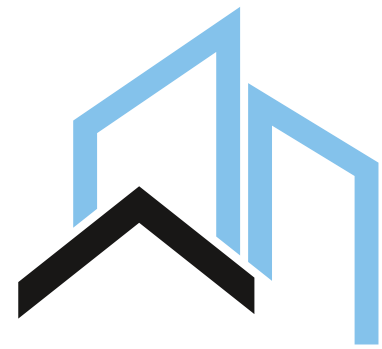
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Döbeln, Roßweiner Str. 3





*Dear shareholders,  
Ladies and Gentlemen,*



A very busy business year lies behind us. The company has again grown substantially in 2019, income from letting has almost doubled compared with the previous year, and we have successfully integrated property accounting.

Since the beginning of the year, the company has been listed with its preferential shares on the Vienna Stock Exchange in the Vienna MTF segment. The second listing on the Stuttgart Stock Exchange was added at the end of July. The demand for the shares and the initial price development were quite impressive. In the further course of the year this naturally returned to normal, and we were able to welcome a large number of new shareholders.

This financial year, we again received capital from our shareholders and thus purchased more than 1,000 square metres of living space. The company is virtually debt-free and has only a low interest burden to bear. This has enabled us to almost completely reinvest our increased revenues.

Our extremely disciplined capital deployment has already produced good results in the current year. Thus, despite rising prices, it has been possible to maintain a reasonable purchasing level. We have again selected the most profitable units from the large range of properties on offer.

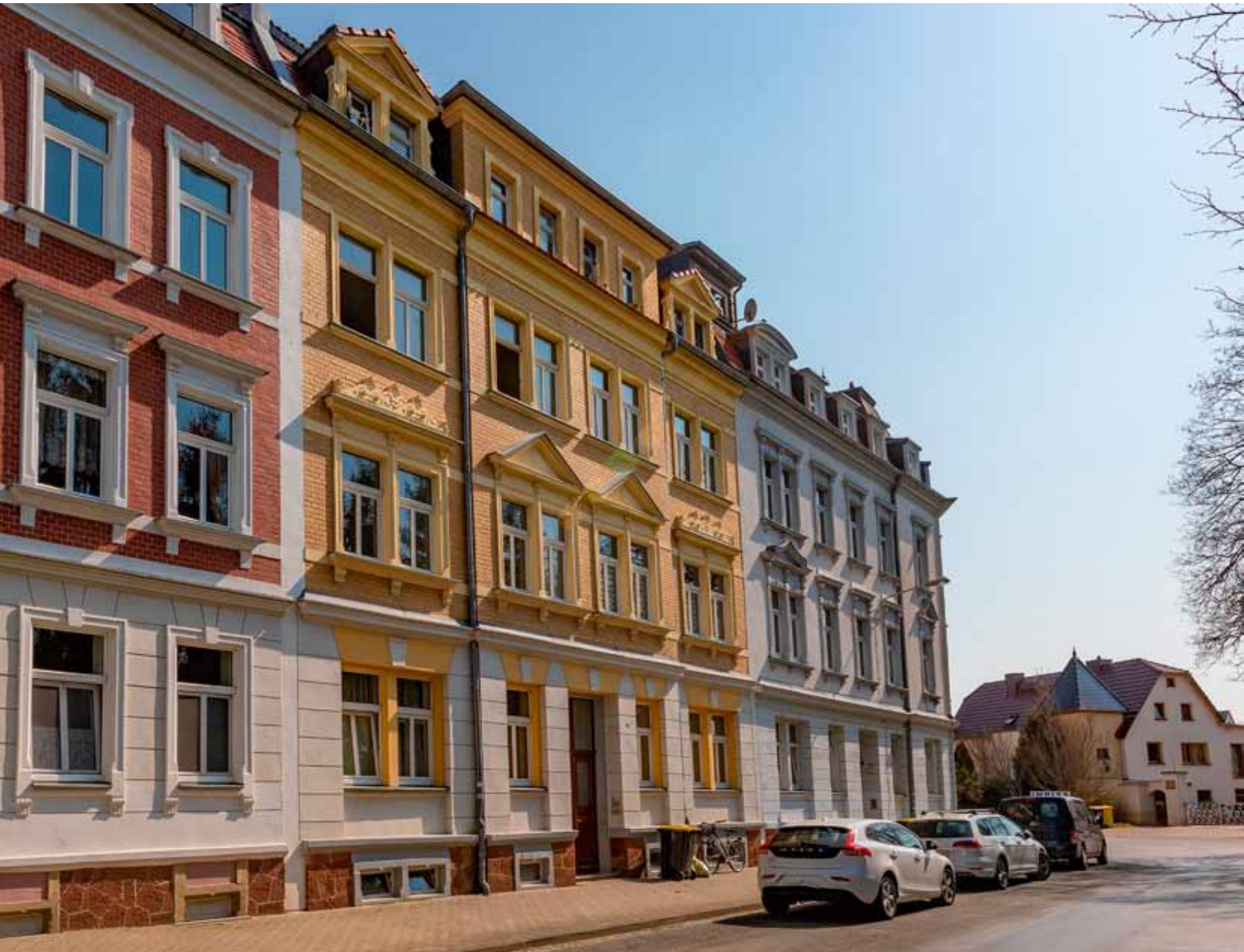
For the future, I expect continued dynamic growth with a further doubling of both revenue and living space. In the coming year, the company should again be able to report a significant profit after the elimination of the non-recurring costs for capital measures and the listing on the stock exchange.

With kind regards,

Falko Zschunke  
Management Board



Döbeln, Wappenschstr. 16





Ladies and Gentlemen,

The Supervisory Board has supported and monitored the development of the company throughout the 2019 financial year. In doing so, it has performed the duties incumbent upon it under the law and the Articles of Association. The Supervisory Board provided the Management Board with advice and support in the operation of the company. Two Supervisory Board meetings were held during the year, each of which was attended by all members of the Board. In the 2019 financial year, the cooperation between the Supervisory Board and the Management Board was once again open and based on trust. Outside the Supervisory Board meetings, the Supervisory Board members were also informed by the Management Board about current events and the development of the company in personal discussions and telephone calls.



All transactions and measures that required the approval of the Supervisory Board by law or under 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 at 31 December 2019.

The agenda of the company's Annual General Meeting was jointly set by the Supervisory Board and the Management Board. The Management Board informed the members of the Supervisory Board in appropriate depth 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 and comment on all property-related data of the entire portfolio, and can participate in the vote on new acquisitions. This data provides the Supervisory Board with a comprehensive picture of the earnings, financial, asset and liquidity position of the company. One focus of the joint consultations of the Supervisory Board and the Management Board in the 2019 financial year was once again the forthcoming capital measures and resolutions on the further development of the company. We would like to take this opportunity to thank Mrs. Spengler for her work on the Supervisory Board in recent years. She did not stand for re-election at the Annual General Meeting.

Hambühren  
March 18, 2020

Bernd Albrecht  
On behalf of the Supervisory Board



## 1. Strategic Direction

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# 1. Strategic Direction

In recent years, BAL has established itself well in the real-estate market of Saxony. The small-scale acquisition of individual units and apartment buildings is a niche with great potential. The two largest groups of sellers, owner-occupiers and small investors, generally use the sales channels of brokers or administrators to find a buyer. The independent preparation of an offering on real estate platforms is the exception. Professional apartment sales agents and property developers clearly do not belong to BAL's target group, as their offers are usually priced beyond our expectations and are mainly aimed at younger owner-occupiers.

There is certainly competition here. In some negotiations we encounter smaller real estate companies. However, their interest is usually limited to a specific area or building. Otherwise, we occasionally see private individuals and, to a lesser extent, tenants. Although this group of people often submits higher bids, in some cases we are nevertheless awarded the contract; in most cases, our rapid commitment without any financing conditions plays the decisive role. Our business partners are also important in the acquisition process. It is often advantageous for property managers or brokers to contact BAL before placing property on the market. If a purchase is made, the partners save themselves the costly preparation of promotional material, and profit from a rapid sale. We are also happy to use the exclusive property knowledge of these parties for upcoming new lettings.

Our clear, strategic goals are to achieve the highest possible property returns and to make optimum use of the resources already available. BAL is currently still a very small company with little purchasing power. Most operational processes are automated and largely paperless, and this minimises fixed costs and leads to an improvement in key performance indicators as the company grows.

Our priority is therefore to increase our efforts to raise equity and debt capital, and to exercise the utmost care in the selection of investment properties. In the administrative area, the focus is on measures to limit ancillary costs and reduce vacancies.





## 2. Business Model in Detail

### a. Saxony as a regional focus

We continue to focus exclusively on Saxony. We have comprehensive knowledge of the market here and are able to reliably identify high-yielding opportunities. Feedback that we receive from management and letting partners enables us to make a reliable assessment of the rentability of new properties. In addition, our reputation has increased considerably in recent months and we receive offers for appraisal on a daily basis. This allows us to proceed very cautiously when negotiating and acquiring new properties. In doing so, we can rely on the good local knowledge and experience of our employees and partners.

Saxony has a relatively balanced population distribution. The three main metropolitan areas of Dresden, Leipzig and Chemnitz are spread over the area of the state at a distance of approximately 80 to 120 km from each other and are connected by direct motorway and rail links. Each of these cities has a dense network of public transport to the surrounding area. Therefore, only a few regions are difficult to reach for commuters. Saxony has already been implementing an exemplary investment policy for decades, so that the infrastructure of the rural regions is also well developed and is gradually being expanded. This results in both increasing attractiveness and a steadily growing tenant potential for our locations. Most of our properties are suitable both for local tenants and for commuters who prefer to live close to nature.

### b. Focus on small to medium-sized units

The trend towards single-person households continues. On the basis of incoming rental enquiries, we have observed a further increase in the number of single-person households. At the same time, however, the demands for furnishings and space are rising. In the past, demand for renovated two-room apartments with living space of mostly more than 50 m<sup>2</sup> was increasingly from individuals. If the furnishings were appropriate, an increased rent was accepted in most cases. In our view, this trend has strengthened slightly in the course of the year. This closes a gap in demand that had existed in recent years due to a strong oversupply of two-room apartments. The rental clientele here has changed from couples to individuals living alone.



## 2. Business Model in Detail

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We are well prepared for this trend. A large proportion of our portfolio consists of two-room apartments in the required size. We are able to reach this tenant group without having to adapt the product. The expansion of the units currently being promoted by the competition does not appear to make sense for the time being, as this would reduce the rent per square metre and, if the conversion costs are added, the return on investment.

### c. Stable rent levels with a positive outlook

In the course of the year, base rents for new lettings were adjusted slightly. For the overall portfolio, in 2019 this meant an increase in annual base rent income of approximately € 1,800 p.a. In no cases was it necessary to offer a unit at a price below the level of the preliminary contract. In addition, positive experience has been gained in the leasing of parking spaces, which are allocated to most units. For some time now, we have no longer been offering these parking spaces separately, but are incorporating them into the apartment rental contracts. This integration of the parking space rent allows a higher basic rent and prevents separate termination by the tenant and subsequent delays in new leases.

### d. High utilization

The occupancy rate at the end of the reporting period was 92%. This is the first time during the year that we have not reached our own target. The value fluctuates considerably during the year due to the high vacancy rates in some of the newly acquired portfolios. In the context of purchase price negotiations, high vacancy rates help to achieve attractive conditions. The „purchased“ vacancies are reduced immediately after the transfer has been completed. Any necessary renovations are initiated immediately, and the potential for corresponding increases in earnings is thus immediately increased. Adjusted for the new acquisitions, only one smaller unit was vacant at the turn of the year, which corresponds to a vacancy rate of less than 1%.

source: RESCORE

year	units	rentable area m <sup>2</sup>	current net rent p.a.	average net rent per m <sup>2</sup>	vacancy
2016	17	432	36,800	5.91	3 %
2017	32	840	55,200	5.64	0 %
2018	48	1,648	87,700	5.40	2 %
2019	67	2,781	169,767	5.05	8 %



## 2. Business Model in Detail | 3. Operational Implementation

According to our observations, the trend in recent years of improved occupancy rates in existing housing stocks has continued. With their positive population development, the Saxon metropolitan areas continue to ensure the increasing attractiveness of the well-connected surrounding regions. An expansion of the rental housing stock through new construction or conversion of commercial properties is also not expected. The bureaucratic overload of approval processes and, to an increasing extent, commercial transactions (GwG 2020) effectively prevents this.

### 3. Operational Implementation

BAL is a portfolio holder of residential properties. The aim of the residential property product is to achieve the highest possible return on invested capital. Efficient use of funds is a central theme of our business activities:

#### a. Purchase

Before each acquisition, we check the respective property and coordinate with our specialist partners. As the supply regularly exceeds the financial means many times over, we only choose the most profitable units with the most stable prospects. We avoid prolonged negotiations and offer the seller a price which is then no longer negotiable. In this way we avoid excessive payments and unnecessary delays.

Döbeln, Weststr. 19

#### b. Renovation/Modernisation

If the property is not tenanted, we will carry out the necessary work immediately after having obtained it. Depending on their availability and the scope of the necessary tasks, the work will be assigned to local craftsmen or the caretaking service of our property management partner IMMO-PLAN. The aim is to achieve a uniform high standard, so that rapid and efficient letting can be expected.





### 3. Operational Implementation | 4. Management System

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#### c. Letting

We deliberately choose a base rent that is slightly above the regional average. We have observed that a longer rental period is rewarded by additional income and lower fluctuation. Tenants who quickly decide on the cheapest living space usually move again after a short period, and above-average returns can only be achieved with long-term contracts.

#### d. Management

An important starting point is the service charges. We regularly check the contracts with the utilities for all properties and adjust them where possible. We consider that the level of the service charges is an important criterion that is decisive for many people when it comes to renting a specific property. Once we have the decision-making power, we implement all measures to reduce service charges without delay.

## 4. Management System

All operative processes from property acquisition to letting management and billing are mapped on our RESCORE platform. This enables us to continuously monitor key figures and this ensures availability of all accounting data down to the level of individual invoices. In the course of the year, we have once again fundamentally updated the tool and added a fully-fledged booking system. With the version RESCORE 2.0 introduced



Nossen, Lindenstr. 10



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## 4. Management System | 5. Corporate Bodies | 6. Personnel

from mid-December onwards, it is possible to monitor the economic data of each property. From the time of the first purchase price offer, all processes such as purchase, refurbishment, new lettings, etc. are mapped. In addition to bookkeeping with the functions customary in the industry, property valuation and user information have also been significantly improved. Our scoring procedure has been further refined so that influences arising from changes in management can also be directly measured. In this way, management has access to all relevant monitoring data at any depth and in real time. Furthermore, the foundation for further growth of the property portfolio has been laid and interfaces with partners have been standardized. The initial results since the release already show significant improvements in data maintenance and presentation.

## 5. Corporate Bodies

At the Annual General Meeting on 17 December 2019, Supervisory Board members Albrecht and Richter were re-elected for a further five years. This results in the following composition of the boards:

Management Board	CEO	Falko Zschunke	(until 2023)
Supervisory Board	Chairman	Bernd Albrecht	(until 2024)
	Vice Chairman	Frank Richter	(until 2024)
	Board member	Dennis van Diemen	(until 2023)

As agreed, Mr. Zschunke does not receive any remuneration for his work. The company grants the Supervisory Board members a lump-sum expense allowance, and the Supervisory Board members do not receive any further remuneration. The Deputy Chairwoman of the Supervisory Board, Ute Spengler, did not stand for re-election and left the Supervisory Board at the end of the Annual General Meeting.

## 6. Personnel

In 2019 the company employed a part-time accountant throughout the year. Another administrative employee was hired in December.



## 7. Branch offices

No branch offices are currently in operation.

## 8. The Real Estate Market in Saxony

### a. Overall economic development in Saxony

According to our observations, construction activity in and around the major cities is picking up again slightly. Essentially, the larger projects are almost without exception public administration buildings, which suggests that bureaucratisation and monitoring will continue to increase. Private construction activity is limited to single-family homes, mainly in rural areas. In our opinion, multi-storey residential construction is only taking place in the centre of Dresden and Leipzig. A significant increase in rental living space is therefore not expected in the coming years.

In the other economic sectors, the trend is generally good to very good, which is reflected in a slight increase in capacity utilisation and a marked improvement in payment behaviour. Various evaluations of public data collections also indicate almost universally slight growth, falling unemployment figures, rising employment and slight inflation.

### b. Rental Market in Saxony

Various participants in the real estate market repeatedly refer to location, location and location as the three most important criteria for the valuation of a property. In the past, this mantra has led to price excesses in metropolitan areas, urban migration and imbalances in regional developments. Naturally, we also include the location criteria in our valuations. Using our RESCORE valuation platform, we evaluate the development of the large cities on the one hand and the accessibility of the respective location on the other.



## 8. The Real Estate Market in Saxony

The general trends of recent years, such as:

- higher space requirement
- more single-person households
- declining vacancy rates
- slight increase in base rents

have continued in 2019, albeit with little growth.

This observation is based on data from around 2,000 tenancies.

### c. Economic development in the previous financial year

In the course of the year, we were again able to significantly expand our portfolio, and succeeded in almost doubling both living space (+ 99% 2,781 m<sup>2</sup>) and rental income (+ 95% EUR 169,000). We continued to pay close attention to the diversification and earning power of the properties:

- |                        |  |
|------------------------|--|
| – Location             | Chemnitz (34 %), Dresden (20 %), Leipzig (43 %)                  |
| – Living area, units   | < 40m <sup>2</sup> (25 %, 47 %), > 40m <sup>2</sup> (75 %, 53 %) |
| – Year of construction | before 1945 (32 %), before 1989 (18 %), until 1990 (50 %)        |
| – Co-ownership         | Part ownership (80 %), entire complex (20 %)                     |

The balance sheet total increased by EUR 283,000 to EUR 2,053,000 as of December 31, 2019 (previous year EUR 1,770,000). The reason for the increase in the balance sheet total is the acquisition of residential units made possible by the capital increase.

Due to the capital increase carried out in the third quarter, the share capital increased to EUR 1,600,000 (previous year EUR 1,300,000). The equity ratio thus increased to 79.25% (previous year 74.58%).

The annual result after taxes for the financial year is EUR –234,050 (previous year EUR –97,500). This result is mainly due to the costs of the stock exchange listing and capital measures amounting to EUR 208,340. These costs were covered by the premium on the newly issued shares. If the result is adjusted for the one-off costs, EBIT amounts to –15.5 (previous year –3.81) and EBITDA is 17.64 (previous year 8.16). Due to the net loss for the year, the return on equity and return on total capital remains unchanged at 0%, even after adjustment for the one-time effect of the stock market costs.



## 8. The Real Estate Market in Saxony | 9. Prognosis Report

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Borrowed capital fell to EUR 426,030 (prior year: EUR 450,190). This results in a borrowing ratio of 20.75% (previous year 25.4%). The gearing ratio is 26.19% (previous year 34.09%). Net debt for 2019 is EUR 423,700 (previous year: EUR –65,000).

The company continues to have no liabilities with credit institutions.

The cash flow for 2019 is EUR –192,170 (previous year EUR –89,000).

The goal of a positive cash flow could not be achieved this year due to the costs incurred by the capital measures.

Revenues increased during the financial year from EUR 87,700 in 2018 to EUR 169,800, thus almost doubling. The increase in revenues is the result of the ongoing purchase of residential units.

## 9. Prognosis Report

Growth will accelerate further in the coming years. In this context, 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 the investment requirements. The capital raised will be invested directly in new purchases.
- External capital: In order to rapidly increase the intrinsic value of the shares, the use of external capital on a significant scale is planned. Discussions with partners will begin next year. This should enable the acquisition of larger portfolios and even complete properties.
- Retention of earnings: Once the going-public process has been completed and the associated one-off costs are no longer incurred, the company will primarily reinvest the earnings generated in further growth.





## 9. Prognosis Report | 10. Opportunity Report

The Management Board has the following positive expectations for the company with regard to the key framework conditions until the end of 2020:

- Low energy costs and stable consumer prices
- Continued low increase in the number of new apartments
- Rising incomes due to shortage of skilled workers
- Metropolitan areas with population growth having a positive effect on the surrounding area
- Continued favourable interest rate environment

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

The Management Board continues to pursue the growth targets of the previous year.

For 2020 this means:

- Acquisition of at least 20 new units with approximately 1,000 m<sup>2</sup> living space
- Increase in share capital in order to ensure the financing of growth
- Preparation for raising debt capital in order to improve the long-term return on equity
- Generation and payment of an initial dividend to our preferential shareholders

## 10. Opportunity Report

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

The administrative processes have been largely digitalised, which minimises overhead costs. The resulting scalability is an important prerequisite for the smooth integration of purchased real estate portfolios.

The improved visibility of the company to potential investors as a result of the stock exchange listing in Germany and Austria increases the chances of issuing further capital increases. Each of these capital steps will in turn strengthen this effect.

A similar trend is created by further purchases. Our network of sellers, brokers and administrators is constantly expanding. As a result, the availability of properties for purchase is increasing and thus the access to cost-effective opportunities.

Further business opportunities arise in the service area from cooperation with various partners. Preparations are currently underway for projects in the energy sector and in care services. In all cases, the company offers its partners the properties in question and benefits from higher rental income and improved occupancy rates.



## 11. Risk Report

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# 11. Risk Report

With the introduction of RESCORE in 2014, an internal risk management system was created, and at the end of the financial year this was significantly expanded with version 2.0. The early identification of risks remains a primary focus. The system is regularly adapted to reflect new developments and findings. When potential risks are identified, measures to avoid and counteract them are immediately initiated. The main risks for the company's operational business are:

### a. Identification of fewer suitable properties for purchase

Further price increases in the major cities and, as a consequence, in the surrounding area could lead to a shortage of supply in the desired price range. Currently, the supply exceeds the financial possibilities many times over. We therefore assume a very low probability of this occurring in the coming years. We are currently observing a generational shift among sellers. The investors of the 1990s have now reached an advanced retirement age and in many cases their heirs lack regional ties.

This circumstance should at least keep the offer stable in the medium term.

### b. Vacant properties

A significant risk for residential property companies is vacancies, as associated costs such as building charges and letting commissions are added to the lost income. Newly acquired properties have consistently shown vacancies, which have then been taken into account in the purchase prices. In close cooperation with our management partner IMMO-PLAN, we have been working intensively on letting the properties. New letting begins with the publication of a rental offer (partly with archive photos) as early as the termination of the tenant (inventory) or signature of the purchase contract (new acquisitions), so that in most cases there are no default months.



Frankenberg, Am Sachsenpark 19



### **c. Defaults on payments**

If the tenant does not pay, the landlord is usually faced with a costly legal action, at the end of which a four-digit loss is often incurred. As a rule, the usual legal process takes at least one year until the unit is re-let. However, this only applies if the unwilling tenant leaves the unit in an orderly manner and does not use a legal remedy.

The method of choice here is prevention. For new leases, a large number of evidence and documents are requested in order to identify difficult cases in advance. In the event of bottlenecks and proactive communication by the tenant, sensible solutions are agreed. If the worst-case scenario occurs, BAL always uses the toughest means. If a tenant exceeds the two-month deadline, termination without notice is always issued. Currently, this situation occurs only once every two years, which speaks for the effectiveness of the assessment at the start of the contract.

### **d. High maintenance costs**

The majority of the owners' associations can decide on cost allocations for necessary refurbishment measures, which are then to be borne proportionately by all owners of a property (including BAL).

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

### **e. Difficulties in raising capital**

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

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



## 11. Risk Report

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### f. Political influences

In our view, the desire of politicians for further regulation and bureaucratisation of the economy has grown. Every event is used to introduce further reporting and auditing obligations, and letting companies with their real estate properties are a popular target. On the one hand, it is not possible to move to another jurisdiction, and on the other hand any regulation to the detriment of the property owners also reaches a large group of voters with the affected tenants. This also explains the impudence with which politicians intervene in the rights of ownership and civil freedoms of property owners. Despite a high likelihood of occurrence, the effects of any regulations (rent and capping restrictions, compulsory purchase, etc.) on BAL are rather limited. The small size of the company allows the use of size-related concessions. Furthermore, the rent is set at a very low level, so that even taking into account occasional increases, none of the planned measures will take effect. On the other hand, all housing companies are equally affected by regulatory intervention, which makes it difficult for individual competitors to benefit.

Frankenberg, Sachsenburger Weg 5





Rosswein, Herrmannstr. 28 c





## BALANCE SHEET as at 31. December 2019

# BALANCE SHEET as at 31. December 2019

### ASSETS

	EUR	Financial year EUR	Previous year EUR
<b>A. Fixed assets</b>			
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets		50,614.00	3,543.00
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land	1,676,562.72		950,430.29
2. Other equipment, operating and office equipment	1,720.00		2,506.00
3. Prepayments and assets under construction	32,683.06		47,142.89
		1,710,965.78	1,000,079.18
<b>B. Current assets</b>			
I. Receivables and other assets			
1. Trade receivables	10,231.74		5,682.66
2. Other assets	263,198.24		227,048.59
		273,429.98	232,731.25
– of which from shareholders EUR 0.00 (EUR 7,990.21)			
– of which due after more than one year EUR 136,408.84 (EUR 112,619.45)			
II. Cash-in-hand, central bank balances, bank balances and cheques		2,338.06	515,561.08



**BALANCE SHEET as at 31. December 2019**

**ASSETS**

	EUR	Financial year EUR	Previous year EUR
<b>C. Prepaid expenses</b>		<u>15,336.39</u>	<u>18,972.90</u>
		<u>2,052,684.21</u>	<u>1,770,887.41</u>

Mittweida, Feldstr. 1–7





## BALANCE SHEET as at 31. December 2019

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### EQUITY AND LIABILITIES

	EUR	Financial year EUR	Previous year EUR
<b>A. Equity</b>			
I. Subscribed capital		1,600,000.00	1,300,000.00
II. Capital reserves		360,000.00	120,000.00
III. Accumulated losses brought forward		99,300.33 –	1,785.50 –
IV. Net loss for the financial year		234,048.63 –	97,514.83 –
<b>B. Provisions</b>			
1. Provisions for taxes	0.00		668.81
2. Other provisions	11,561.34		14,812.66
		11,561.34	15,481.47
<b>C. Liabilities</b>			
1. Liabilities to banks	0.00		50,590.00
– of which due after more than one year EUR 0.00 (EUR 50,590.00)			
2. Trade payables	90,098.09		53,832.40
– of which due within one year EUR 90,098.09 (EUR 53,832.40)			
3. Other liabilities	322,169.74		329,859.87
		412,267.83	434,228.27
– of which taxes EUR 234.64 (EUR 826.50)			
– of which social security EUR 926.23 (EUR 0.00)			





**BALANCE SHEET as at 31. December 2019**

**EQUITY AND LIABILITIES**

	Financial year	Previous
	EUR	year
	EUR	EUR
– of which due within one year		
EUR 8,572.79 (EUR 1,258.72)		
– of which due after more		
than one year EUR 313,596.95		
(EUR 328,601.15)		
<b>D. Deferred income</b>	2,204.00	424.00
	<u>2,052,684.21</u>	<u>1,770,887.41</u>



Döbeln, Weststr. 19



Frankenberg, Am Sachsenpark 11



Döbeln, An der alten Gärtnerei 17



Sachsenburg, Schönborner Str. 22–25

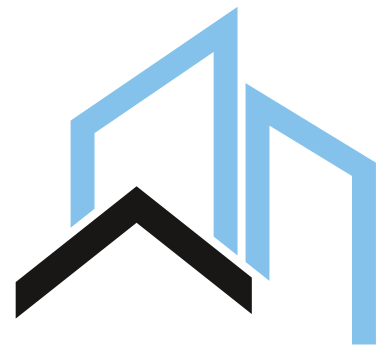


## INCOME STATEMENT from 01.01.2019 to 31.12.2019

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# INCOME STATEMENT from 01.01.2019 to 31.12.2019

	EUR	Financial year EUR	Previuos year EUR
1. Sales		<u>169,767.14</u>	<u>87,751.69</u>
<b>2. Gross revenue for the period</b>		169,767.14	87,751.69
3. Other operating income			
a) Income from reversal of provisions	0.00		537.56
b) Miscellaneous other operating income	<u>7,817.58</u>		<u>3,694.06</u>
		7,817.58	4,231.62
– of which currency translation gains EUR 0.00 (EUR 231.02)			
4. Cost of materials			
a) Cost of purchased services		466.25	1,799.28
5. Personnel expenses			
a) Wages and salaries	7,688.66		2,280.27
b) Social security, post-employment and other employee benefit costs	<u>2,096.15</u>		<u>702.01</u>
		9,784.81	2,982.28
6. Depreciation, amortisation and write-downs			
a) Amortisation and write-downs of intan- gible fixed assets and depreciation and write downs of tangible fixed assets		33,144.06	11,972.10



## INCOME STATEMENT from 01.01.2019 to 31.12.2019

	EUR	Financial year EUR	Previous year EUR
7. Other operating expenses			
a) Occupancy costs	80,437.40		43,423.15
b) Insurance premiums, fees and contributions	2,114.25		513.34
c) Cost of third-party repairs and maintenance	11,521.55		2,807.47
d) Advertising and travel expenses	1,227.20		0.00
e) Selling and distribution expenses	3,886.54		3,365.32
f) Miscellaneous operating costs	242,302.13		120,746.44
g) Miscellaneous other operating expenses	<u>16,550.76</u>		<u>5,530.48</u>
		358,039.83	176,386.20
8. Other interest and similar income		3,813.69	11,075.46
– of which from affiliated companies EUR 133.28 (EUR 137.70)			
9. Interest and similar expenses		11,193.63	5,621.21
10. Taxes on income		<u>4.70</u>	<u>244.79–</u>
<b>11. Net income/net loss after tax</b>		231,234.87–	95,457.51–
12. Other taxes		<u>2,813.76</u>	<u>2,057.32</u>
<b>13. Net loss for the financial year</b>		<u><u>234,048.63</u></u>	<u><u>97,514.83</u></u>



# Auditor's Report<sup>1</sup>

## 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 2019 and the income statement for the financial year from 1 January 2019 to 31 December 2019 and the notes, including the description of the accounting and valuation methods.

In my opinion, based on the findings of my audit, the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and provide a true and fair view of the net assets and financial position of the Company as of 31 December 2019 and of its results of operations for the financial year from 1 January 2019 to 31 December 2019 in accordance with German principles of accounting.

In accordance with Section 322 (3) Sentence 1 HGB, I hereby declare that my audit has not resulted in any objections to the accuracy of the annual financial statements.

### Basis of the Audit Opinion

I conducted my audit of the annual financial statements in accordance with Section 317 HGB and the generally accepted German standards for the audit of financial statements issued by the „Institut der Wirtschaftsprüfer“ (IDW). My responsibility according to these regulations and principles is described in more detail in the section of my audit opinion „Auditor's responsibility for the audit of the annual financial statements“.

I am completely independent from the company in accordance with German commercial and professional law and have fulfilled my other German professional obligations in accordance with these requirements. I believe that the audit evidence I have obtained is adequate and appropriate to provide a basis for our audit opinion on the financial statements.

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<sup>1</sup> Only the German version is legally binding



## **Responsibility of the legal representatives and the Supervisory Board for the financial statements**

The legal representatives are responsible for preparing the annual financial statements, which comply in all material respects with German commercial law applicable to corporations, and for ensuring 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 principles of accounting. Furthermore, the legal representatives are responsible for the internal controls that they have determined, in accordance with German generally accepted accounting principles, to be 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 ability of the company to continue as a going concern. They are also responsible for disclosing any matters relating to the company's ability to continue as a going concern, where appropriate. Furthermore, they are responsible for preparing the financial statements in accordance with the going concern principle, except where this is precluded by matters of fact or law.

The Supervisory Board is responsible for monitoring the company's accounting process for preparing the annual financial statements.

## **Responsibility of the Auditor for the Audit of the Annual Financial Statements**

My objective is to gain reasonable certainty that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements.

During the audit I exercise professional discretion and maintain a critical attitude. In addition to this, I also:



## Auditor's Report

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, plan and perform the audit procedures in response to these risks and obtain audit evidence sufficient and appropriate to provide a basis for my audit opinion. The risk that material misstatements will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional omissions, misrepresentations, or the invalidation of internal controls.
- Obtain an understanding of the internal control system relevant to the audit of financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control system.
- Assess the appropriateness of the accounting policies used and the reliability of the estimates and related disclosures made by the legal representatives.
- Draw conclusions regarding the appropriateness of the accounting policies applied by the legal representatives of the company as a going concern and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may cast significant doubt upon the ability of the company to continue as a going concern. If I reach the conclusion that a material uncertainty exists, I am obliged to draw attention in the audit report to the related disclosures in the financial statements or, if these disclosures are inappropriate, to modify my audit opinion. I draw my conclusions on the basis of the audit evidence obtained up to the date of my audit opinion. However, future events or circumstances which may arise which could result in the company being unable to continue its operations.
- Assess the overall presentation, structure and content of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.



I discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that I identify during my audit.

Greven, 03.04.2020

(Certified Public Accountant)



