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Annual Report

BAL

Executive Summary B-A-L Germany AG

	2017	2018	2019	2020	2021
Units	32	48	67	81	81
Area in m²	840	1,648	2,781	3,749	3,749
Vacancy in %	0	3	8	11	9
Rental income k EUR	55	88	170	262	296
Cashflow k EUR	9	./. 89	./. 192	60	70
EBITA k EUR	N. A.	8.2	17.6	101.6	116.6

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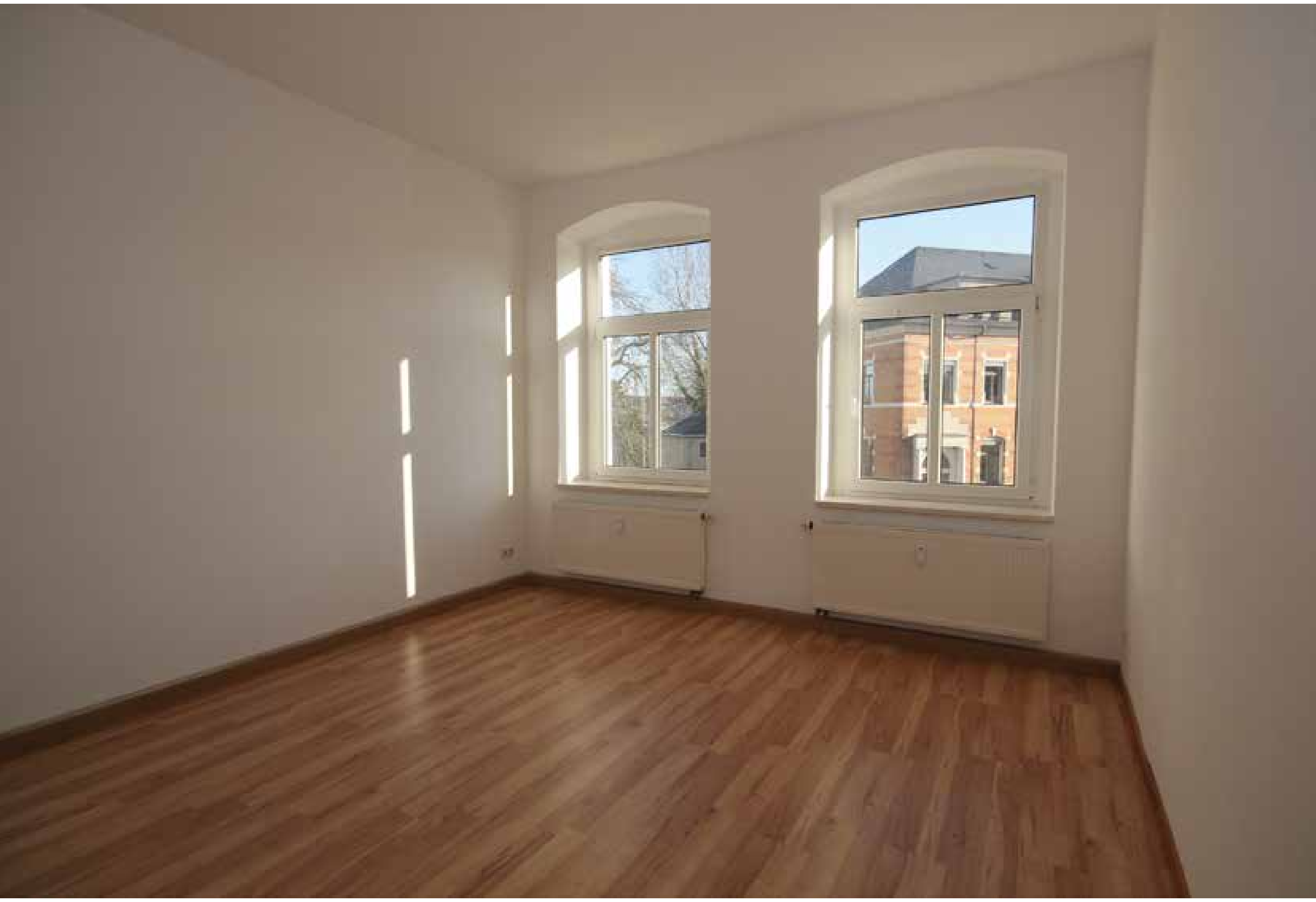


Dear shareholders and business partners,

A year of consolidation lies behind us. We have responded to the challenging conditions and focused on developing our portfolio. In addition to reducing vacancy rates and administrative costs, we continued the modernization measures of the previous year and completed them at the majority of properties. We have thus successfully completed the eagerly awaited "second wave of refurbishment".

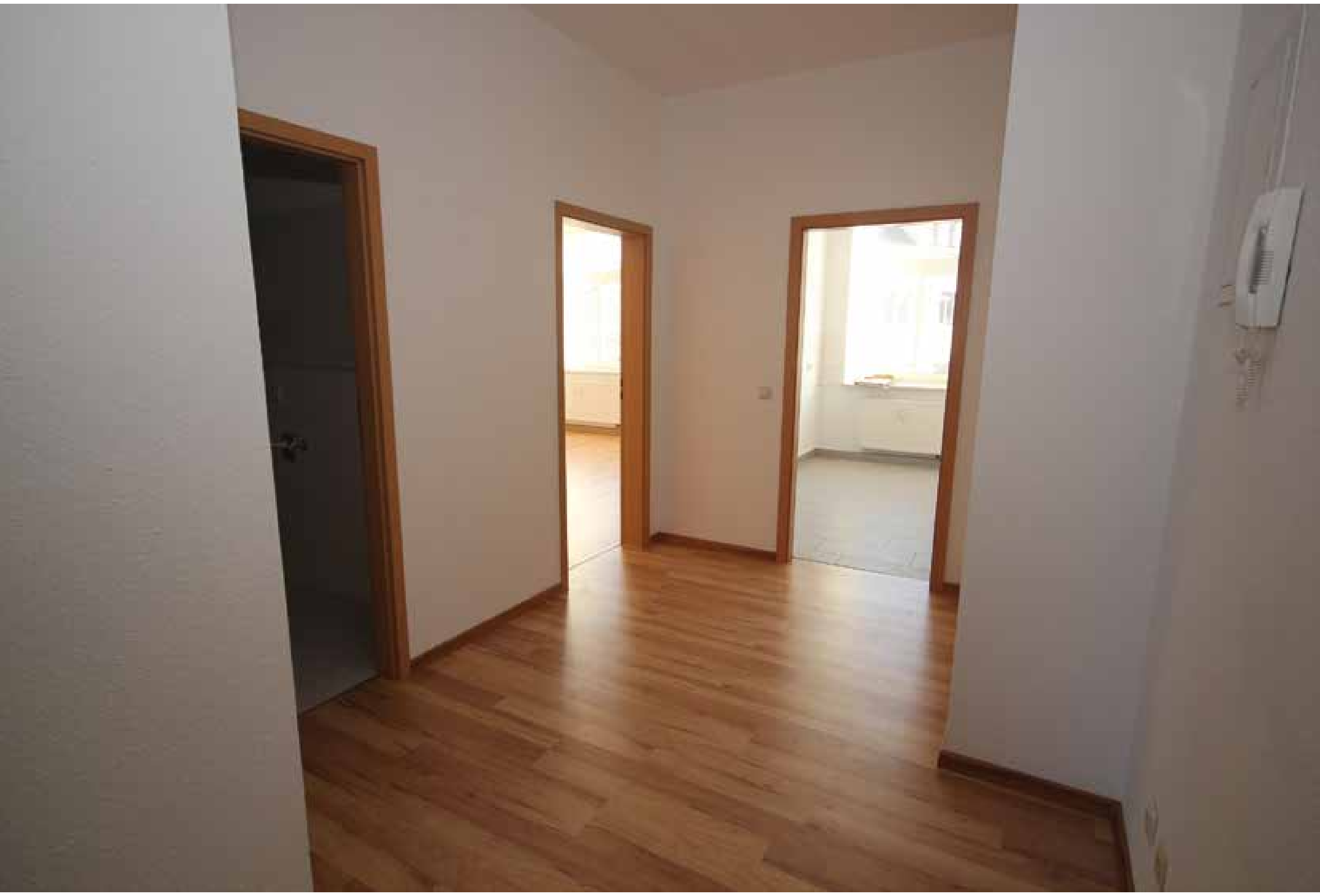
We have not been nervous about rising prices and have focused on disciplined management of our portfolio. Going into debt to buy at the current inflated prices is something we have consciously avoided. We are perceived as a small company. It does not matter if we acquire possibly five or ten more apartments, growth at any price as well as acquisition below the current profitability level is contrary to our core values. Since we are already profitable with the management of our portfolio, we have the patience to wait even two or three years for the next price cycle. Clearly, the priority here is to deploy capital wisely and increase profitability.

As expected, earnings could also be increased further in 2021, and this without an increase in new properties. In addition, we are sufficiently robust to be able to take advantage of opportunities as they arise.

Rental income was again more than 13 % up on the previous year, with an increase of € 220,000. As we did not acquire any further units at the end of the last financial year or in the course of the current year, the growth stems from vacancy reductions and rent increases.

Although growth makes perfect sense given the size of our company, we are keeping a cool head in the current trend in prices and patiently waiting for opportunities.

Falko Zschunke



Dear Ladies and Gentlemen,

The Supervisory Board has again promoted and monitored the development of the company in fiscal year 2021.
In doing so, the board performed the duties incumbent upon it under the law and the Articles of Association.
In fiscal year 2021, the Supervisory Board held one ordinary meeting with a full complement of members. In addition, a large number of votes were taken online due to the pandemic. The Whereby chatroom provided by the company was used for documentation purposes. The Management Board also participated in some of these meetings in order to provide information on the topic of the meeting. An open and trusting atmosphere continued to prevail.

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, 2021. The agenda for the annual general meeting was jointly determined by the Supervisory Board and the Management Board.

The members of the Supervisory Board have unrestricted access to the RESCORE real estate platform and can view all property-related data of the entire portfolio, and can also follow the portfolio development in real time. In addition, current accounting data can be viewed and evaluated. The Executive Board answered the questions of the members of the Supervisory Board and provided the requested and necessary documents without delay.

We would like to thank the Management Board for its work in what continues to be a challenging environment and for the very positive development of our business.

Hambühren, 10.06.2022

Bernd Albrecht
On behalf of the Supervisory Board

1. Strategic direction

BAL is a small residential property company with a unique business model. Our small-scale acquisitions and the associated possibility of selecting the most profitable individual units ensure the highest possible return on investment for the individual properties. Being listed on the stock exchange with the associated possibility of raising capital is a unique selling point for a company of this size.
Due to our rapid decision-making processes, it is possible to directly implement the necessary measures for the best possible letting of each property. This means that the obvious measures can be taken immediately after acquisition and the first steps can already be initiated in parallel with the process of transferring ownership. This enables broad diversification by location, size and year of construction. Through prudent management and careful tenant selection, we continue to increase the value of the portfolio.
The aim is always to grow further through acquisitions and thus optimize the administrative costs per unit. The capital required for this is initially to be raised in the form of debt. This increases the value of our shares and secures the benefits of the current favorable interest rate level.

2. Business model in detail

a. Saxony as regional focus

The positive development of the residential real estate market in Saxony has now also spread to the formerly structurally weak areas. New infrastructure concepts and the trend toward living close to nature in the metropolitan areas are compensating for the continuing population decline.

The major cities are well distributed geographically in Saxony. Almost all rural areas are connected both by the well-developed highway network and by public transportation. Even though overheating of the housing market in large cities in other German states can be observed in contrast to the depopulation of rural regions, Saxony continues to benefit from a job supply that is well distributed within the region.

The ease of access to all our properties and the knowledge of the respective micro locations among the administrative staff are an essential part of the success of our acquisitions.

b. Focus on small to medium-sized units

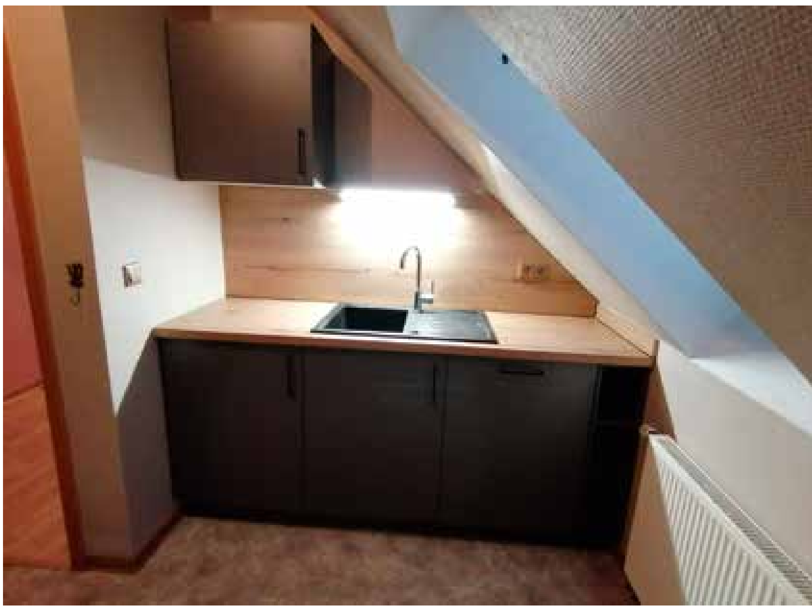
The trend toward single households and the associated need for one- and two-room apartments continues. The need to move for work-related reasons or to rent a smaller second home near the place of work is also creating an increasing demand for smaller units. We have not yet supported the desire of some tenants to use their apartments for commercial purposes by temporarily subletting them. In properties where room rentals are operated by owners, sharply rising management costs and unrest in the housing community can be observed.

c. Stable rent levels with a positive outlook

In the previous financial year, we again moderately adjusted the cold rents for new leases. The average rent for our entire portfolio rose to EUR 5.06 per m² in 2021, which is in line with the average for Saxony.
The continued relentless obstruction of housing construction by politicians and bureaucrats will continue to improve the utilization of the existing stock due to stagnating supply.
A growing number of civil servants in the building authorities are using regulations and bans to ensure that the attractiveness of multi-story residential construction in Saxony continues to decline. The rising number of building permits is being driven primarily by single-family house construction. Further regulatory interventions (rent control, energy efficiency) will secure this trend for the next few years. The current sharp rise in construction costs and the growing reluctance of most banks to provide commercial real estate financing are having a similar effect.

We do not believe in the second wave of vacancies predicted by some experts.

When the pandemic is over, it will probably be possible to re-let properties at higher cold rents.



3. Operational implementation

The focus in 2021 was again on reducing costs for each residential unit. Whereas in previous years the number of units was increased while costs remained the same or fell slightly, in 2021 the focus was more on reducing costs and increasing occupancy. The costs for administrative measures were again reduced, thus further improving the overall result.

a. Acquisition

No new properties were acquired in 2021. In addition to the shortage of properties for sale, selling prices also continued to rise over the course of the year.
In view of the considerable cost of raising capital, acquisitions were therefore not made for economic reasons.

b. Renovation/modernization

The refurbishment initiative launched in 2020 was largely completed by the first quarter of 2021. Although the units were offered at slightly higher base rents, they were all let before the end of the year. Apart from minor measures (construction of garages, balcony extensions) at three properties, no further significant construction measures are planned for the time being.

c. Letting

In the course of 2021, the reduction of vacancies was further intensified. In addition to our management partner IMMO-PLAN, brokers are also being increasingly involved again. Due to the decline in the number of properties for sale, a large number of brokers are once again focusing more on the low-margin rental business. We succeeded in reducing the vacancy rate by a further 2 % compared with the previous year. It is particularly pleasing that the apartments refurbished in 2020 at our property in Mittweida were let at significantly higher base rents.

By the end of the year, the occupancy rate had risen to 91 %.

d. Management

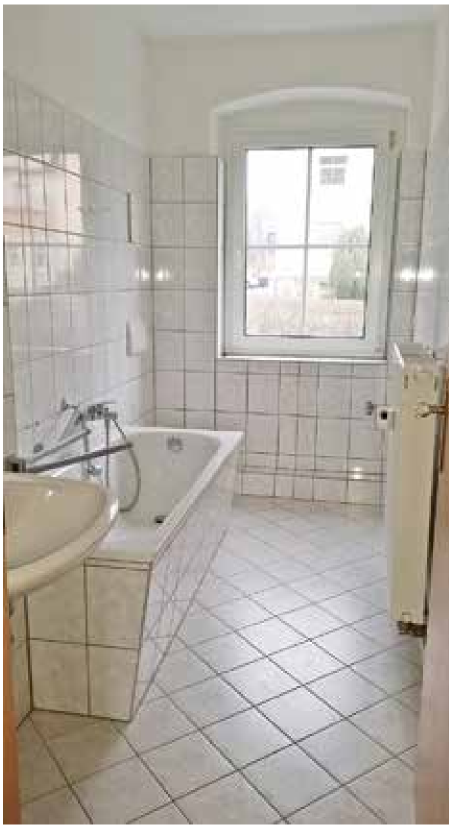
Utility charges:
Efforts to reduce utility costs have reached a certain high point in the current fiscal year. While significant savings were still achieved in the first half with regard to electricity and insurance, heating costs increased significantly in almost all properties. On average, we experienced a 26% increase in the gas- and oil-heated properties and an increase of as much as 11% in the properties that have already been converted to wood pellets. Tenants will see this increase in their next utility bill. In the case of vacant units, we will contribute to these increases on a pro rata basis. In the coming year, we will therefore continue to push forward with efforts to retrofit heating systems. What is particularly grim is the increase in costs for remote heating in two properties that exceeded the price increase of natural gas. This approach shows the mindset of these municipal utilities.

4. Data management system RESCORE

Enhancements and improvements to our RESCORE management tool were completed in the middle of the year. The system is operating in a stable manner and continues to enable efficient and largely automated handling of the billing processes.

At last year's Annual General Meeting, the shareholders present were able to observe live the operation of the property valuation tool and gain insight into the management functions. All questions about individual properties could be answered directly from the database of the tool.

After the complete implementation of version 2.0, RESCORE is now used in all administrative processes for acquisition, rental and management. The data is also available on mobile devices and is always up-to-date. The interfaces to corporate accounting and rental platforms avoid duplicate entries of property data.

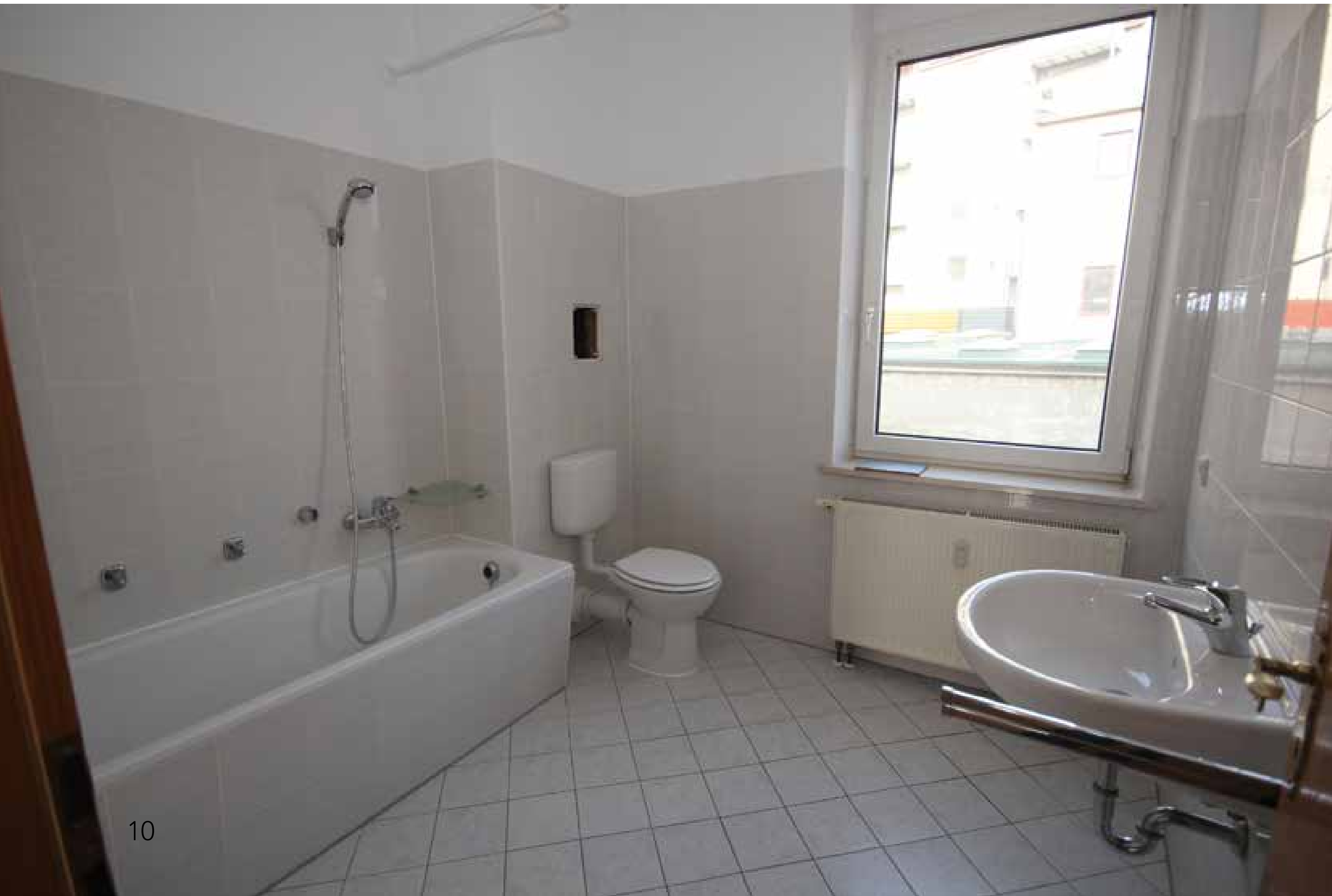


5. Corporate bodies of the company

The company is managed by a Management Board.
The Supervisory Board consists of three persons.

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 activities.
The company provides the members of the Supervisory Board with a lump-sum expense allowance, and the board members do not receive any further remuneration.



6. Personnel

In 2020, the company employed one part-time administrative employee and one part-time accounting clerk. No further personnel are planned in the medium term.

7. The real estate market in Saxony

a. Macroeconomic development in Saxony

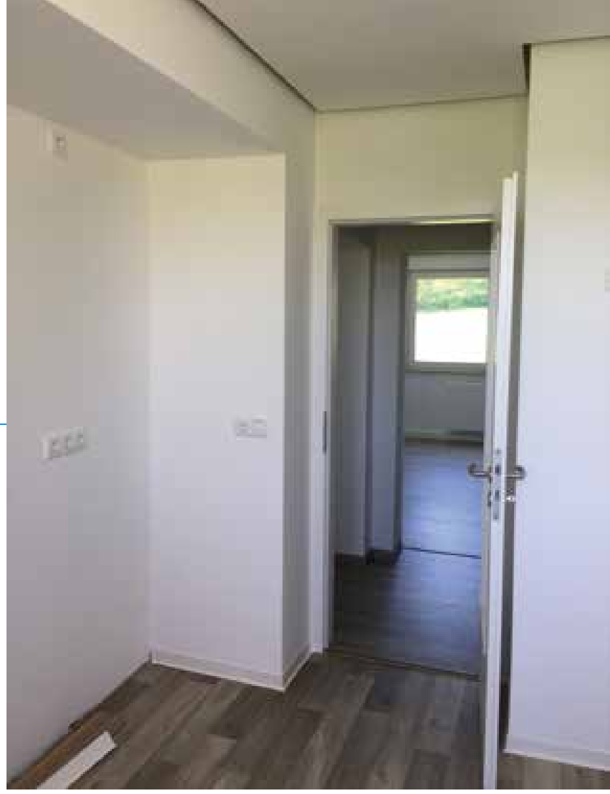
Following the previous year's pandemic-induced dip in growth, Saxony was able to regain economic momentum. Saxony remains the undisputed leader among the eastern German federal states. With the establishment of major new companies such as Vodafone in Dresden and Meyer Burger in Freiberg, this trend is set to continue in the near future. The large number of scientific and technical universities and the high density of non-university research institutions cater to the growing demand for young professionals. Major investors already based here, such as Infineon in Dresden and DHL in Leipzig, have also already announced an expansion of their capacities.

Due to the previous well-functioning development of the surrounding rural area, there is also sufficient space for the establishment of companies with high land requirements and the development of further housing estates. The well-developed infrastructure enables access to the urban centers.

b. Rental housing market in Saxony

As in previous years, the stock of rental apartments remains unchanged.
Apartment construction or ground-up refurbishment is taking place only in the centers of the major cities. The slight increase in demand is currently being met by vacancies, and will continue to do so in the near future. Fortunately, deconstruction activities in the prefabricated housing estates of some municipalities have come to an end.

7. The real estate market in Saxony



The general trends of recent years, such as:

– higher demand for space

– more single households

– decreasing vacancy rate

– slightly increasing cold rents

have continued in 2021. This development led to strong demand for our units that were renovated in the previous year and to improved occupancy rates across the board.

The subsidies for social housing announced by the state government are far removed from real market conditions. The state government plans to issue housing entitlement certificates and to promote new construction and renovation through grants and low-interest loans. At the same time, the rising bureaucratic hurdles and the resulting increase in the cost of new buildings are not nearly covered by the subsidy portion. In addition the rent level in the rural areas has by no means reached the planned rent control of currently 6.50 EUR/m². According to information from the Housing Department in the Saxony State Ministry for Regional Development, not a single application for the new subsidy was submitted in 2021. Our perception is that, as has often been the case, it will remain a flash in the pan in the run-up to the state elections and, at best, a disguised subsidy for municipal housing companies.

In the environment of rising real estate prices, supply has fallen sharply and many new participants have appeared on the market on the investor side. Seduced by the favorable interest rate environment, supply has been almost completely exhausted in recent months and the excess demand has led to the visible price increase. The rule of three – purchase price, yield and operating costs – no longer seems to apply. We expect this trend to normalize with the foreseeable rise in interest rates, as these investors will have then either overextended themselves or will return to other forms of investment.

c. Availability of trades services

The statutory requirements regarding pandemic-related protective measures in the workplace and on construction sites were gradually relaxed over the course of the year. There has been a steady improvement in the workload of our contractors. In the first half of 2021, the remaining measures were worked through on the basis of the contractual agreements from the previous year. New projects could not be tackled due to the sharp rise in prices in the meantime. In total, around EUR 140,000 was invested in the modernization of the portfolio. This created direct added value for our shareholders.

d. Financial performance in the past fiscal year

Total assets amounted to EUR 2,644 thousand as of December 31, 2021 (previous year: EUR 2,615 thousand). This results in an increase of EUR 29 thousand. Of the balance sheet total, 86.6 % (PY: 88.3 %) is reported as fixed assets. The main items here are land and apartments at EUR 2,239 thousand (PY: EUR 2,273 thousand). The slight reduction in fixed assets results from annual depreciation.

First-degree asset coverage was 98 % in the fiscal year, and this changed only slightly compared with the previous year (97 %). This describes the relationship between equity and non-current assets. Non-current assets are thus essentially financed by non-current capital.

Reported equity increased from EUR 2,228.32 thousand to EUR 2,237.82 thousand in the fiscal year. This corresponds to an increase of EUR 9.5 thousand, which is attributable to the net income generated in the reporting year. The equity ratio was thus 84.62 % at the end of fiscal year 2021, compared to 85.62 % at the end of the previous year. The change is predominantly due to the increase in total assets.

Borrowed capital increased slightly by EUR 20.24 thousand to EUR 406.67 thousand (previous year: EUR 386.43 thousand). This results in a debt ratio of 15.38 % (previous year: 14.78 %). The gearing ratio is 18.17 % (previous year: 17.34 %). Net debt for the past financial year amounts to EUR 401.25 thousand (previous year: EUR 381.93 thousand).

At 3,740 m², the total rental space remained virtually unchanged over the course of the year. Thanks to a slight increase in cold rents for some new leases and a reduction in vacancies, rental income increased by 13 % to EUR 296 thousand (previous year: EUR 262 thousand). The annual result after taxes increased to EUR 9.50 thousand in the financial year 2021 (previous year: EUR 1.67 thousand).

Due to the positive result for the year, the return on equity increased by 0.35 % year-on-year to 0.42 % (PY 0.07 %).

As a result of the earnings achieved, the return on assets increased to 0.70 % (PY 0.42 %).

At EUR 15.23 thousand, the result from ordinary activities (POA) was also significantly higher than the previous year's figure (EUR 5.15 thousand). The positive development was mainly achieved through increased sales.

After adjusting the result for the „going public" costs and the costs of the capital measures, EBIT amounts to EUR 57.58 thousand (previous year: EUR 43.0 thousand). The resulting EBITA amounts to EUR 116.57 thousand (PY: EUR 101.63 thousand).

The cash flow for 2021 is EUR 68.49 thousand (previous year: EUR 60.33 thousand). The target of a positive cash flow was also successfully achieved in this financial year

8. Outlook Report

The company did not grow through acquisitions in fiscal year 2021. This was mainly due to the unsuitable conditions for raising capital.
The three financing options are:

- **Equity:** Further capital measures are out of the question at a share price level far below the value of the real estate portfolio. The registered authorized capital creates the possibility for short-term responses to opportunities.

- **Debt capital:** The use of debt capital continues to be the means of choice. The current level of interest rates and the company's low debt ratio speak in favor of such an approach. Discussions with several banks have so far failed to produce any viable financing options. In the area of corporate bonds, our current capital requirements are still too low. Only solutions in the range of more than EUR 5 million are available on the market.

- **Retained earnings:** Following the completion of the going-public process and the elimination of the associated non-recurring costs, the company is reinvesting the income generated primarily in further growth. In the past financial year, two small investments were already implemented in this way.

The Management Board has the following positive expectations for the company with regard to the most significant operating conditions up to the end of 2022:

- Further increases in construction and energy costs
- Continued low growth in new housing construction
- Rising incomes due to a shortage of skilled workers
- Metropolitan areas with population growth having a positive impact on surrounding areas

In this environment, rents are expected to continue to rise moderately and vacancy rates to fall in the coming year. The Management Board is modeling the growth targets on the opportunities within the pandemic. For the following years this means:

- Acquisition of approximately 5–20 new units with approximately 500–1,000 m² of residential space.
- Preparation for raising debt capital to sustainably improve return on equity

9. Opportunities

There are growth and earnings opportunities for BAL in the following areas:

a. Consolidation of the management 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 will continue to provide us with sales offers in the future.

b. Development of the economic environment

The value and utilization of the inventory are currently and in the foreseeable future positively influenced by the following:

- Migration from rural areas to cities and centers of large municipalities.
- Increased costs and thus prevention of new construction due to further bureaucratization of housing construction.
- The prospect of rising interest rates and the associated reluctance to make major investments (house building)
- Increasing demand for space, especially for smaller households

c. Digitalization

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

d. Acquisition and financing

The continuing favorable level of interest rates will enable the company to finance acquisitions cost-effectively and, in the medium term, to reduce its interest burden.

10. Risk Management Report

The RESCORE system, which has proven itself over many years, was significantly improved and simplified with version 2.4 at the end of 2021. The early identification of risks as well as continuous benchmarking with the expectations from the acquisition phase remains in the foreground. The system is regularly adapted to suit new developments and findings. When potential risks are identified, measures to avoid and counter them are initiated immediately.

The principal risks to the company's operational activities are as follows:

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 most sought-after price range could become scarce. The supply exceeds the financial possibilities many times over. We therefore assume a very low probability of this 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 heirs lack a regional connection. This circumstance should keep supply stable in the medium term at least.

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 pressure in close cooperation with our management partner IMMO-PLAN. New letting starts with the publication of the rental offer (partly using archive pictures) already with the notice of the tenant (existing properties) or the signing of the purchase contract (new acquisitions), so that in most cases there are no months of vacancy.

c. Payment defaults

If a tenant does not make payment, 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 takes 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 order and does not use effective legal remedies.
The tool of choice is prevention. A large number of verifications and certificates are requested for new leases, identifying difficult cases in advance. If there are any shortfalls in payment and the tenant communicates proactively, 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 check at the beginning of the contract.

d. High maintenance costs

The property owners' associations can decide by majority vote on cost allocations for necessary renovation measures, which must then be borne proportionately by all owners of a housing community (including BAL).
The company actively participates in the decision-making processes of the respective communities and supports the relevant administrative bodies 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 administrative team in the case of shareholdings of more than 30 %.

e. Difficulty in raising capital

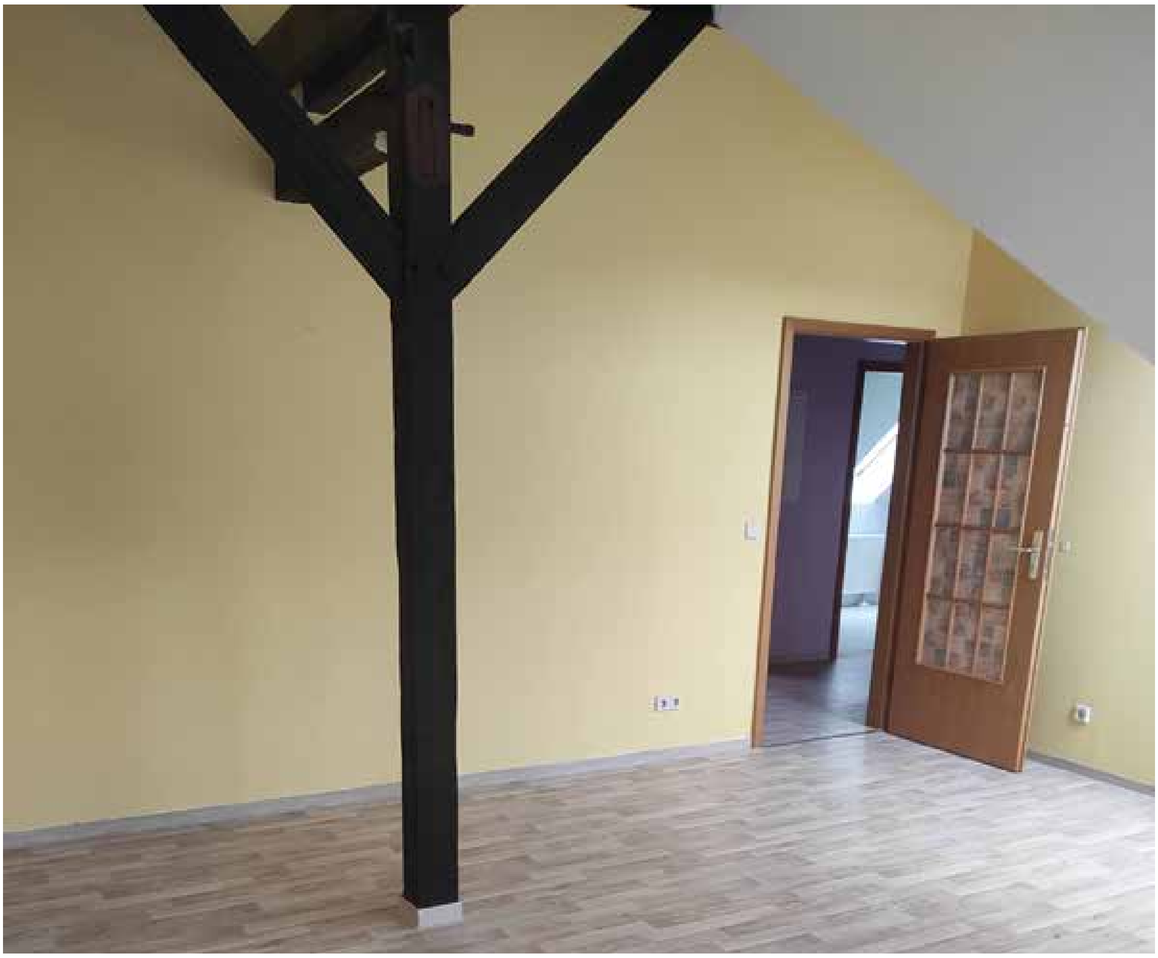
Risks from the capital market environment mainly include cyclical market developments that could make it difficult to access further equity in some phases.
The company plans to present an attractive investment opportunity in all market cycles through a comprehensive information strategy and a consistent dividend policy.
Furthermore, in the past fiscal year, the company has succeeded in expanding its network of potential placement partners, which reduces dependency.

f. Political interventions

In our perception, the political desire 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 immovable assets are a popular target.
On the one hand, movement to another jurisdiction is not possible; on the other hand, any regulation to the detriment of landlords will reach a large group of constituents in the form of the affected tenants. This also explains the impertinence with which politicians interfere with landlords' rights of ownership and freedom.
Despite the high probability of occurrence, the impact of any regulations (rent control and capping, expropriation, etc.) on BAL is rather low. The scale of the company allows the use of size-related 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 adverse 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 has become clear in recent years, a widespread pandemic can lead to major changes throughout the world. Not only globally but also regionally, interruptions in industrial supply chains and reduced 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 major disruptions. However, the uncertainty and risk is systemic and cannot be influenced positively or negatively by individual players. Often even differing regional regulations and decrees lead to a changed competitive environment. BAL endeavors to anticipate all relevant influences on the rental business in the best possible way, and meets any changes flexibly and dynamically in its adaptation. Nevertheless, the altered underlying conditions also apply to our business.



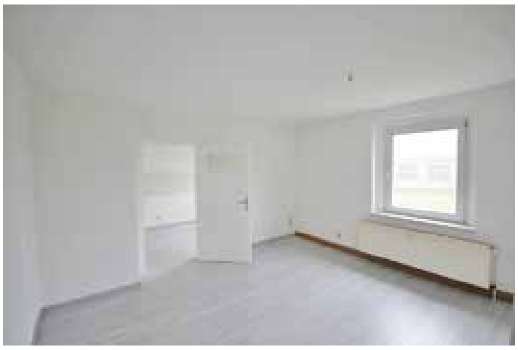
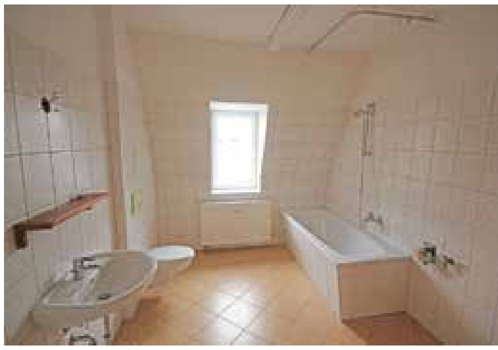
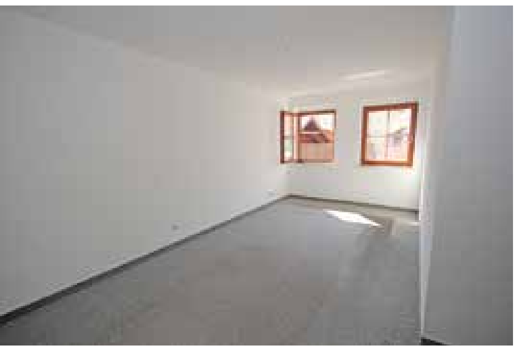
Balance Sheet as at 31/12/2021

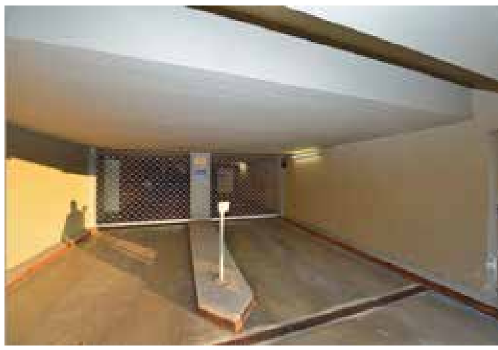
ASSETS

	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		21,547.00	35,195.00
II. Tangible fixed assets			
1. Properties, rights equivalent to real property and buildings, including buildings on third-party land	2,239,422.35		2,265,532.01
2. Other equipment, operating and office equipment	9.00		627.00
3. Advance payments made and construction in progress	28,216.30		7,369.46
		2,267,647.65	2,273,528.47
Total noncurrent asset		2,289,194.65	2,308,723.47
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	127,571.27		53,843.04
2. Other assets	210,166.00		229,681.16
– of which remaining term greater than 1 year EUR 112,276.72 (EUR 136,408.84)			
		337,737.27	283,524.20

ASSETS

	EUR	Financial Year EUR	Prior Year EUR
II. Cash on hand, central bank balances, bank balances, and checks		5,419.18	4,491.32
Total current assets		343,156.45	288,015.52
C. Prepaid expenses		12,137.82	18,007.64
		2,614,746.63	**2,052,684.21**



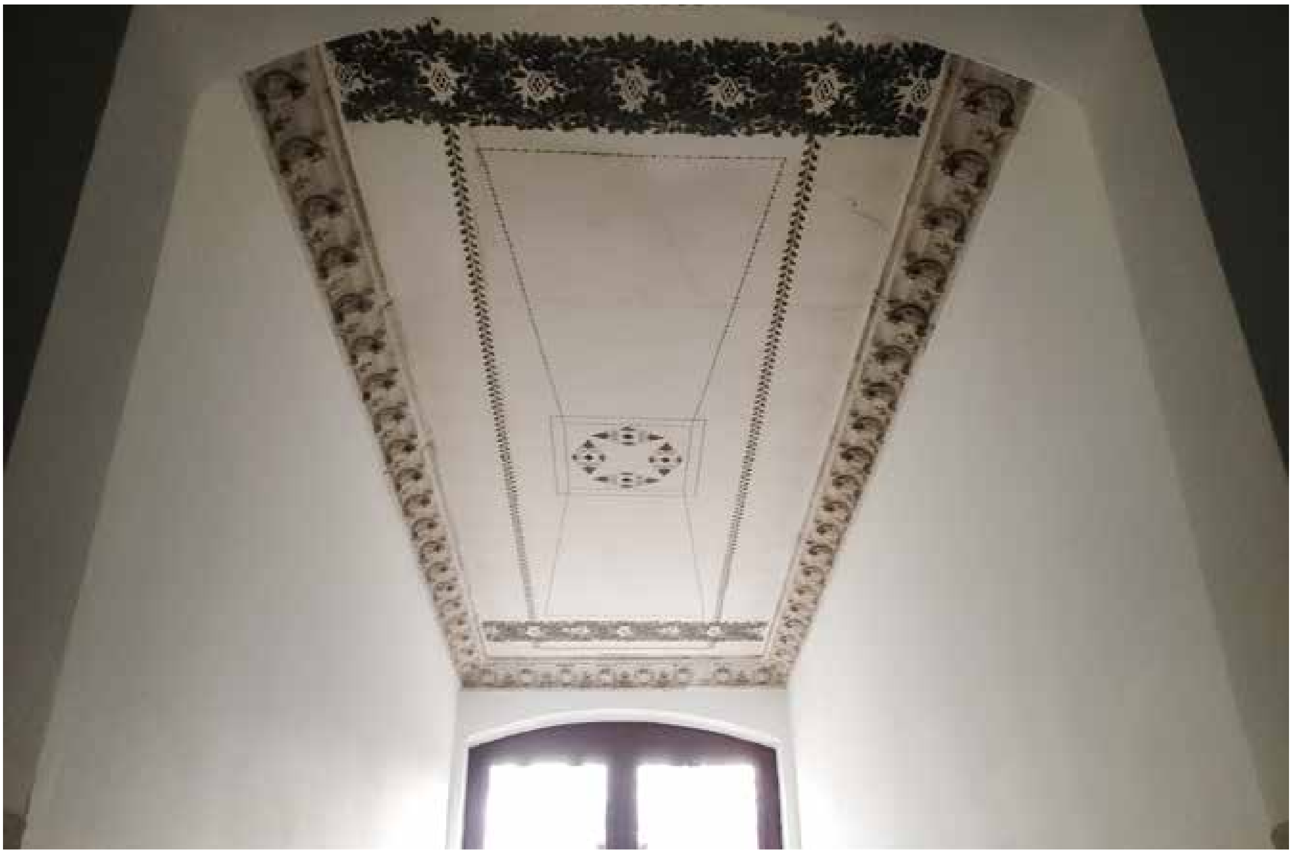
Balance Sheet as at 31/12/2021

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		331,678.98 –	333,348.96 –
IV. Net income for the financial year		9,494.14	1,669.98
Total equity		2,237,815.16	2,228,321.02
B. Provisions			
1. Other provisions		16,223.00	9,461.32
C. Liabilities			
1. Liabilities to financial institutions	50,000.00		50,000.00
– of which remaining term greater than 1 year EUR 50,000.00 (EUR 50,000.00)			
2. Trade payables	51,724.98		22,248.64
– of which remaining term up to 1 year EUR 51,724.98 (EUR 22,248.64)			
3. Other liabilities	284,889.78		302,120.65
– of which taxes EUR 0.00 (EUR 620.40)			
– of which social security EUR 727.60 (EUR 229.98)			

TOTAL EQUITY AND LIABILITIES

	EUR	Financial Year EUR	Prior Year EUR
– of which remaining term up to 1 year EUR 5,157.08 (EUR 4,486.20)			
– of which remaining term greater than 1 year EUR 279,732.70 (EUR 297,634.45)			
		386,614.76	374,369.29
D. Prepaid expenses		3,836.00	2,595.00
		2,644,488.92	**2,614,746.63**



Income Statement from 01/01/2021 to 31/12/2021

	EUR	Financial Year EUR	Prior Year EUR
1. Sales		295,946.65	262,215.28
2. Gross revenue		**295,946.65**	**262,215.28**
3. Other operating income			
a) Income from reversal of provisions	25.00		211.91
b) Miscellaneous other operating income	49,156.24		40,426.17
		49,181.24	40,638.08
4. Cost of materials			
a) Cost of raw materials, consumables and supplies, and of purchased merchandise		13.00 –	41.01 –
5. Personnel expenses			
a) Wages and salaries	1,398.52		9,275.44
b) Social security costs and expenses related to pension plans and for support	9,352.16		8,848.94
		10,750.68	18,124.38
6. Depreciation and amortization			
a) Of noncurrent intangible assets and property, plant and equipment	58,993.16		58,665.53

Income Statement from 01/01/2021 to 31/12/2021

	EUR	Financial Year EUR	Prior Year EUR
7. Other operating expenses			
a) Occupancy costs	136,857.66		117,127.55
b) Insurance premiums, fees and contributions	205.50		529.20
c) Cost of third-party repairs and maintenance	24,495.70		20,252.69
d) Vehicle costs	0.00		1,652.41
e) Advertising and travel expenses	111.14		0.00
f) Selling and distribution expenses	5,613.62		2,549.60
g) Miscellaneous operating costs	55,724.67		57,672.66
h) Miscellaneous other operating expenses	28,277.33		12,458.61
		251,285.62	212,242.72
8. Other interest and similar income		155.46	2,248.07
9. Interest and similar expenses		9,040.74	9,435.27
10. Taxes on income		2.51	0.46
11. Net income/net loss after tax		**15,223.64**	**6,674.08**
12. Other taxes		5,729.50	5,004.10
13. Net income for the financial year		**9,494.14**	**1,669.98**

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,** comprising the balance sheet as of **December 31, 2021** and the income statement for the fiscal year from **January 1, 2021** to **December 31, 2021,** and the notes to the financial statements, including a description of the accounting policies. 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 **December 31, 2021,** and its financial performance for the fiscal year from **January 1, 2021** to **December 31, 2021** in accordance with generally accepted German principles of accounting.

In accordance with Section 322 (3) Sentence 1 of the German Commercial Code (HGB), I declare that my audit has not led to any reservations concerning the correctness of the annual financial statements

Basis for 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 as 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 auditor’s report. I am independent of the company in accordance with German commercial law and professional requirements and have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the annual 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 such a way that they 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 accounting. Furthermore, management is responsible 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern. They are also 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 factual or legal circumstances prevent this.

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 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 Section 317 HGB and generally accepted standards in Germany 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the audit, I exercise due professional judgment and maintain a critical stance. Furthermore, during the audit 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 for noncompliance than for inaccuracy, as noncompliance 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 system.

- 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 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 based on the audit evidence obtained up to the date of my audit opinion. However, future events or conditions may cause the company to cease to be able 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 actual transactions and events in a manner 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 generally accepted German principles of accounting.

I discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that I identify during my audit.

Greven, den 29.07.2022

(Wirtschaftsprüfer)