B-A-L Germany AG

Report on the first half of 2026

B-A-L Germany at a glance

90

Number of residential properties as at 30 June 2026

4,396 m²

Lettable residential floor area as at 30 June 2026

119 TEUR

Rental income in the first half of 2026

4.86 EUR/m²

Actual monthly rent in the first half of 2026

7 %

Vacancy rate as at 30 June 2026

3.70 EUR/m²

Monthly modernisation expenditure in the first half of 2026

Executive Summary

- Revenue fell by 4.6% to TEUR 187 in the first half of 2026 from TEUR 196 in the first half of 2025 following property sales
- Revenue from lettings and leasing fell by 8.2% to TEUR 119 from TEUR 130 in the first half of 2025
- Following the sale of three flats, the lettable area at the end of the first half of 2026 stood at 4,396 m^2 (−6.7%)
- At the half-year mark, the occupancy rate fell to 93% from 97% in the same period of the previous year due to refurbishment work
- Earnings before interest and tax (EBIT) fell to TEUR −60.0 from TEUR −26.0 in the first half of 2025, due to significant renovation and modernisation measures that could not be capitalised and the upfront costs of the capital increase
- As one-off costs relating to the capital increase will also be incurred in the second half of the year, the Executive Board expects earnings before interest and tax (EBIT) for the current financial year 2026 to be in the range of TEUR −90 to TEUR −100
- For 2027, EBIT is expected to be in the range of TEUR 60 to TEUR 70
- Further acquisitions of attractive residential properties, financed from operating cash flows, the proceeds from the cash capital increase and the raising of bank loans

Selected key figures: year-on-year comparison H1/2025 vs. H1/2026

		H1/2025	H1/2026
Rental income	TEUR	129.9	119.3
YoY	%	n/a	-8.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	TEUR	4.2	-29.2
as a % of revenue	%	3.2%	-24.5%
Earnings before interest and tax (EBIT)	TEUR	-26.0	-60.0
as a % of revenue	%	-20.0%	-50.3%
Profit before tax	TEUR	-34.7	-68.7
Profit after tax	TEUR	-38.4	-73.1
Adjusted operating profit	TEUR	68.1	-17.4

Financial performance in the first half of 2026

In the first half of 2026, B-A-L Germany generated rental and lease revenue of TEUR 119.3. Compared with the same period last year, when rental revenue of TEUR 129.9 was generated, this represents a decline of 8.2%. This decline is largely attributable to a reduction in lettable space resulting from the sale of flats.

Following the sale of three let residential units, the residential property portfolio fell to 90 units from 93 at the end of 2025. Consequently, the lettable residential floor area at the end of the first half of 2026 decreased by 6.7% to a total of 4,396 square metres from 4,539 square metres at the end of 2025.

Vacancy rates are not defined uniformly within the property sector. According to the EPRA guidelines, which B-A-L Germany AG follows, the vacancy rate is to be calculated as the proportion of the expected rental value of the vacant space relative to the expected rental value of the entire property portfolio. Properties under development are not included in this calculation. According to this definition, the vacancy rate rose to 7% at the end of the first half of 2026, primarily due to refurbishment works.

Based on the average lettable residential floor space, this resulted in a monthly rent, excluding service charges, of EUR 4.86 (previous year: EUR 4.74) per square metre. This represents an increase of 2.7%.

In principle, B-A-L Germany's business model benefits from economies of scale in fixed costs. This describes the effect whereby the average fixed costs per flat fall as the number of properties increases, even though the absolute fixed costs remain constant. This is because the company's fixed costs – such as administrative overheads or salaries – are incurred regardless of the number of residential properties let. When a property portfolio holder owns more flats, these fixed costs are spread across more residential units, resulting in lower unit costs.

In the first half of 2026, however, this fixed cost degression was offset by significant one-off expenses. On the one hand, extensive refurbishment and modernisation measures – which could not be capitalised and therefore had a negative impact on earnings – were carried out in the first half of 2026; on the other hand, a capital increase was initiated in the first half of 2026, which was successfully completed in July with 573,360 shares placed and a gross issue volume of TEUR 602.0. Due to the associated one-off expenses and as a result of significant refurbishment and modernisation measures that could not be capitalised, earnings before interest, tax and depreciation (EBITDA) fell to TEUR −29.2 in the first half of 2026 from TEUR 4.2 in the comparable period of the previous year. Consequently, earnings before interest and tax (EBIT) fell to TEUR −60.0 in the first half of the year from TEUR −26.0; after tax, the result for the first half of 2026 was TEUR −73.1, compared with

TEUR −38.4 in the corresponding period of the previous year. Based on 2.0 million shares in issue, this corresponds to earnings per share of EUR −0.04.

Once again, B-A-L Germany AG benefited in the first half of 2026 – as it had in the fourth quarter of 2025 – from proceeds from the sale of flats. In total, book profits of TEUR 52.7 were realised from the sale of three flats. Given a carrying amount of TEUR 92.3, this corresponds to hidden reserves amounting to 57% of the carrying costs of acquisition and production. The Board of Management is currently engaged in further negotiations with potential buyers to drive forward selective portfolio optimisation. The Board of Management expects to be able to report further successful negotiations in the medium term.

After the end of the reporting period, three previously vacant flats in Glauchau (2) and Mittweida (1), with a total living area of 124 m$^{(2),}$were acquired. For the current financial year 2026, the aim remains to reduce the portfolio's vacancy rate back to the company's internal target of 3% once the newly acquired, previously vacant flats have been let. If this is achieved, a rental yield in the usual double-digit range should be expected on the basis of the current property portfolio. Due to significant capital market costs for banks, advisers and lawyers, as well as further refurbishment investments that cannot be capitalised, the Board of Directors expects earnings before interest and tax (EBIT) for the current financial year 2026 to be in the range of TEUR −90 to TEUR −100.

Medium-term outlook

The corporate strategy of B-A-L Germany AG is based on the following pillars:

- Further acquisitions of attractive single-family residential properties, financed from operating cash flows, the proceeds from the cash capital increase and the raising of bank loans.
- Achieving a sustainable vacancy rate of 3%.
- Unlocking hidden reserves through opportunistic sales of properties that do not, or no longer, meet the strategic requirements.

We therefore expect to achieve the following medium-term targets by 2027:

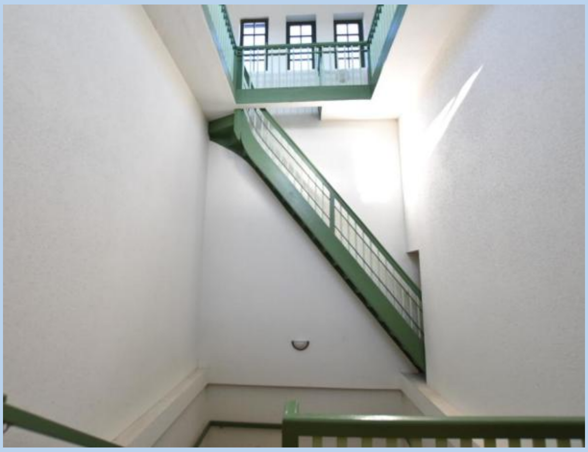
- Acquisition of up to 20 new residential units with a total floor area of up to 700 square metres, financed from the proceeds of the capital increase, the raising of bank loans and operating cash flow.
- Improvement in earnings before interest and tax (EBIT) to between TEUR 60 and TEUR 70.

Property acquisitions during the reporting period

No properties were acquired during the reporting period.

In July and August 2026, three flats were acquired. Two flats, each measuring 52 m^{2}, are situated in Glauchau in a ‘Gründerzeit’ villa built around 1880; one flat, measuring 20 m^{2}, is situated in the student hall of residence in Mittweida.

Glauchau, Chemnitzer Straße 27
(top floor, flat no. 6)



Mittweida, Feldstraße 1–7
(student flat)

Thanks to B-A-L Germany's long-standing contacts within the property sector, all three flats were acquired at purchase prices significantly below market value. Based on the total acquisition costs , the initial rental yield currently stands at more than 10%, according to our calculations.

Our property portfolio (flats)

B-A-L Germany AG on the capital market

The DAX closed the first half of 2026 with a moderate gain. The leading German index ended the last trading day of the first half of 2026 at 24,995.81 points. Compared with the year-end closing price in 2025, this represents an increase of around 2.1% for the leading German index. However, the index thus lagged significantly behind almost all major benchmark indices, such as the EuroStoxx 50 or the Nasdaq 100, which rose by around 9% and around 20% respectively over the same period.

The DAX did receive support from the German economy: the economic data now available show that the German economy expanded in the first two quarters despite considerable external pressures. According to Destatis' calculations, real GDP rose by 0.4% quarter-on-quarter in the first quarter of 2026 and by a further 0.2% in the second quarter of 2026. The long-awaited recession therefore did not materialise initially.

At the same time, however, growth remained too low to speak of a convincing economic upturn just yet. Moreover, the composition of growth remained fragile. In the first quarter of 2026, growth was underpinned primarily by higher exports, whilst investment activity remained weak. Although expansionary fiscal policy – in particular rising expenditure on infrastructure and defence – increasingly became a pillar of demand, it was not yet able to fully offset the structural headwinds facing industry and private investment.

Monetary policy also had an increasingly dampening effect: at the start of the year, investors could still assume that the ECB's previous interest rate cuts would gradually feed through to the economy and valuations. Thus, even after the outbreak of the war in the Middle East, the ECB initially kept its key interest rates unchanged and, in addition to citing low unemployment and sound private sector balance sheets, explicitly highlighted the positive impact on growth of public spending on infrastructure and defence.

However, mounting pressure from the energy price shock changed the situation. Citing explicitly the inflationary risks caused by the war in the Middle East, the ECB raised its forecast for average headline inflation in 2026 to 3.0% in June and increased interest rates by 25 basis points. Whilst investors had been able to assume at the start of the year that the ECB's previous interest rate cuts would gradually feed through to the economy and valuations, they now had to shift from expecting further monetary policy support to a scenario of rising interest rates. Growth stocks with particularly high valuations and interest-rate-sensitive business models thus became more vulnerable to multiple compression.

These include, in particular, property companies. Whilst the DAX rose in the first half of 2026, the German property sector, as measured by the DAX subsector 'All Real Estate', fell significantly by −9.9%. This was partly because, in simple terms, property is regarded as generating cash flows over a very long period. If the discount rate or ' ' used for valuation rises, the present value of expected rental income falls, ceteris paribus. The second major headwind stemmed from higher financing costs – which is of particular significance for property companies due to their typically high levels of debt. However, even more important than the direct impact on earnings may be the shift in corporate strategies: whilst heavily leveraged portfolio growth was the focus of many property companies up until 2021, priorities have changed fundamentally in recent years. Capital allocation is now based much more heavily on the relationship between property returns and marginal financing costs. For example, a property acquisition with a gross initial yield of 3% can be leveraged very attractively when funding costs are 1%; however, this business model no longer works when the cost of capital is 4 or 5%. The new interest rate environment is therefore likely to lead to greater capital discipline in the long term: fewer acquisitions, higher minimum initial yields, a stronger focus on internal value creation and a greater willingness to sell non-strategic properties.

It is also worth noting how differently the individual asset classes have performed: residential property companies, for example, are benefiting from a structural housing shortage, low vacancy rates and rising rents. Office and retail property companies, by contrast, find themselves in a more difficult situation: in addition to higher capitalisation rates, they face structural risks such as the rise in home working, higher vacancy rates, increasing ESG capital expenditure requirements and a much greater differentiation between prime and secondary assets.

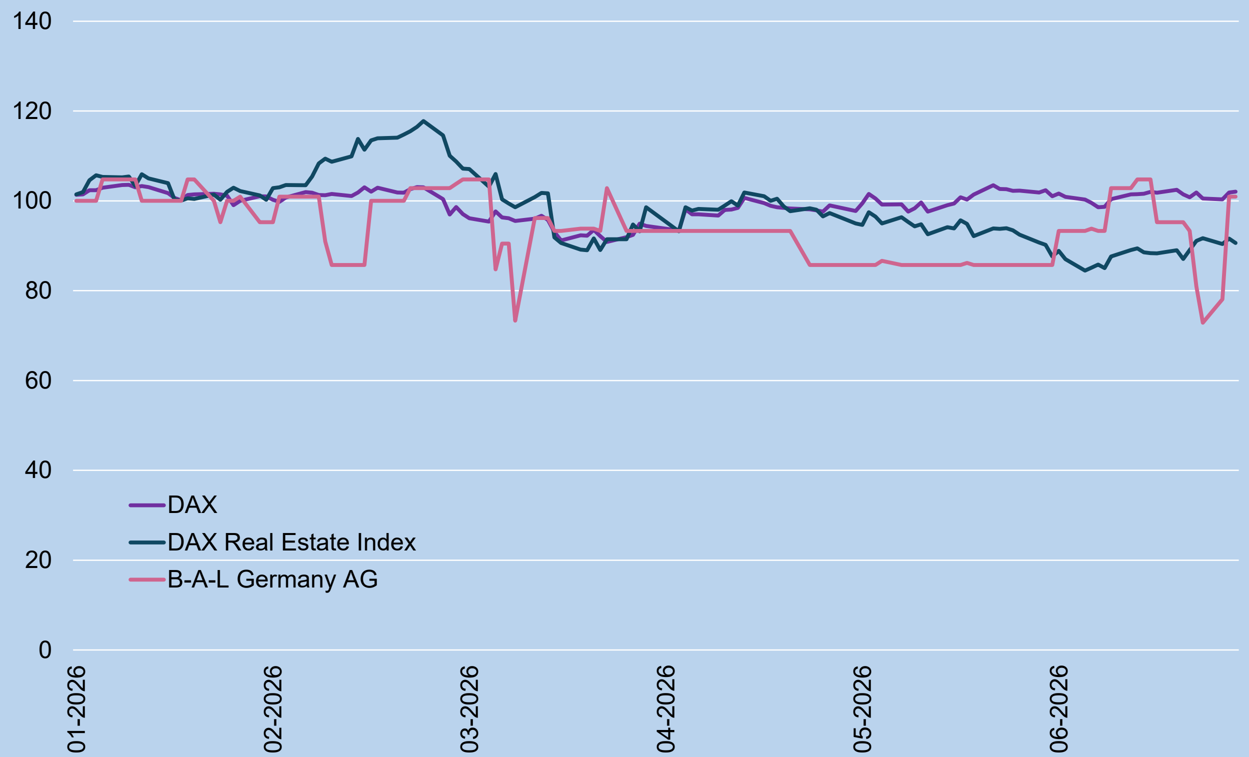
Share price

The share price of B-A-L Germany shares remained unaffected by these negative factors. Based on a year-end closing price (30 December 2025) of EUR 1.05 per share, there has been a slight increase of 1.0% since the beginning of the year. At the end of the first half of 2026, the B-A-L Germany ordinary share was trading at EUR 1.06.

The average trading volume of B-A-L Germany AG shares in the first half of 2026 stood at around 360 shares per trading day. Measured in euros, shares with a total value of around EUR 350 were traded on average each day in the first half of 2026.

The shares of B-A-L Germany AG reached their highest daily closing price of the half-year on various days at EUR 1.10, whilst the lowest daily closing price was recorded on 26 June 2026 at EUR 0.77.

B-A-L Germany AG shares in a benchmark comparison (1 January – 30 June 2026)

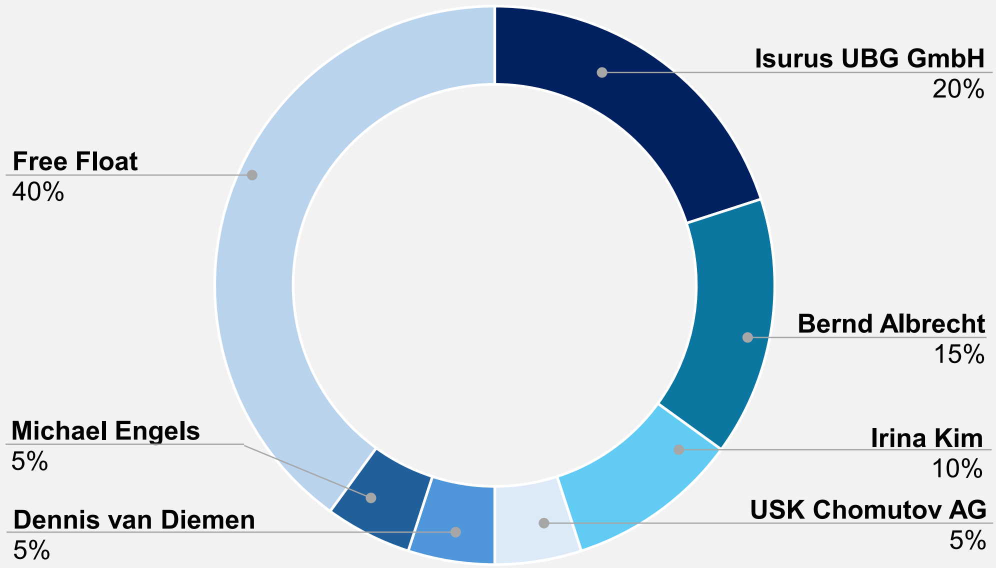


Source: Ariva.de

Shareholder structure

The diagram below shows the shareholdings based on the company's own surveys or in accordance with the voting rights reported by shareholders pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG), relative to the current share capital.

Shareholder structure (as at June 2026)



Source: Our own surveys

Report on the first half of 2026

Profit and Loss Account

		H1/2026	H1/2025
	EUR	EUR	EUR
1. Revenues		**186,732.81**	**195,733.14**
(a) Income from letting and leasing		119,300.81	129,936.14
b) Ongoing ancillary/operating costs		64,937.00	65,797.00
(c) Other revenue		2,495.00	0.00
2. Total output		**186,732.81**	**195,733.14**
3. Other operating revenue			
(a) Proceeds from the disposal of items of Fixed assets and from write-ups to Fixed assets	52,741.02		0.00
(b) Income arising from the release of provisions	0.00		23.44
(c) Other operating income	14,699.65		10,216.68
		67,440.67	10,240.12
4. Cost of materials		5.22	0.00
5. Personnel expenses		-4,831.28	-8,360.48
Depreciation			
(a) of intangible assets and of fixed assets		-30,751.22	-30,253.84
7. Other operating expenses			
(a) Premises costs	-96,267.83		-93,704.77
(b) Insurance, contributions, and levies	-4,900.91		-213.31
(c) Repairs and maintenance	-62,753.70		-18,276.57
(d) Advertising and travel expenses	0.00		-303.35
(e) Costs of dispatching the goods	-1,654.10		-874.60
(f) Miscellaneous operating costs	-62,906.74		-55,677.67
(g) Other operating expenses	-50,092.66		-24,355.56
		-278,575.94	-193,405.83
8. Other interest and similar income		643.23	944.89
9. Interest and similar expenses		-9,387.33	-9,615.25
10. Income and profits tax		-167.02	-248.33
11. Profit after tax		**-68,890.86**	**-34,965.58**
12. Other taxes		-4,164.09	-3,458.70
13. Net loss for the year		**-73,054.95**	**-38,424.28**

Note: The financial information and key figures contained in this half-year report have not been subject to an audit or a review by an independent auditor. Consequently, no auditor's report or other audit certification has been issued.

Financial Calendar 2026

27 August 2026
Publication of the 2026 half-year report

28 August 2026
Annual General Meeting, Döbeln

Contact

B-A-L Germany AG

Poststraße 5
01662 Meissen

Registered office: Meißen
Dresden Local Court, HRB 36831
Tax number: 236/100/00126
Chairman of the Supervisory Board: Bernd Albrecht

Your contacts

Falko Zschunke
Executive Board
Email: f@bal-ag.de
+49 (0) 3521 4596539

Peter Thilo Hasler
Board Member
Email p@bal-ag.de
+49 (0) 3521 4596539

Note
B-A-L Germany AG's financial reporting is published in both German and English. The German version shall always prevail. All financial reports can be found on the website at www.bal-ag.de.

Disclaimer
This report contains forward-looking statements. These statements are based on the Management Board's current experience, assumptions and forecasts, as well as the information currently available to it. The forward-looking statements should not be construed as guarantees of the future developments and results mentioned therein. Rather, future developments and results depend on a multitude of factors. They involve various risks and uncertainties and are based on assumptions that may prove to be inaccurate. These risk factors include, in particular, those set out in the risk report of the 2025 Annual Report. The company accepts no obligation to update the forward-looking statements made in this report. This financial report does not constitute an offer to sell or a solicitation of an offer to purchase securities of B-A-L Germany AG.