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**BRZ Germany GmbH**

Nuremberg

**Annual financial statements for the financial year from January 1st, 2018 to December 31st, 2018****Management report for the 2018 financial year****BRZ Deutschland GmbH, Nuremberg****A. Fundamentals of Society****1. Company's business model**

The BRZ is one of the leading providers of information and communication technology for the construction industry. With BRZ-SOFTWARE, BRZ-OUTSOURCING, BRZ-SYSTEMS and BRZ-CONSULTING all the specific needs of construction companies are covered.

**2. Organizational and legal structure**

BRZ Deutschland GmbH is a 100% subsidiary of Nürnberger Assemblage GmbH + Co KG.

**B. Economic report****1. Overall economy and industry situation**

According to the Kiel Institute for the World Economy, the global economy grew again in 2018 by 3.7% (previous year: 3.9%), but "lost momentum" in the second half of the year. The growth is supported by the upswing in the United States of America and in China, even if the growth there is no longer able to match the previous years.

In the euro area, the gross domestic product increased by only 1.9% (previous year 2.5%) with an inflation rate of still moderate 2.0% (previous year 1.8%). The unemployment rate fell to 7.2% (previous year 9.1%) and is now back at the level before the global financial crisis (7.3%).

The German gross domestic product is only increasing by 1.5% (previous year 2.2%), which points to the beginning of a downturn. The annual average unemployment rate in 2018 was 5.2% (previous year: 5.7%).

The willingness of the BRZ customer group to invest depends on the economic conditions and prospects in the construction and real estate industry as well as the overall budget for information technology.

Contrary to the general trend, the main construction trade increased its sales by a "brilliant" 11.0% (previous year: 6.0%) to 125.6 billion euros compared to the previous year. All construction sectors can increase, namely the

housing around	11.7%	(previous year 11.6%)
commercial construction around	12.5%	(previous year 8.4%)
public construction around	9.2%	(previous year 6.5%)

The average number of employees in the main construction trades continues to rise to 837,000 (previous year: 812,000). Due to the extraordinary "boom" phase and the shortage of skilled workers, the trade unions were able to push through a wage increase of 5.7%.

In 2018, the German information technology industry was able to increase sales again by 3.1% (previous year: 5.3%) to 89.9 billion euros compared to the previous year. The software area recorded an increase of 6.3% and the hardware area of 1.5%. Service sales increase by 2.3%.

(Sources: www.zdb.de, www.ifw-kiel.de, www.bitkom.org)

**2. Course of Business**

The BRZ was able to increase sales by 4.8% compared to the previous year to EUR 49,996k and benefited from the continued very good overall economic situation in the construction industry, which is particularly noticeable in the area of outsourcing wages through an increasing number of employees on the customer side to be billed power. In the software business, maintenance income and sales with "Software as a Service" (SaaS) solutions ensure stable business development.

As part of a reorganization of the BRZ Group, the order processing department has been outsourced. The expense structure is therefore only comparable with previous years to a limited extent. Reference is made here to the explanations in the earnings situation.

At EUR 6,016 thousand, earnings before taxes fell short of our plan of EUR 7,400 thousand. On the one hand, this is due to the collective wage increase of 5.7% as of May 1, 2018 in the construction industry, which also has an effect in the BRZ Germany and was not planned at this level. On the other hand, as part of the reorganization mentioned above, we adjusted the cost allocation between BRZ Software + Service and BRZ Germany and did not take this effect into account in the planning. In this respect, there is a shift in earnings between the two companies compared to planning.

**3. Presentation of the situation****financial position**

After deducting annual depreciation, fixed assets are slightly below the previous year's level at EUR 2,796 thousand (previous year: EUR 3,016 thousand).

Trade receivables of EUR 1,709k are slightly above the level of the previous year (prior year: EUR 1,490k) due to the reporting date.

The receivables in the association area increase by EUR 1,152 thousand to EUR 13,081 thousand. The amount of the receivable mainly consists of the balance of BRZ Deutschland GmbH as part of the cash pooling within the Nuremberg construction group (previous year: EUR 13,057k).

Due to higher tax refund claims for the current fiscal year, other assets increase to EUR 236k (prior year: EUR 128k).

Equity increases by EUR 787 thousand to EUR 13,166 thousand, as the annual surplus exceeds the distribution of EUR 3,250 thousand made in the financial year. The equity ratio is 62.8% (previous year 63.0%) due to the increased balance sheet total.

At EUR 2,712 thousand, provisions for pensions and similar obligations are slightly above the level of the previous year (prior year: EUR 2,528 thousand).

The tax provisions of EUR 274k (prior year: EUR 410k) relate to expected income tax payments from the previous year.

The other provisions in the amount of EUR 3,803 thousand (previous year: EUR 3,712 thousand) mainly consist of provisions in the personnel area and provisions for rework.

Liabilities to affiliated companies increase to EUR 562 thousand (previous year: EUR 104 thousand) as of the reporting date and are mainly due to BRZ Software + Service GmbH.

### financial position

Investment projects can be financed from your own funds. There are no bank liabilities in 2018 either.

As of December 31, 2018, the excess liquidity consisting of bank balances and the receivable from the cash pooling within the Nuremberg construction group was EUR 16,111 thousand (previous year: EUR 14,912 thousand).

### earnings situation

Compared to the previous year, the BRZ was able to increase sales by 4.8% to EUR 49,996 thousand, mainly due to growth in the areas of outsourcing (+ 3%), software (+ 4%) and systems (+ 11%).

Other operating income fell to EUR 179 thousand (previous year: EUR 399 thousand). In the previous year, the reversal of the value adjustment on a loan receivable from an affiliated company had an effect here.

The materials ratio increases from 34.0% in the previous year to 40.1% now. The reason for this is the already mentioned outsourcing of the order processing department.

Despite the reorganization mentioned above, personnel expenses increase to EUR 18,648 thousand (previous year: EUR 18,358 thousand). The reason for this is the simultaneous increase in personnel in the areas of consulting and "outsourcing" wages as well as the above-mentioned collective wage increase.

Other operating expenses increase by EUR 786 thousand to EUR 5,060 thousand. The main reasons for this are the expenses for personnel training and further education, the increased expenses for the search for personnel and the implementation of a company-wide strategy day on the occasion of the planned market launch of the new software generation.

The interest result is KEUR - 89 (previous year: KEUR - 66). It mainly includes the interest portion for the pension obligations.

### Financial performance indicators

Important performance indicators for us are the share of so-called "recurring sales" in total sales, the return on sales and the range of receivables. We understand the recurring sales to mean maintenance sales and service sales, which are therefore independent of new software and hardware sales in the short term. Earnings before taxes are decisive for the return on sales.

As in the previous year, recurring sales are still at a high and stable level at almost 80%.

The return on sales is 12.0%. The comparison with the previous year (18.4%) no longer makes sense due to the adjusted cost allocation. A return on sales of 15% is now the new target.

The range of receivables is 12.3 days and is therefore only slightly above the level of the previous year (11.4 days). We clearly exceeded our target of less than 15 days.

### C. Forecast Report

The Kiel Institute for the World Economy is forecasting a continuation of the downturn for the global economy and the euro zone, which was already noticeable in the second half of the financial year under review. The institute speaks in principle of a slowdown in growth, but sees considerable "downside risks" from unresolved trade conflicts and an unregulated Brexit.

On the other hand, the construction industry in Germany can again expect a "big" increase in sales due to the continuing demand for apartments, the low interest rate level and the good financial situation of the public sector. Overall, a further increase in sales of 6% is forecast for the main construction trade in 2019.

The industry association Bitkom expects slower growth of just 2.5% in the information technology sector for 2019, with an increase of 6.3% again being forecast for the software sector.

The completion of the pilot phase for construction project management (Release 1.1) of our new software generation has been postponed by a few months. Marketing will now begin in the fourth quarter of the coming financial year.

Overall, we plan to increase sales to EUR 52,900 thousand in 2019. In addition to increasing maintenance revenues, we want to achieve this growth with sales of new software solutions in resource management and mobile applications. We also expect rising revenues in the outsourcing area. Earnings before taxes are expected to increase by around EUR 600 thousand to EUR 6,600 thousand.

### D. Opportunity and Risk Report

#### 1. Risk Report

A quality and risk management system has been installed so that market opportunities and risks can be identified at an early stage and a regulated flow of business processes is ensured. Based on the overall strategic orientation, a detailed annual plan is drawn up. The current market, sales, earnings and order situation is analyzed in regular meetings.

The introduction of new software products, as we have planned for the next few years, usually burdens the annual results before the planned sales growth sets in. For this reason, we also expect return on sales in the software area to be below our target of 15% over the next three years.

We currently see the greatest challenge in recruiting new employees, particularly in the areas of development and consulting. Due to demographic change and the consistently good economic conditions, it is becoming increasingly difficult to fill vacancies. We are reacting to this with increased personnel development and recruitment activities.

#### 2. Opportunity Report

The largest growth area is counted in the digitization of the construction industry. This complex of topics includes "cloud computing" technology as well as mobile data acquisition and data analysis ("mobility"). We want to participate in this growth with our new software products. We also see growth opportunities in the area of outsourcing, where we anticipate rising demand due to the growing shortage of skilled workers.

#### 3. Overall statement

With its clear strategic focus on the construction industry, the BRZ is very well positioned. The new software products entail significantly higher opportunities than risks. There are no risks that could jeopardize the existence of the company.

**E. Existing Branch Offices**

The BRZ has 17 branches in Germany.

**Nuremberg, May 8, 2019**

*The Board*

*Signed Dipl.-Kfm. Rudolph Edelman*

*signed Prof. Dr. Ralf Peter Oepen*

**BALANCE SHEET AS OF DECEMBER 31, 2018****BRZ DEUTSCHLAND GMBH, NUREMBERG****ASSETS**

	12/31/2018	12/31/2017
	EUR	EUR
A. FIXED ASSETS	2,794,831.44	3,015,266.00
I. Intangible assets	120,701.00	121,577.00
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	120,700.00	121,576.00
2. Goodwill	1.00	1.00
II. Tangible assets	357,517.00	428,688.00
1. Other equipment, fixtures and fittings	357,517.00	428,688.00
III. financial assets	2,316,613.44	2,465,001.00
1. Shares in affiliated companies	2,306,613.44	2,455,001.00
2. Holdings	10,000.00	10,000.00
B. CURRENT ASSETS	18,091,926.21	16,611,453.70
I. Inventories	12,138.00	9,894.00
1. Finished Goods and Merchandise	12,138.00	9,894.00
II. Receivables and other assets	15,025,999.44	13,547,718.13
1. Trade accounts receivable	1,709,133.62	1,490,176.58
2. Receivables from affiliated companies	13,080,850.24	11,929,161.18
3. Other Assets	236,015.58	128,380.37
III. Cash on hand, bank balances	3,053,788.77	3,053,841.57
C. PREPAID EXPENSES	71,821.75	15,988.06
	20,958,579.40	19,642,707.76

**LIABILITIES**

	12/31/2018	12/31/2017
	EUR	EUR
A. EQUITY	13,165,439.12	12,378,429.92
I. Drawn capital	2,500,000.00	2,500,000.00
II. Retained Earnings	24,715.96	24,715.96
III. retained profit	10,640,723.16	9,853,713.96
B. PROVISIONS	6,788,757.90	6,650,943.54
1. Provisions for pensions and similar obligations	2,712,450.00	2,528,386.00
2. Tax Provisions	273,757.90	410,097.54
3. Other Provisions	3,802,550.00	3,712,460.00
C. LIABILITIES	1,004,382.38	613,334.30
1. Trade accounts payable	184,054.39	233,560.39
2. Liabilities to affiliated companies	561,601.32	103,942.08
3. Other Liabilities	258,726.67	275,831.83
- thereof from taxes: EUR 204,412.43 (previous year EUR 189,692.04)		
- of which in the context of social security: EUR 2,433.36 (previous year EUR 1,820.18)		
	20,958,579.40	19,642,707.76

**INCOME STATEMENT FOR FISCAL YEAR 2018**

	2018	2017
	EUR	EUR
1. Revenue	49,995,810.78	47,688,258.74
2. other operating income	179,384.63	398,589.61
3. Cost of Materials	-20,133,743.62	-16,346,781.71
a) Expenses for purchased goods	-1,974,223.31	-1,717,920.96
b) Expenses for purchased services	-18,159,520.31	-14,628,860.75
4. Personnel expenses	-18,647,758.54	-18,358,364.94
a) Wages and salaries	-15,660,042.17	-15,469,822.43

	2018 EUR	2017 EUR
b) Social security contributions and expenses for pensions and for assistance	-2,987,716.37	-2,888,542.51
- of which for pensions: EUR 219,554.01 (previous year EUR 139,543.75)		
5. Depreciation	-225,642.63	-246,100.34
6. Other Operating Expenses	-5,061,853.72	-4,274,489.95
7. Income from participations	0.00	48,522.03
8. Other Interest and Similar Income	3,875.68	38,021.99
9. Interest and Similar Expenses	-92,426.21	-104,087.00
10. Income taxes	-1,978,732.17	-2,644,788.20
11. Earnings after taxes	4,038,914.20	6,198,780.23
12. Other Taxes	-1,905.00	-1,952.00
13. Net Income	4,037,009.20	6,196,828.23
14. Earnings Carry Forward	9,853,713.96	6,656,885.73
15. Appropriation of Earnings	-3,250,000.00	-3,000,000.00
16. Retained Earnings	10,640,723.16	9,853,713.96

## NOTES FOR THE 2018 FINANCIAL YEAR

### BRZ Deutschland GmbH, Nuremberg

#### I. General information on the annual financial statements

The company is a large corporation within the meaning of Section 267 (3) HGB.

The name of the company is BRZ Deutschland GmbH. It has its registered office in Nuremberg and is entered in the commercial register of the District Court of Nuremberg under HRB 175.

The annual financial statements as of December 31, 2018 were prepared in accordance with the German commercial law provisions of §§ 242 ff. HGB for large corporations and the supplementary provisions of the GmbH Act.

The structure of the balance sheet corresponds to Section 266 (2) and (3) HGB.

The income statement was drawn up using the nature of expense method in accordance with Section 275 (2) HGB.

The accounting and valuation methods remained unchanged compared to the previous year.

#### II. Information on the accounting and valuation methods

The following accounting and valuation methods are used in preparing the balance sheet and the income statement:

Intangible assets are stated at acquisition cost less scheduled depreciation. Depreciation is always carried out on a straight-line basis and in the case of additions during the year pro rata temporis. If the value to be attributed on the balance sheet date was permanently lower, an unscheduled depreciation was made on this value.

Property, plant and equipment are valued at acquisition or production cost less scheduled depreciation. If the value to be applied on the balance sheet date was permanently lower, an unscheduled depreciation was made on this value.

Low-value assets, ie depreciable movable assets whose acquisition/manufacturing costs are more than EUR 250.00 and do not exceed EUR 800.00 (excluding sales tax), are written off in full in the year of acquisition.

Scheduled depreciation is based on the customary useful life of the respective asset. Additions since the 2009 financial year are always depreciated on a straight-line basis. Movables acquired before January 1, 2009 are partially depreciated using the declining balance method. The transition from declining balance to straight-line depreciation takes place as soon as straight-line depreciation leads to higher depreciation amounts.

Used assets are recognized with a shorter useful life and thus a higher depreciation rate.

Financial assets are stated at the lower of cost or fair value.

Merchandise is stated at the lower of cost or fair value.

Receivables and other assets are stated at their nominal value. Interest-free and low-interest-bearing receivables are recognized at their present value. Doubtful receivables are written down individually to the lower fair value on the reporting date. Bad debts are written off in full. The general receivables risk is adequately taken into account by means of general value adjustments with the help of past experience.

Cash on hand and bank balances are stated at their nominal value.

Active accruals and deferrals are recognized at the level of actual expenditure.

Provisions for pensions and similar obligations are discounted in accordance with Section 253 (2) Sentence 2 HGB using the average market interest rate resulting from an assumed residual term of 15 years.

For contingent liabilities and warranties without a legal obligation, provisions are made in the amount that is necessary to fulfill the obligation according to prudent business judgement. The provisions take into account all identifiable risks and contingent liabilities to a sufficient extent. The provisions with a remaining term of more than one year are discounted at the average market interest rate for the past seven financial years corresponding to their remaining term in accordance with Section 253 (2) HGB.

Liabilities are recognized at their settlement amount. The highest value principle was applied as of the balance sheet date.

Income and expenses denominated in a foreign currency were converted at the relevant valid spot exchange rate at the time they arose. Assets and liabilities denominated in foreign currencies with a remaining term of less than one year are valued at the mean spot exchange rate on the balance sheet date.

#### III. Details of balance sheet items

##### 1. Fixed assets

The development of the individual items of the fixed assets can be seen from the fixed asset movement schedule attached to this appendix. Based on the total acquisition and production costs, it lists the additions, disposals and depreciation for the financial year as well as the total depreciation.

Goodwill acquired for a consideration is amortized over 10 years based on past experience of the average duration of business relationships.

Fixed assets include the following capital shares of at least 20% in other companies:

	Equity 2018	capital share %	Result in the 2018 reporting year	currency
MJP-BRZ Bausoftware GmbH, Nuremberg	466,352	100.0	8,845	EUR
BRZ France SAS, Wasquehal France	-1,913,556	66.6	-96,135	EUR
BIB Consulting Integration Construction Software GmbH	269,237	100.0	-25,703	EUR
ceapoint aec technologies GmbH	381,396	28.6	259,208	EUR

In the 2018 financial year, GDC Software GmbH, based in Nuremberg, as the transferring company, was merged with MJP-BRZ Bausoftware GmbH, based in Nuremberg, as the acquiring company, in accordance with the merger agreement dated July 25, 2018.

## 2. Receivables and other assets

As of the balance sheet date, there are receivables from the shareholder of EUR 12,911k (prior year: EUR 11,692k). Trade payables of EUR 146k (prior year: EUR 166k) were netted. These are included in receivables from affiliated companies.

As of the balance sheet date, there are still receivables from affiliated companies in the amount of EUR 21 thousand (previous year: EUR 37 thousand) resulting from deliveries and services.

Of the receivables and other assets, EUR 2 thousand (previous year: EUR 14 thousand) have a remaining term of more than one year.

## 3. Equity

The development of retained earnings from December 31, 2017 to December 31, 2018 is as follows:

Balance sheet profit as of December 31, 2017	EUR	9,853,713.96
./. Distribution for 2017	EUR	3,250,000.00
+ Net profit in 2018	EUR	4,037,009.20
= retained earnings as of December 31, 2018	EUR	10,640,723.16

## 4. Provisions

### 4.1. pension provisions

Provisions for pensions were valued using the projected unit credit method (PUC method). The valuation was based on the following parameters:

Remaining term: flat-rate average remaining term of 15 years

Actuarial interest rate as of December 31, 2018: average market interest rate over the past 10 years of 3.21% pa (previous year average market interest rate over the past 10 years of 3.68% pa)

pension trend:	2.00% pa
Expected benefit trend:	0.00% pa
mortality tables:	2018 G mortality tables by Prof. Dr. Klaus Heubeck

A fluctuation in the number of employees entitled to a pension is not to be expected. Consequently, no consideration was given here either.

Discounting the pension provision at the average market interest rate over the past 10 years results in a difference of EUR 391 thousand compared to discounting at the average market interest rate over the past 7 years. This difference is barred from distribution.

### 4.2. Other provisions

The other provisions essentially include personnel obligations.

## 5. Liabilities

As of the balance sheet date, there were liabilities to affiliated companies of EUR 562k (prior year: EUR 104k) resulting from deliveries and services (prior year: EUR 104k).

There are no liabilities with a remaining term of more than one year.

The usual retention of title applies to liabilities from deliveries.

### 5.2. Contingent liabilities and other financial obligations

The following financial obligations that are not reported or noted in the balance sheet exist and are important for assessing the financial position:

#### Obligations from rental agreements

Office space rent: Total amount EUR 737 thousand pa, average remaining term 1 year

#### Obligations from leasing contracts

Vehicles: Total amount EUR 370 thousand pa, average remaining term 2 years

#### Obligations from pension commitments

For two pension commitments to former managing directors, which were transferred to another company on December 31, 1999, there are still contingent liabilities amounting to EUR 1,439 thousand (previous year: EUR 1,392 thousand).

Due to the current creditworthiness and the previous payment behavior of the beneficiaries, we consider the probability of the liabilities from contingent liabilities to be utilized to be low.

There are no other significant contingent liabilities or other financial obligations that are important for assessing the financial situation.

## IV. Information on the profit and loss account

### revenues

Sales are generated through the sale of information and communication technology for the construction industry and the associated maintenance and service revenues.

These revenues can be broken down regionally as follows:

Domestic revenues	kEUR	49,534
Proceeds EU	kEUR	193
Proceeds third country	kEUR	269
Total revenues:	kEUR	49,996
Other Interest and Similar Expenses		

The interest and similar expenses item contains interest from the discounting of provisions in the amount of EUR 92 thousand (previous year: EUR 96 thousand).

## V. Additional information

**Managing directors**

Dipl.-Kfm. Rudolf Edelmann, commercial director (authorized to represent one person)

Prof. Dr. Ralf-Peter Oepen, from January 23, 2018, Technical Director

Dipl.-Ing. (FH) Max Böhler, from January 23, 2018, technical director left on February 8, 2019

Dipl.-Kfm. Gernot Hannewald, Commercial Director, left on January 3rd, 2019

No advances or loans were granted to board members.

No unusual transactions were made with related parties in the financial year.

The disclosure of the remuneration of the members of the management is omitted due to the use of the protective clause of Section 286 (4) HGB in conjunction with Section 285 No. 9 HGB.

**number of employees**

On average, the company employed 320 people in the 2018 financial year. The employees are employees in the technical and commercial areas.

**Events after the reporting period**

There were no events of particular importance after the end of the financial year.

**parent company**

The parent company of the company is Nürnberger Assemblage GmbH + Co KG, Nuremberg. The consolidated financial statements of the parent company are published in the Federal Gazette. According to § 291 HGB, BRZ Deutschland GmbH is exempt from the obligation to prepare consolidated financial statements and a group management report.

**Auditor's fee**

The auditor's fee for the audit of the 2018 financial year is EUR 10,500.00.

**Appropriation of earnings**

The annual surplus for 2018 is EUR 4,037,009.20. Management proposes to the shareholders' meeting to carry forward the remaining balance sheet profit of EUR 10,640,723.16 to new account.

**Nuremberg, May 8, 2019**

**BRZ Germany GmbH****The Board**

*Signed Dipl.-Kfm. Rudolph Edelman*

*signed Prof. Dr. Ralf Peter Oepen*

Date of approval: The annual financial statements as of December 31, 2018 were approved at the shareholders' meeting on August 30, 2019.

	ACQUISITION AND PRODUCTION COSTS			
	Jan 1, 2018 EUR	Additions EUR	Departures EUR	31 Dec 2018 EUR
<b>I. INTANGIBLE ASSETS</b>				
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	559,085.07	69,444.00	0.00	628,529.07
2. Goodwill	1,000,000.00	0.00	0.00	1,000,000.00
	1,559,085.07	69,444.00	0.00	1,628,529.07
<b>II. TANGIBLE ASSETS</b>				
1. Other equipment, fixtures and fittings	1,347,512.74	106,745.63	64,408.66	1,389,849.71
	1,347,512.74	106,745.63	64,408.66	1,389,849.71
<b>III. FINANCIAL ASSETS</b>				
1. Shares in affiliated companies	3,507,170.00	0.00	148,387.56	3,358,782.44
2. Holdings	10,000.00	0.00	0.00	10,000.00
	3,517,170.00	0.00	148,387.56	3,368,782.44
	6,423,767.81	176,189.63	212,796.22	6,387,161.22
	ACCUMULATED DEPRECIATION			
	Jan 1, 2018 EUR	Additions EUR	Departures EUR	31 Dec 2018 EUR
<b>I. INTANGIBLE ASSETS</b>				
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	437,509.07	70,320.00	0.00	507,829.07
2. Goodwill	999,999.00	0.00	0.00	999,999.00
	1,437,508.07	70,320.00	0.00	1,507,828.07
<b>II. TANGIBLE ASSETS</b>				
1. Other equipment, fixtures and fittings	918,824.74	155,322.63	41,814.66	1,032,332.71
	918,824.74	155,322.63	41,814.66	1,032,332.71
<b>III. FINANCIAL ASSETS</b>				
1. Shares in affiliated companies	1,052,169.00	0.00	0.00	1,052,169.00
2. Holdings	0.00	0.00	0.00	0.00
	1,052,169.00	0.00	0.00	1,052,169.00
	3,408,501.81	225,642.63	41,814.66	3,592,329.78
				<b>NET CARRYING VALUES</b>

	31 Dec 2018 EUR	31 Dec 2017 EUR
<b>I. INTANGIBLE ASSETS</b>		
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	120,700.00	121,576.00
2. Goodwill	1.00	1.00
	120,701.00	121,577.00
<b>II. TANGIBLE ASSETS</b>		
1. Other equipment, fixtures and fittings	357,517.00	428,688.00
	357,517.00	428,688.00
<b>III. FINANCIAL ASSETS</b>		
1. Shares in affiliated companies	2,306,613.44	2,455,001.00
2. Holdings	10,000.00	10,000.00
	2,316,613.44	2,465,001.00
	2,794,831.44	3,015,266.00

### Auditor's Report

#### To BRZ Deutschland GmbH, Nuremberg

#### audit opinions

We have the annual financial statements of BRZ Deutschland GmbH, Nuremberg - consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1 to December 31, 2018 and the notes, including the presentation of the accounting and Valuation methods – checked. In addition, we have audited the management report of BRZ Deutschland GmbH, Nuremberg, for the financial year from January 1 to December 31, 2018.

According to our assessment based on the knowledge gained during the audit

The attached annual financial statements correspond in all material respects to the German commercial law regulations applicable to corporations and, in compliance with the German principles of proper accounting, convey a true and fair view of the assets and financial position of the company as of December 31, 2018 and its earnings position for the financial year from January 1 to December 31, 2018 and

the attached management report as a whole provides an accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

#### Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibility under those requirements and standards is further described in the "Auditor's responsibility for the audit of the financial statements and management report" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe

#### Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions applicable to corporations in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial - and results of operations of the company. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report be able.

#### Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether intentional or unintentional, and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the annual financial statements and on the management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may 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 made on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

We identify and assess the risks of material misstatement – intentional or unintentional – in the annual financial statements and in the management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on effectiveness of these systems to society.

We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimated values presented by the legal representatives and the related disclosures.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Company's ability to continue as a going concern can raise. If we come to the conclusion that there is a material uncertainty, we are required to draw attention to the related information in the annual financial statements and management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

We evaluate the overall presentation, the structure and the 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, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and earnings situation of the company.

We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.

we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

**Kulmbach, May 8, 2019**

**CPA Wirtschaftsprüfungsgesellschaft mbH  
Wirtschaftsprüfungsgesellschaft**

*dr Mehnert, auditor*

*Magica, auditor*

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