

We love to build for your life.



Annual Report 2019



Since 1980, HELMA has been the specialist for individual detached houses and sustainable residential projects built applying the solid construction method. Attractive holiday properties and independent financing and insurance offers round off our product portfolio.

**“We love to build for your life”** for around 1,000 customers every year in a strong team of several hundred employees.

40 years of HELMA

1980 – 2020



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## The HELMA Group at a glance

Earnings and dividend		2019	2018	2017	2016
Revenue	in k€	263,243	253,276	267,418	263,842
EBITDA	in k€	25,171	23,776	22,529	23,455
Adjusted EBITDA*	in k€	25,878	24,883	24,433	23,949
Operating earnings (EBIT)	in k€	22,782	21,784	20,232	21,662
Adjusted operating earnings (EBIT)*	in k€	23,489	22,891	22,136	22,156
Earnings before taxes (EBT)	in k€	23,594	21,153	19,130	19,568
Net income after minority interests	in k€	16,144	14,487	12,993	13,498
Cash earnings	in k€	18,089	14,983	17,965	20,953
Earnings per share**	in €	4.04	3.62	3.25	3.37
Dividend per share	in €	1.85***	1.30	1.40	1.10
Adjusted gross profit margin	in %	24.5	23.8	21.0	21.5
Adjusted EBIT margin*	in %	8.9	9.0	8.3	8.4
EBT margin	in %	9.0	8.4	7.2	7.4
Return on sales (ROS)	in %	6.1	5.7	4.9	5.1
Sales performance		2019	2018	2017	2016
Net new order intake	in k€	296,486	278,576	245,393	286,815
Selected balance sheet items and key figures		12/31/2019	12/31/2018	12/31/2017	12/31/2016
Property, plant and equipment	in k€	19,919	19,065	16,621	16,398
Inventories including land	in k€	232,210	220,152	199,891	173,816
Cash and cash equivalents	in k€	16,703	16,328	16,656	11,331
Equity	in k€	108,594	97,716	88,829	80,236
Net debt	in k€	174,898	159,312	149,236	124,320
Total assets	in k€	380,164	341,440	317,653	278,242
Equity ratio	in %	28.6	28.6	28.0	28.8
Other data		12/31/2019	12/31/2018	12/31/2017	12/31/2016
Number of employees		322	325	304	290

\* Adjusted for the disposal of capitalised interest

\*\* Relative to the average number of shares in circulation during the financial year

\*\*\* Proposal

2015	2014	2013	2012	2011	2010
210,618	170,497	138,018	113,988	103,588	74,535
19,494	15,971	11,793	8,774	6,132	3,851
20,076	16,301	11,843	8,774	6,132	3,851
17,774	14,167	10,286	7,335	4,786	2,724
18,356	14,497	10,336	7,335	4,786	2,724
14,956	11,690	8,271	5,755	3,381	1,910
9,952	8,132	5,606	3,799	2,310	1,302
15,325	16,302	11,752	8,524	5,939	3,721
2.69	2.43	1.85	1.33	0.83	0.50
0.79	0.63	0.53	0.35	0.20	0.00
23.4	24.4	24.1	23.7	21.4	21.6
8.7	8.5	7.5	6.4	4.6	3.7
7.1	6.9	6.0	5.0	3.3	2.6
4.7	4.8	4.1	3.4	2.3	1.8

2015	2014	2013	2012	2011	2010
269,386	193,005	158,979	131,398	106,828	97,629

12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
16,342	16,139	15,760	15,022	16,311	14,568
154,369	96,054	78,408	35,816	19,830	8,628
12,493	6,916	6,821	1,540	3,793	3,074
69,898	40,952	28,033	20,365	17,067	12,119
98,581	79,401	68,034	36,347	16,552	10,261
244,994	159,947	136,600	84,645	63,868	42,965
28.5	25.6	20.5	24.1	26.7	28.4

12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
254	233	211	188	164	131

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DtGV | Deutsche Gesellschaft  
für Verbraucherstudien mbH

DEUTSCHER  
KUNDEN-  
AWARD  
2019

1. PLATZ  
KUNDEN-  
ZUFRIEDENHEIT

MASSIVHAUSANBIETER

Im Vergleich: 14 Unternehmen  
Befragung 10/2019, dtgv.de

**ntv**

**DEUTSCHLANDS  
KUNDENSIEGER 2019**

Massivhausbau

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**MONEY**

**VON KUNDEN  
EMPFOHLEN**

FOCUS  
**MONEY**

**HÖCHSTE  
Weiterempfehlung  
HELMA**

Massivhausanbieter  
Ausgabe 28/19

Massivhausanbieter  
Ausgabe 27/18

Massivhausanbieter  
Ausgabe 27/17

Massivhausanbieter  
Ausgabe 28/16

**TOP  
JOB**

**Top-Arbeitgeber  
2018**





## Family – Values – Company

Founded in 1980 by Karl-Heinz Maerzke and Brigitte Hellwich, the company today is proud of its 40 years of successful building activities. And truly on a "one-stop shop" basis: founder, former CEO, and provider of half of the company's name Karl-Heinz Maerzke (HELLwich + MAerzke = HELMA) is still today's Supervisory Board Chairman, assisting the HELMA family.

The family as an underlying value and institution has been at the very heart of the company and its management since it was founded. On the one side – the business side – families are the natural target group for our core business of building detached homes, and the family always acts as a template for how people can interact within the company, as well as with our customers and potential customers. The family also forms the way in which responsibility is lived day-to-day – and reflected in the way in which HELMA as a company assumes responsibility for its staff. On the other side – the social side – the company has been active for decades on behalf of children, young people, and institutions that provide the most varied types of support for families in particularly difficult situations.

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### HELMA – We are also family!





## Team performance

Every company within the HELMA Group is comparable to a sports team. In our respective "sports" we aim not just to be the best and at the forefront of competition, but also to live up to our high standards in all areas of the team and in all our different disciplines.

We are all team players and as such prepare intensively for our tasks. Each individual project is efficiently driven forward by specialists in the respective areas and constantly compared with the status of all participants. Only if we are perfectly coordinated we can develop ourselves further, deliver the targeted performance in all areas and also on an overall basis, even "outgrow" ourselves sometimes and after "game-playing" we can be genuinely pleased with the enthusiastic response of our customers. Their recognition forms part of what motivates us.

Sport as a model and guiding principle is reflected in our values and our actions, which are calibrated to fairness and respect in our dealings with one another. With our partners, with our customers, and with our employees.

---

**HELMA – We are a team!**





## People for people

HELMA impresses with all the merits of a classic medium-sized company: flat hierarchies, mutual respect, and honest communication distinguish us as service providers. This not only holds true within the company, but also applies quite particularly to our customer relations. The Management Board, managers, and staff not only have a specific function within the company, but also frequently act as contacts and advisors, counsellors and critics – both inhouse and externally – as required.



As classic service providers, we see in our customers not only partners in the meaning of a legal contract, but always also people with their individual wishes and ideas. If customers share their wishes and ideas with us, develop them further, and we can then present the perfect product to them at the end of the process – then we have reached our objective.

---

**HELMA – That's us!**

Individual detached house



**We love to build for your life!**

Planning and construction of individual solid construction detached houses ("brick on brick") for private homeowners.



Residential and commercial buildings in Hanover



**We offer home ownership on a one-stop shop basis!**

Project management and development of infrastructurally attractive land as all-in packages for private buyers and institutional investors.





**We combine quality of life and return on investment!**

Development, construction, and sale of holiday properties in popular vacation regions.



**We look for the ideal financing arrangement!**

Independent search and brokering of financing solutions and insurance services for private homebuilding.

House Lübeck • Visualisation



House Trient • Visualisation







## Great visions and small details

HELMA Eigenheimbau AG - Our solid construction houses offer a reflection of our customers. Long journeys begin with first steps and a clear vision of the destination in mind. This is as true of planning the ideal house as it is of personal life planning. Wishes and requirements vary over time, and it takes time to gain clarity.

The path that we take together always leads the way to a home. Always new. Always different. But always for people you love.

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**HELMA – We love to build for your life!**



Individual detached house



House Kopenhagen • Visualisation





## Observing and refining

HELMA Eigenheimbau AG – Over the course of our four-decade history, we have acquired a great deal of knowledge and experience, observed quite different types of people, and experienced some very personal ideas. Together with our constant striving for innovation and sustainability, it is from this basis that we develop the ideal house – but not just one house, instead one house for each and every individual.

**HELMA – Every day we take a step further!**

## Identifying and utilising opportunities

HELMA Wohnungsbau GmbH – Where individuals have no possibilities open to them, we make the most of our possibilities to make a lot of people happy. We buy and develop spaces in sought-after conurbation areas and densely populated inner city locations. We build suitable residential properties on them, or divide them up and develop them for quite different requirements: whether owner-occupied apartments and terraced housing or detached and semi-detached family homes.

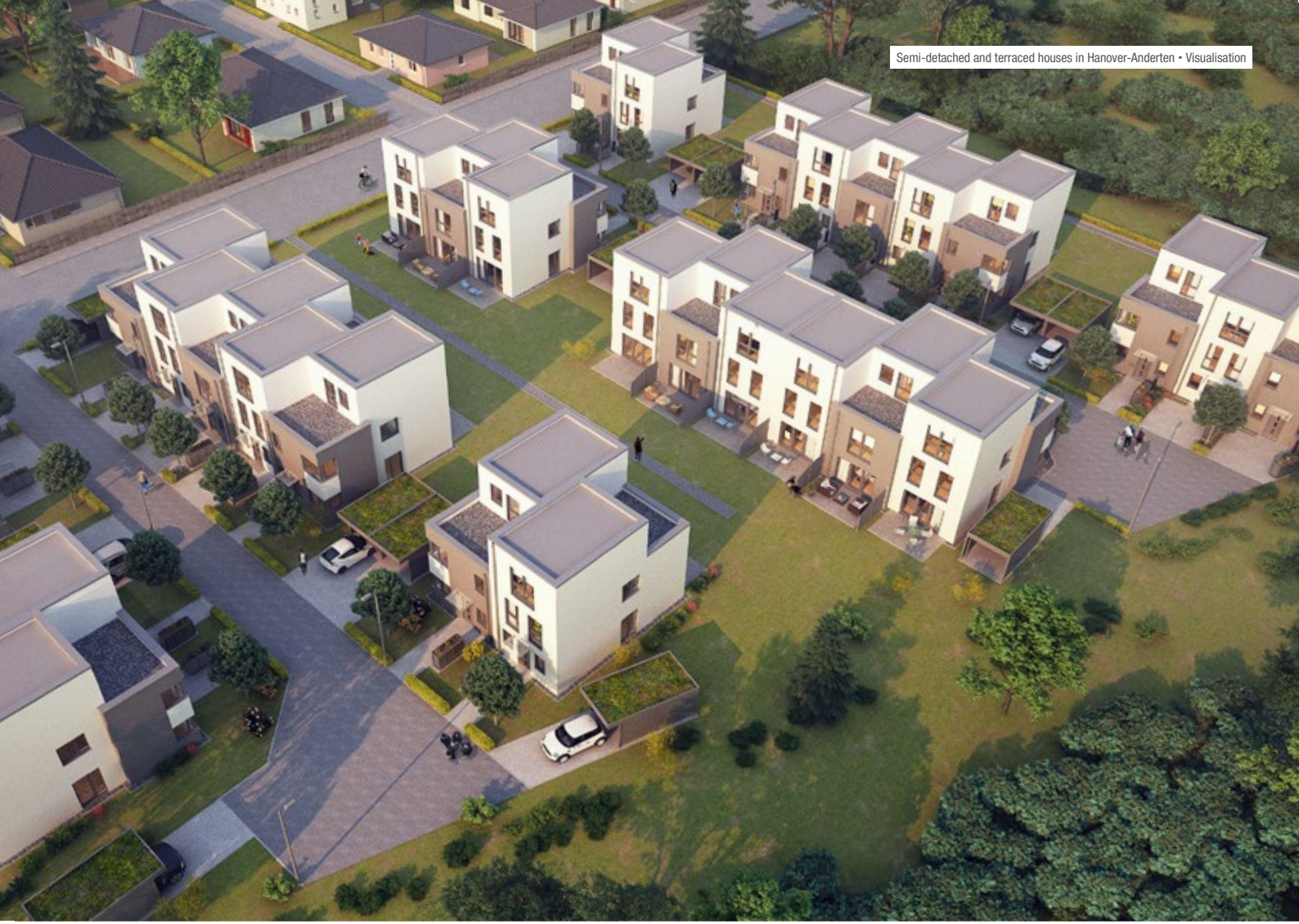


**HELMA – We make people happy!**

Detached houses in Berlin-Karlshorst



Semi-detached and terraced houses in Hanover-Anderten • Visualisation



Villas in the Prinzenviertel in Berlin-Karlshorst • Visualisation





## The eye of the beholder

HELMA Wohnungsbau GmbH – Does beauty always lie in the eye of the beholder? No, not always. Beauty also derives from the environment and how a subject is perceived. The overall impression must be harmonious. Together with our partners, we develop building concepts that take more into account than just the land that was bought. Together, we can better identify a location's sense of life and history. Together, we are building for the future.

**HELMA – We take a very close look!**



Owner-occupied apartments and semi-detached house in Munich-Waldtrudering • Visualisation



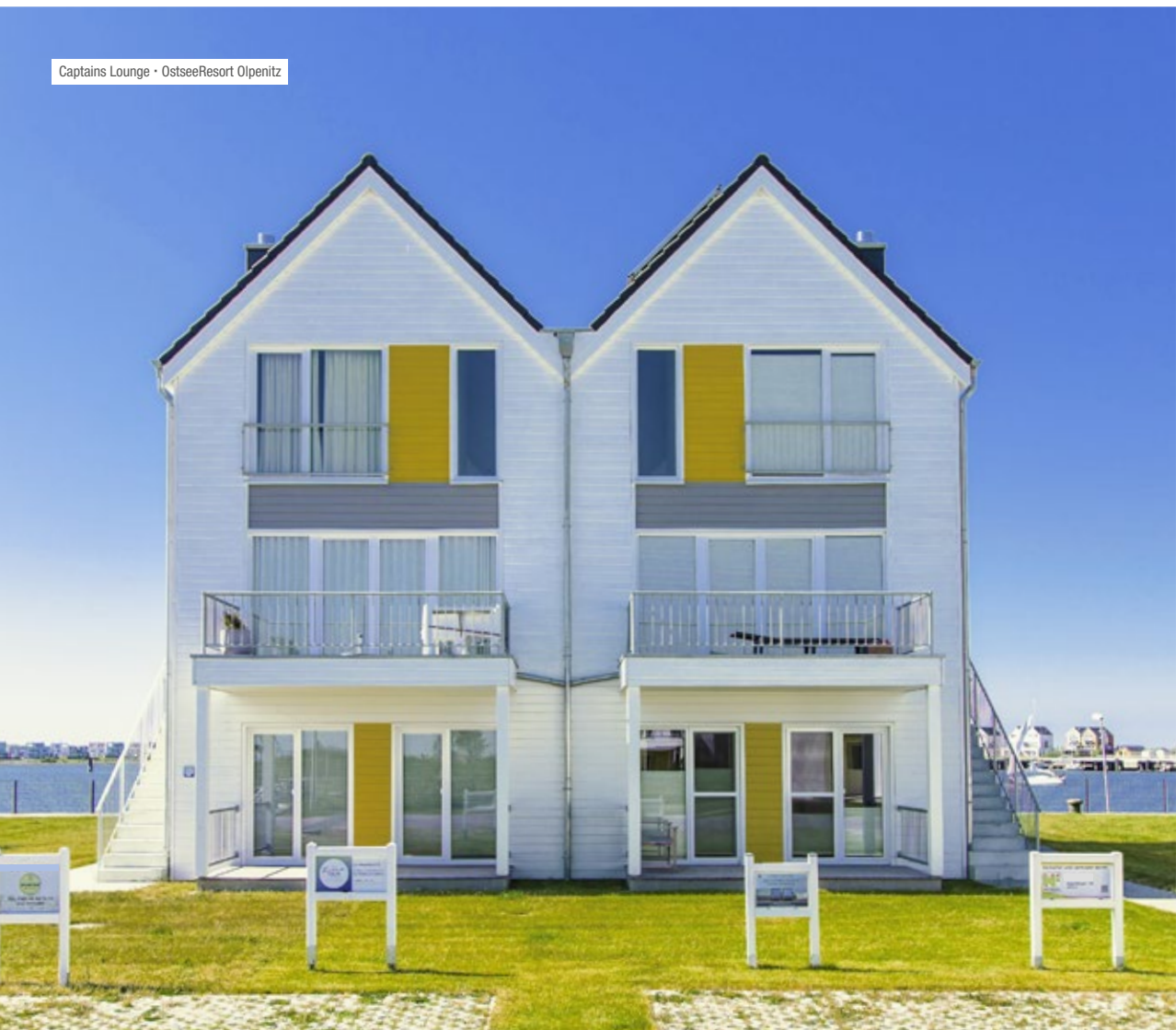
Semi-detached and terraced houses in Hennigsdorf near Berlin • Visualisation



Admirals house • OstseeResort Olpenitz • Visualisation



Captains Lounge • OstseeResort Olpenitz







## Room for longing

HELMA Ferienimmobilien GmbH – Behind the wish for the annual vacation, long dreamt-of holidays, and well-earned time out, there is always the great longing for freedom, an unfettered lifestyle, and a breakout from monotonous daily routine.

This longing is also our motivation. We plan investment properties for individuals' own use or as capital assets, and build captivating holiday properties that are the stuff of dreams. We create real places where longings can be made manifest, where imagination is given free rein, and where everything seems possible.

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**HELMA – We create quality of life!**



NordseeResort Tossens • Visualisation

## Calm waters and sweeping views

HELMA Ferienimmobilien GmbH – The world around us is becoming ever busier and more hectic. And must we all contribute further to this situation? Why travel halfway around the world when we are still unfamiliar with the beauty to be found right on our doorstep, or no longer capable of seeing? We have already located some of the most beautiful places in Germany. And we are making them even better.

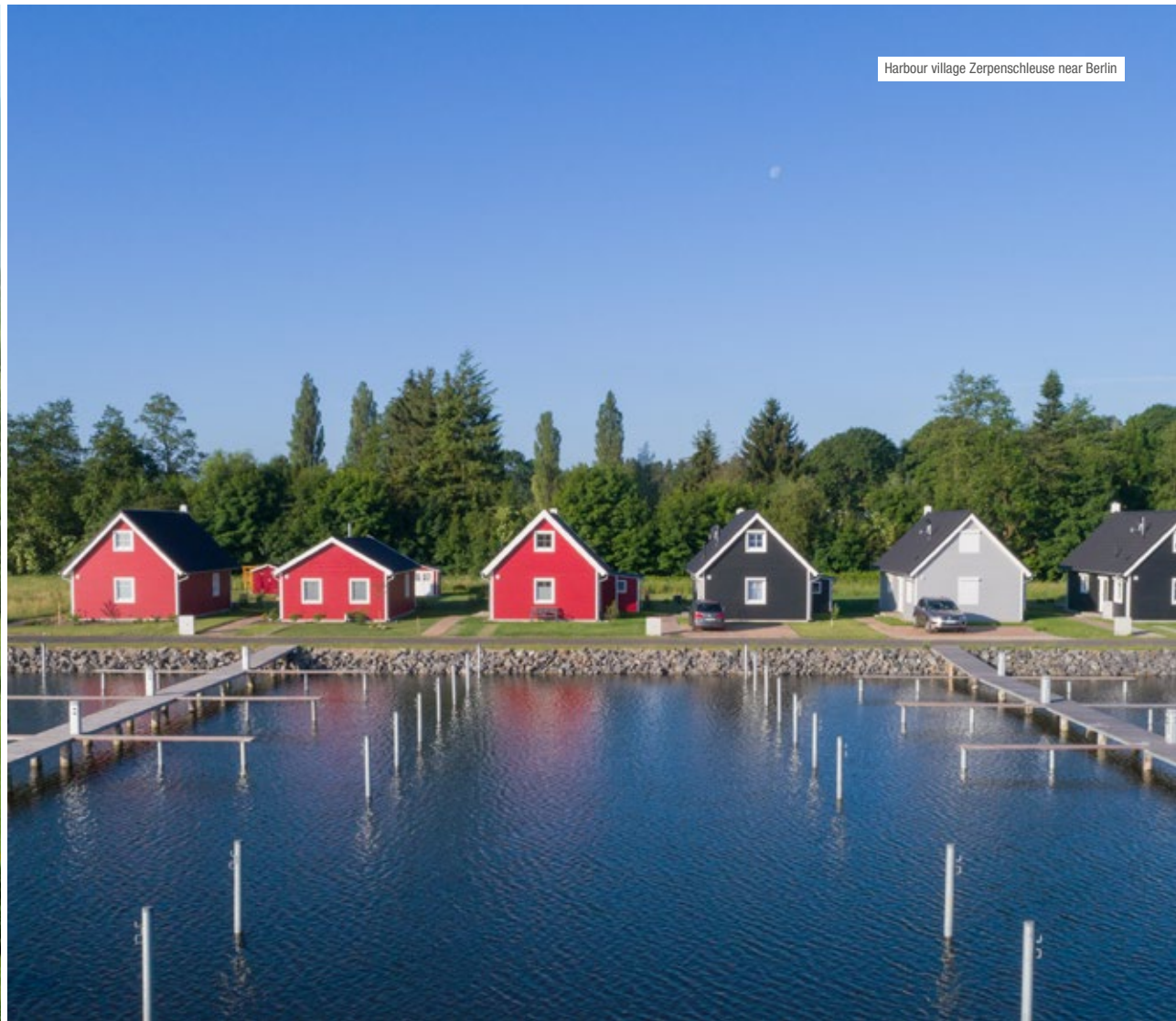
Our holiday properties on the waterfront and in the mountains mean short distances, high comfort, and a plenty of relaxation in local holiday regions.

**HELMA – We create opportunities!**



OstseeResort Olpenitz • Visualisation









## └ We bring together what belongs together

Hausbau Finanz GmbH – Large or small, established or new, online or offline – it can take homebuilders a lot of time to compare banks and lending terms.

But there's a simple way to do it, too: we know what's needed for a personal lending offer, and compile the relevant data together with our customers. We send personal information bundled together with information about the planned project (house, apartment, holiday property) and individual wishes to a large number of renowned lenders, and then select the best terms. Without obligation, independent, and sound.

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**Hausbau Finanz – Where everything fits together!**

Our vision

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We love to build for your life!

HELMA Group  
Annual Report 2019

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## Letter to the shareholders

Dear shareholders,  
ladies and gentlemen,

The start of the 2020 financial year marks HELMA's fortieth anniversary. We can look back with pride on forty years of successful construction activity and the handover of well over 10,000 attractive residential and holiday properties to satisfied customers. Our customers have always formed the focus of our activities. **"We love to build for your life"** is much more for us than just an advertising slogan. Whenever we sign a contract, we give a quality commitment on which our customers have already been able to rely for four decades.

We are pleased to be able to present new record figures for the past 2019 financial year, in terms of both orders and earnings. The strong order situation at all HELMA Group companies was reflected in record new order intake of € 296.5 million. Based on consolidated revenue growth of around 4 % to a level of € 263.2 million, consolidated EBT improved significantly by around 12 % to € 23.6 million. This further increase in profitability leads to earnings per share of € 4.04 – the highest level since the IPO in 2006.

Our special thanks are due to all HELMA Group employees and all specialist advisors, whose great commitment and personal dedication has made it possible to achieve these new record figures for HELMA. We would also like to extend our warm thanks to the members of the Supervisory Board for the way in which we have continued to work together constructively and on a basis of trust.

Moreover, the pleasing order book position and well-filled project pipeline make us very confident that in the coming years we will be able to continue with the successes we have achieved. In pursuing the organic growth we have targeted in conjunction with sustained high profitability, we always aim to maintain a sound balance sheet structure.

Secured land plots form the basis and growth engine for our profitable property development business. Over recent years, we have successfully acquired many attractive land plots despite very limited supply of suitable spaces. The two subsidiaries active in the property development business, HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH, have a combined revenue potential from secured land plots of around € 1.5 billion. Further property purchases, such as the site acquired by HELMA Ferienimmobilien GmbH at the start of the year in an attractive location in Hochsauerland, further expand this potential. Moreover, we expect annual revenue of at least € 100 million in the construction services business of HELMA Eigenheimbau AG, for which the company does not require its own land.

We would be pleased if you, dear shareholders, customers, and business partners of the HELMA Group, would continue to accompany us on our path, and we thank you for the trust you have invested in us.

Yours sincerely

**Signed Gerrit Janssen**  
Management Board Chairman

**Signed Max Bode**  
Management Board member

**Signed André Müller**  
Management Board member





## The Management Board

Dipl.-Kfm. Gerrit Janssen, CFA



Mr. Janssen (1979) studied business administration at the University of Hamburg and Louisiana State University (LSUS), USA, successfully concluding his studies in 2005 with a master's degree in business administration. After graduating, Mr. Janssen was active until June 2009 for a Hamburg-based management consultancy specialising in capital market advisory. During this period, Mr. Janssen acted in an advisory capacity for HELMA Eigenheimbau AG for about three years. Mr. Janssen has been a member of the Management Board of HELMA Eigenheimbau AG since July 1, 2009, and assumed the role of the Chairman of the company's Management Board (CEO) on July 6, 2018. In particular, Mr. Janssen is responsible for the areas of personnel, corporate organisation, controlling, accounting, corporate finance, and investor relations as well as the subsidiaries HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH.

Mr. Janssen's current period of office as a Management Board member with sole power of representation of HELMA Eigenheimbau AG runs until June 30, 2022.

Furthermore, Mr. Janssen is Managing Director of the subsidiaries HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH, and Hausbau Finanz GmbH, has in each case the authorisation to represent the companies alone, and is exempt from the restrictions of Section 181 of the German Civil Code (BGB).

Mr. Janssen is a Chartered Financial Analyst (CFA) Charterholder, and an active member of the CFA Institute, Charlottesville, USA. Mr. Janssen is also involved as a Management Board member of the BFW State Association of Independent Real Estate and Housing Enterprises of Lower Saxony/Bremen, and as a member on the Committee for Credit and Finance Questions of the Hanover Chamber of Industry and Commerce, as well as on the Money and Credit Committee of the German Chamber of Industry and Commerce.

## Dipl.-Kfm. Max Bode



Mr. Bode (1982) studied business administration at the University of Frankfurt am Main, successfully concluding his studies in 2010 with a master's degree. Mr. Bode has been with HELMA since March 8, 2012. Initially, Mr. Bode acted as Management Board Chairman assistant for the former CEO Karl-Heinz Maerzke at HELMA Eigenheimbau AG. Since July 1, 2015 Mr. Bode has been a member of the Management Board of HELMA Eigenheimbau AG, and is responsible especially for the areas of land purchasing, sales, marketing, the administrative office, as well as law and contract management.

Mr. Bode's current period of office as Management Board member of HELMA Eigenheimbau AG runs until June 30, 2023.

Mr. Bode is also Managing Director of the subsidiary HELMA Wohnungsbau GmbH and holds company officer powers for the subsidiaries HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH.

## Dipl.-Ing. André Müller



After graduating in construction engineering from the Technical University of Kaiserslautern, Mr. Müller (1974) worked for Deutsche Reihenhaus AG from 2001 until June 2018, where he held Management Board responsibility for the production area from January 2011. Mr. Müller has been a member of the Management Board of HELMA Eigenheimbau AG since July 1, 2018, and is responsible especially for the areas of project development and technology.

Mr. Müller's current period of office as Management Board member of HELMA Eigenheimbau AG runs until June 30, 2023.

Mr. Müller is also Managing Director of the subsidiary HELMA Wohnungsbau GmbH and holds company officer powers for the subsidiaries HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH.

## Supervisory Board Report

Karl-Heinz Maerzke  
Chairman of the Supervisory Board



Dear shareholders,

In the 2019 reporting year, the Supervisory Board performed the tasks incumbent upon it according to statutory requirements, the company's articles of incorporation, and procedural rules. The Supervisory Board consulted regularly with the company's Management Board, and supervised its activity.

The Supervisory Board was directly included in all decisions of fundamental significance for the company.

The Management Board informed the Supervisory Board regularly, comprehensively, in both written and verbal reports, about corporate planning, particularly financial, liquidity, investment, and personnel planning, business progress, strategic further development, as well as the Group's current position, including the risk position and risk management.

The Supervisory Board convened for a total of six meetings in the 2019 reporting year, which were attended by the Supervisory Board members as follows:

	03/29/2019	05/22/2019	06/11/2019	07/05/2019	09/09/2019	12/02/2019
Karl-Heinz Maerzke	x	x	x	x	x	x
Sven Aßmann	x	x	x	x	x	x
Dr. Peter Plathe	x	x	x	x	x	x
Paul Heinrich Morzynski		x	x	x	x	x

The Management Board members attended the Supervisory Board meetings. The Supervisory Board also held regular meetings before and after the joint meetings with the Management Board, without the participation of the Management Board members.

The Supervisory Board passed the resolutions required by law, the company's articles of incorporation, or procedural rules. Following thorough review and consultation, decisions were made on the basis of the reporting and the Management Board's proposals for resolutions.

The Supervisory Board was also rapidly informed outside the scope of meetings about projects and transactions of particular significance or urgency, and passed corresponding resolutions, especially those relating to individual projects of HELMA Wohnungsbau GmbH.

Above and beyond this, the Supervisory Board Chairman was in regular contact with the Management Board, thereby enabling events of extraordinary significance for the position and progress of the company and the Group to be discussed immediately.

Given the Supervisory Board's size in the 2019 financial year, the Board refrained from forming committees.

## Details of individual Supervisory Board meetings

**At the Supervisory Board meeting on March 29, 2019,** the separate annual financial statements of HELMA Eigenheimbau AG and the consolidated financial statements for 2018, as well as the aggregated management report for HELMA Eigenheimbau AG and the Group, which had been prepared by the Management Board, were discussed in depth together with the Management Board and the auditor. The same applies to the report on related companies pursuant to Section 312 of the German Stock Corporation Act (AktG) that was prepared by the Management Board and audited by the auditor. The Supervisory Board's examinations resulted in no reservations. The annual financial statements of HELMA Eigenheimbau AG and the consolidated financial statements for the 2018 financial year, each of which had been issued with an unqualified audit opinion, were approved, and the annual financial statements of HELMA Eigenheimbau AG were adopted. In the further course of the meeting, the Management Board reported on the Group companies' sales and revenue trends during the first quarter of 2019. Furthermore, the Management Board informed the Supervisory Board in detail about current developments in the area of innovative energy concepts on the basis of individual upcoming projects.

**At the Supervisory Board meeting on May 22, 2019,** the Supervisory Board received detailed information on the progress made in the strategic purchasing area. The Management Board also reported on the order book position as well as the Group companies' sales and revenue trends. A further focus of the meeting was on medium-term personnel planning.

**At the Supervisory Board meeting on June 11, 2019,** the Management Board informed the Supervisory Board in detail about the development of the current projects of HELMA Wohnungsbau GmbH. The Supervisory Board and the Management Board also jointly prepared the forthcoming AGM.

**At the Supervisory Board meeting on July 5, 2019,** which was held after the conclusion of the Ordinary AGM, Mr. Maerzke was elected as Supervisory Board Chairman, and Mr. Aßmann as Deputy Supervisory Board Chairman. Furthermore, the Supervisory Board passed a unanimous resolution to extend the contract of Mr. Bode, a Management Board member of the company, by a further three years until June 30, 2023.

**At the Supervisory Board meeting on September 9, 2019,** the Management Board provided information on the Group companies' current sales performance and also explained the profitability trend and financial position to the Supervisory Board. In the further course of the meeting, the Supervisory Board also received detailed information on the development of the HELMA Group's current property development projects.

**At the Supervisory Board meeting on December 2, 2019,** the Management Board explained the Group companies' sales and revenue trends to the Supervisory Board in a detailed report, and also provided the Supervisory Board with detailed information on the financial position and profitability. The Supervisory Board also received comprehensive information on investment and personnel planning for the 2020 financial year.

## Award of the audit mandate to Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover

At the Ordinary Shareholders' General Meeting on July 5, 2019, shareholders elected Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, as the auditor of the separate and consolidated financial statements for the 2019 financial year. The Supervisory Board subsequently awarded the audit mandate and, in doing so, agreed clear rules relating to the specifics of the mandate, and the cooperation between the Supervisory Board and the auditor. The auditor informed the Supervisory Board that no circumstances existed that would give rise to concern about its impartiality. It also provided information about the services it had rendered in addition to the auditing of the financial statements.

## Supervisory Board accounts meeting on March 17, 2020

The separate annual financial statements of HELMA Eigenheimbau AG prepared by the Management Board according to the regulations of the German Commercial Code (HGB) and the consolidated financial statements prepared according to International Financial Reporting Standards (IFRS) for the 2019 financial year, as well as the aggregated management report for HELMA Eigenheimbau AG and the Group, were audited in the light of the financial bookkeeping by Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover. The auditor awarded unqualified audit opinions. The documents relating to the separate and consolidated financial statements, and the audit reports, were discussed in detail together with the Management Board and the auditor at the Supervisory Board accounts meeting on March 17, 2020. The auditor reported on the findings of the audits, and was available to provide further information to the Supervisory Board. The requisite documents were made available in good time before the Supervisory Board accounts meeting, which allowed sufficient time for them to be inspected. The Supervisory Board concurred with the results of the audit by the external auditor on the basis of its own review of the separate annual financial statements, the consolidated financial statements, and the aggregated management report for HELMA Eigenheimbau AG and the Group. The Supervisory Board approved the separate and consolidated financial statements without reservations; the separate financial statements have been adopted as a consequence.

The auditor awarded the following unqualified audit opinion on the related parties report pursuant to Section 312 of the German Stock Corporation Act (AktG), which was prepared by the Management Board, and audited by the auditor:

"In accordance with the audit duties incumbent on us, and in our assessment, we confirm that

1. the actual disclosures of the reports are correct,
2. in the case of the legal transactions listed in the report, the considerations rendered by the company were not inappropriately high,
3. in the case of the measures listed in the report, no circumstances suggest an assessment significantly different from that of the Management Board."

The Supervisory Board also examined the related parties report itself, and discussed it with the Management Board and the auditor at the accounts meeting. Having conclusively ended its review, it has no objections to the final declaration of the Management Board, and concurs with the result of the external audit.

On the basis of dividend-entitled share capital of € 4,000,000.00, divided into 4,000,000 ordinary shares, the Supervisory Board, following its own review, concurred with the Management Board's proposal relating to the application of unappropriated retained earnings. For this reason, together with the Management Board, the Supervisory Board proposes to the Shareholders' General Meeting that it distribute from the unappropriated retained earnings according to the accounting standards of the German Commercial Code (HGB) of € 14,815,019.48 an amount of € 7,400,000.00 as a dividend – corresponding to a dividend of € 1.85 per dividend-entitled ordinary share – and to carry forward the remaining amount of € 7,415,019.48 to the other revenue reserves.

### Re-election of Supervisory Board

The period of office of the Supervisory Board ended as scheduled at the conclusion of the Shareholders' Ordinary Annual General Meeting on July 5, 2019. Shareholders re-elected Supervisory Board members Karl-Heinz Maerzke, Sven Aßmann, Paul Morzynski and Dr. Peter Plathe to the company's Supervisory Board. The appointments are made for a term of office until the end of the Annual General Meeting which approves the discharge for the 2023 financial year. At its subsequent meeting, the Supervisory Board elected Karl-Heinz Maerzke to be its Chairman and Sven Aßmann to be its Deputy Chairman.

### Repeat appointment of a Management Board member

Also on July 5, 2019, the Supervisory Board passed a unanimous resolution to appoint Max Bode to the company's Management Board ahead of schedule for a further three years and consequently until June 30, 2023.

The Supervisory Board would like to thank the Management Board members and all Group company staff for their outstanding work. Once again, they have contributed to a successful year for the HELMA Group.

Lehrte, March 17, 2020

On behalf of the Supervisory Board

**Signed Karl-Heinz Maerzke**

Chairman

## The Supervisory Board

### Karl-Heinz Maerzke

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After training as a banker, Mr. Maerzke (1952) was first employed at Deutsche Bank AG, Brunswick, between 1971 and 1973, before moving to building society Bausparkasse Wüstenrot, Ludwigsburg, between 1973 and 1975. In 1975, he switched to housebuilder Neldel GmbH & Co. KG, Hanover, where he performed a sales role, before becoming Hanover branch manager for Bauteam Massivhaus GmbH, Langenhagen, between 1976 and 1980.

Karl-Heinz Maerzke founded HELMA Eigenheimbau GmbH in 1980, and at first became the company's Managing Director. By the time the company converted to public stock corporation HELMA Eigenheimbau AG in March 2005, Mr. Maerzke took over the chairmanship of the company's Management Board. In July 2018, Mr. Maerzke switched from the Management Board to the Supervisory Board of HELMA Eigenheimbau AG, since when he has been its Supervisory Board Chairman. The current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2023 financial year.

Mr. Maerzke is also a Management Board member of the German Federal Association of Independent Real Estate and Housing Enterprises.

### Sven Aßmann

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After completing law studies at the University of Hamburg in 1994, Mr. Aßmann (1961) initially practiced as both a generalist lawyer and as a specialist labour law lawyer before being appointed partner at Zimmermann, Scholz & Partners legal practice in Hamburg in 1997, where he worked until resigning in 2015. Since 2006, Sven Aßmann has also been managing shareholder at Avatar Merchandising GmbH, a Hamburg-based company.

Mr. Aßmann was appointed Deputy Supervisory Board Chairman of HELMA Eigenheimbau AG in 2014 and also took over the chairmanship of the Board from November 2017 until July 2018. His current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2023 financial year.



## Paul Heinrich Morzynski

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Mr. Morzynski (1950) has been a tax advisor for more than 40 years, has acted independently since 1994 as an auditor in a firm he founded together with other partners, and since 2007 has also been a shareholder of PRETAX Steuerberatungsgesellschaft, Hanover. Since 1979, Mr. Morzynski has also been a significant shareholder in Waldersee Treuhand- und Vermögensverwaltungsgesellschaft mbH & Co. KG, which functions today as a family holding company. Among other properties, this holding company's assets include the Grandhotel Heiligendamm and the majority interest in the trading firm ARKO GmbH, Wahlstedt. Between 2001 and 2004, Mr. Morzynski held the post of Supervisory Board Chairman of CinemaxX AG, and was active as Supervisory Board Chairman of mediacall AG between 2003 and 2006. Mr. Morzynski also has been Supervisory Board Chairman of Halloren Schokoladenfabrik AG between 2006 and 2017.

Mr. Morzynski has been a member of the Supervisory Board of HELMA Eigenheimbau AG since 2016. His current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2023 financial year.

## Dr. Peter Plathe

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Dr. Plathe (1942) studied law in Kiel, Marburg and Hamburg. Following his doctorate in commercial law and second state exam, Dr. Plathe commenced judicial service in the labour arbitration court of the State of Schleswig-Holstein in 1972. He moved to the labour arbitration court of the State of Lower Saxony in 1980. From 1981 until retirement in 2007, Dr. Plathe was presiding judge at the labour arbitration court of Lower Saxony. Dr. Plathe was also a trustee for the coverage assets of various insurance companies between 2005 and 2012. Currently, Dr. Plathe still chairs various redress and arbitration committees, and courts related to collective wage bargaining.

Dr. Plathe has been a member of the Supervisory Board of HELMA Eigenheimbau AG since 2009. His current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2023 financial year.

## HELMA share

### Performance of the HELMA share in 2019

Despite numerous uncertainties, such as the uncertain outcome of Brexit negotiations, growing populism in Europe, and trade disputes between the USA and China, the German equity market recorded significant gains in the year under review. Stock markets benefited from the fact that central banks continued to push ahead with their expansive monetary policy in the face of signals of economic weakness. After the DAX had started the stock market year at 10,478 points, continuous gains at the start of the year characterised equity market performance. The DAX climbed above the 12,400 point mark by early May. In the summer months, share price performance mainly reflected sideways movements, before the DAX rallied at the end of the year and finally closed the stock market year at 13,249 points with a gain of around 26 %.




Having started the 2019 stock market year at a price of € 33.35, the first trading weeks of the HELMA share initially recorded sideways movements before suffering short-term price declines at the end of the first quarter. However, with the announcement of our preliminary figures for the 2018 financial year and the increase in our Group EBT to a new record level, the share price recovered to € 37.50 within a few days. The positive share price trend continued at the beginning of the second quarter, with the € 40.00 mark also being exceeded again at the end of April. In the second and third quarters, the price of the HELMA share was mainly characterised by sideways movements before the share price rose again towards the end of the year. The closing price of the HELMA share in XETRA trading on December 30, 2019 stood at € 42.00. Compared to the performance of the DAX, the HELMA share also recorded a price increase of around 26 % in the year under review. The market capitalisation rose from € 133.4 million to € 168.0 million over the course of 2019.

### Performance of the HELMA share in 2019



## Analyst coverage

The HELMA Group and the share of HELMA Eigenheimbau AG are covered by the analysts Cosmin Filker (GBC Research), Stephan Bonhage (Metzler bank), and Andreas Pläsier (Warburg Research).

Research Company	Date	Stock price target	Recommendation
 <b>GBC AG</b> Partner für den Mittelstand	03/12/2020	€ 68.00	Buy
 <b>METZLER</b>	01/21/2020	€ 51.00	Buy
 <b>WARBURG RESEARCH</b>	03/04/2020	€ 52.00	Buy

GBC, Metzler, and Warburg recommend the HELMA share as a Buy with share price targets between € 51.00 and € 68.00. The analysts' recommendations, authorised for publication, can always be viewed on the investor relations website, within the Share area.

## Dividend

In its single-entity financial statements prepared according to the accounting standards of the German Commercial Code (HGB), HELMA Eigenheimbau AG reports unappropriated retained earnings of € 14,815,019.48 for the 2019 financial year on net income of € 14,815,019.48. The Management and Supervisory Boards will propose to the Shareholders' General Meeting to be held on July 3, 2020, that it approves the distribution of a dividend of € 1.85 (previous year: € 1.30) per dividend-entitled ordinary share, consequently € 7,400,000.00, and that the remaining amount of € 7,415,019.48 be transferred to the other revenue reserves. The total amount of dividends and the amount to be transferred to the other revenue reserves in the aforementioned resolution proposal for the application of unappropriated retained earnings is based on dividend-entitled share capital of € 4,000,000.00, divided into 4,000,000 ordinary shares.

Our dividend policy is oriented to a high degree of continuity. Based on our earnings trend over the past years, as well as on the continuation of a sound liquidity position, this policy also envisages a future payout ratio from 25 % up to 50 % of the net profits generated by the parent company according to the accounting standards of the German Commercial Code (HGB). Accordingly, we wish for our shareholders to participate noticeably in the company's success, but also to invest at least half of our profits in the company's continued growth, thereby strengthening its equity.

## Investor relations activities

Last year, we took part in investor conferences in Hamburg, Frankfurt, and Munich, and we also conducted roadshows in Frankfurt, London, and Zurich. In this context, we presented our company and strategy to a large number of analysts and investors.

We will continue with our intensive investor relations work in 2020. The company plans to participate at investor conferences in March and November in Frankfurt, in April in Munich, and in August in Hamburg. In addition, we will also hold various roadshows in 2020, with a focus not only on the German-speaking countries, but also especially on Great Britain and France. All important dates can be found in our financial calendar on the inside back cover of this annual report and on our investor relations website.

## Key data

Class	Nil-par ordinary bearer shares
ISIN	DE000A0EQ578
Ticker symbol	H5E
Share capital	€4,000,000
Initial listing	September 19, 2006
Market segment	Scale
Designated Sponsor	M.M.Warburg & CO KGaA

	2019	2018	2017	2016	2015	2014	2013	2012
Number of shares at year-end	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	3,410,000	3,100,000	2,860,000
Market capitalisation at year-end	€ 168.0 million	€ 135.4 million	€ 176.4 million	€ 207.9 million	€ 183.0 million	€ 90.0 million	€ 54.2 million	€ 28.9 million
Year-end share price	€ 42.00	€ 33.85	€ 44.10	€ 51.97	€ 45.76	€ 26.39	€ 17.49	€ 10.11
Earnings per share	€ 4.04	€ 3.62	€ 3.25	€ 3.37	€ 2.69	€ 2.43	€ 1.85	€ 1.33
Dividend per share	€ 1.85*	€ 1.30	€ 1.40	€ 1.10	€ 0.79	€ 0.63	€ 0.53	€ 0.35

\* Proposal

## Five-year overview of the share price performance





## Listing of the HELMA share in the Scale SME growth market

HELMA Eigenheimbau AG has been listed in the Scale SME growth market of the Deutsche Börse since it was launched in March 2017. The HELMA share is traded on the stock exchanges of Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Stuttgart, and Munich as well as on the XETRA electronic trading system.

## Listing in the NISAX20

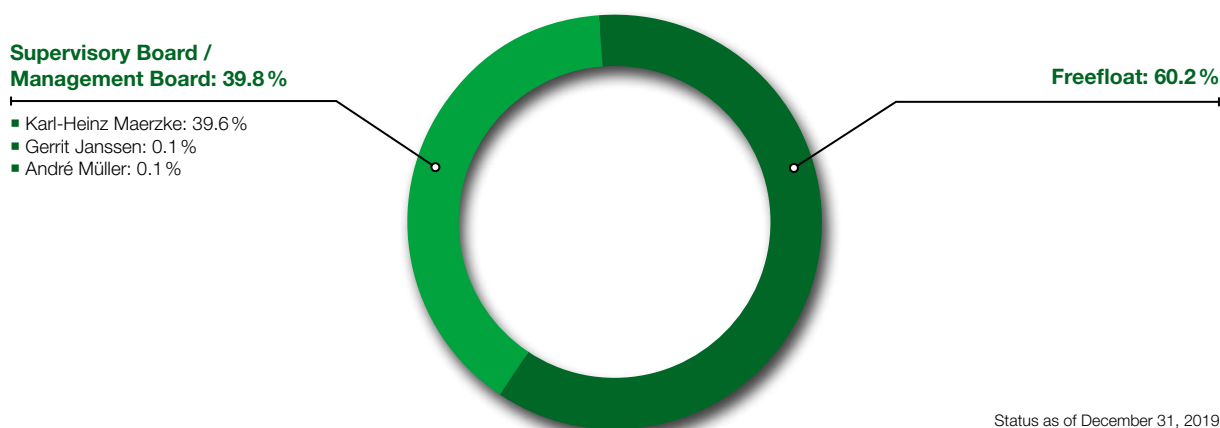
NORD/LB launched the NISAX20 Lower Saxony equity index in 2002. This regional index reflects the share price performance of the twenty largest listed companies in Lower Saxony, Germany. Along with internationally significant corporations such as Volkswagen, Continental, Salzgitter, Hannover Re, and TUI, this index also includes a number of small and medium-sized companies. Its composition is determined by the market capitalisation of the free floats of the respective companies. HELMA Eigenheimbau AG was included in the Lower Saxony equity index as of September 21, 2015, where it has remained up to the current date.

## Listing in the Scale 30 Index

After establishing its Scale market segment for small and medium-sized enterprises (SMEs) in March 2017, Deutsche Börse set up its selective Scale 30 Index in February 2018. This index measures the price performance of the thirty most liquid shares listed in the Scale SME market segment. Inclusion in the index is based on order book turnover on both the XETRA Exchange and the Frankfurt Stock Exchange. Weighting of stocks in the Scale 30 Index is by market capitalisation and is adjusted quarterly. HELMA Eigenheimbau AG has been listed in the Scale 30 Index since its launch.

## Shareholder structure

Company founder and Chairman of the Supervisory Board of HELMA Eigenheimbau AG Karl-Heinz Maerzke holds an approximately 39.6 % interest in the company as of December 31, 2019, thereby the largest shareholder in HELMA. The Management Board members Gerrit Janssen and André Müller also hold approximately 0.1% of the company's shares each. The free float stands at around 60.2 %.



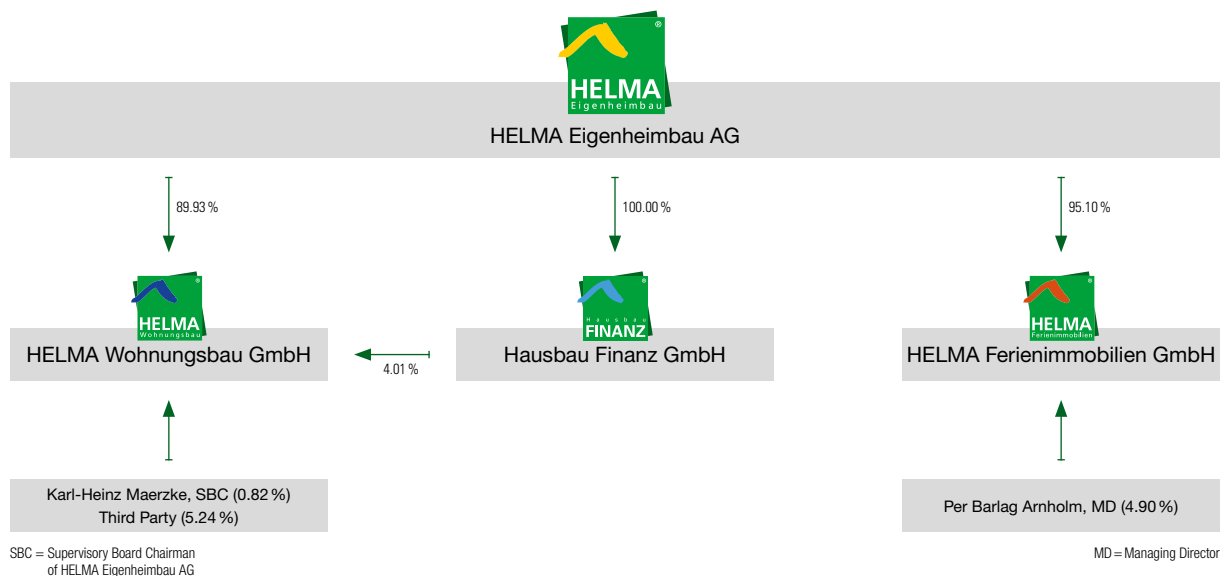
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## Organisational structure

**HELMA Eigenheimbau AG** is the parent company of the HELMA Group, and is also operationally active as a customer-oriented building services provider. The company also provides services connected with the management, planning, and execution of construction projects on the basis of a non-gratuitous contract for services or work for its subsidiaries **HELMA Wohnungsbau GmbH** and **HELMA Ferienimmobilien GmbH**, which operate in the business of developing residential and holiday properties. As a financial advisory company and home insurance broker, the subsidiary **Hausbau Finanz GmbH** rounds out the HELMA Group's product range.

### Organisational chart of the HELMA Group



### Fiscal units for corporation tax and VAT purposes

The following corporate agreements were concluded in order to optimise tax within the HELMA Group:

- Profit-and-loss transfer agreement between HELMA Eigenheimbau AG and HELMA Wohnungsbau GmbH; entered in the commercial register of HELMA Wohnungsbau GmbH on July 12, 2013. As a consequence, HELMA Wohnungsbau GmbH operates a fiscal unit for corporation tax and VAT purposes with HELMA Eigenheimbau AG.
- Control-and-profit transfer agreement between HELMA Eigenheimbau AG and HELMA Ferienimmobilien GmbH; entered in the commercial register of HELMA Ferienimmobilien GmbH on July 22, 2014. As a consequence, HELMA Ferienimmobilien GmbH operates a fiscal unit for corporation tax and VAT purposes with HELMA Eigenheimbau AG.
- Control-and-profit transfer agreement between HELMA Eigenheimbau AG and Hausbau Finanz GmbH; entered in the commercial register of Hausbau Finanz GmbH on July 12, 2013. As a consequence, Hausbau Finanz GmbH operates a fiscal unit for corporation tax and VAT purposes with HELMA Eigenheimbau AG.

## Business activity and strategy

### Business areas



#### Residential building services (individually planned) – since 1980

**HELMA Eigenheimbau AG** is a customer-oriented provider of a full range of building services. The company focuses on the development, planning, sale, and construction management of turnkey or partially completed detached houses applying the traditional solid construction method (“brick on brick”), which are built in large parts of Germany on customers’ properties. Particularly the option of individual planning or individualisation without extra costs, as well as the company’s outstanding know-how in the area of energy-efficient construction methods, are perceived on the market as HELMA Eigenheimbau AG’s unique selling propositions. With its persuasive sustainable energy concepts, the company has established itself as one of the leading providers of innovative energy-saving homes, and is one of the most experienced companies in the solid construction house sector, having constructed several thousand owner-occupier homes.



#### Residential property development business (individually planned) – since 1984

Through **HELMA Wohnungsbau GmbH**, which acts as a broadly diversified project developer and property developer, customers can also acquire individually planned detached houses together with suitable land plots in the major cities of Berlin, Hamburg, Hanover, Leipzig, and Potsdam, as well as in their suburban areas. Due to realising many projects successfully, we boast an extensive track record in the aforementioned regions. Moreover, in the future, this business area is to serve the Frankfurt metropolitan region as well as the Cologne/Dusseldorf/Bonn and Würzburg regions. Project sizes vary from just a few units through to spaces of up to 250 building plots.





### Residential property development business (preplanned) – since 1984

In addition to individually planned detached houses, **HELMA Wohnungsbau GmbH** realises preplanned semi-detached houses, terraced houses, and owner-occupier apartments in multi-family houses in selected locations in the Berlin/Potsdam, Hamburg/Hanover, Leipzig, and Munich regions. The projects, which are built to high quality applying the solid construction method, range from just a few units to a hundred apartments.



### Holiday property development business (preplanned) – since 2011

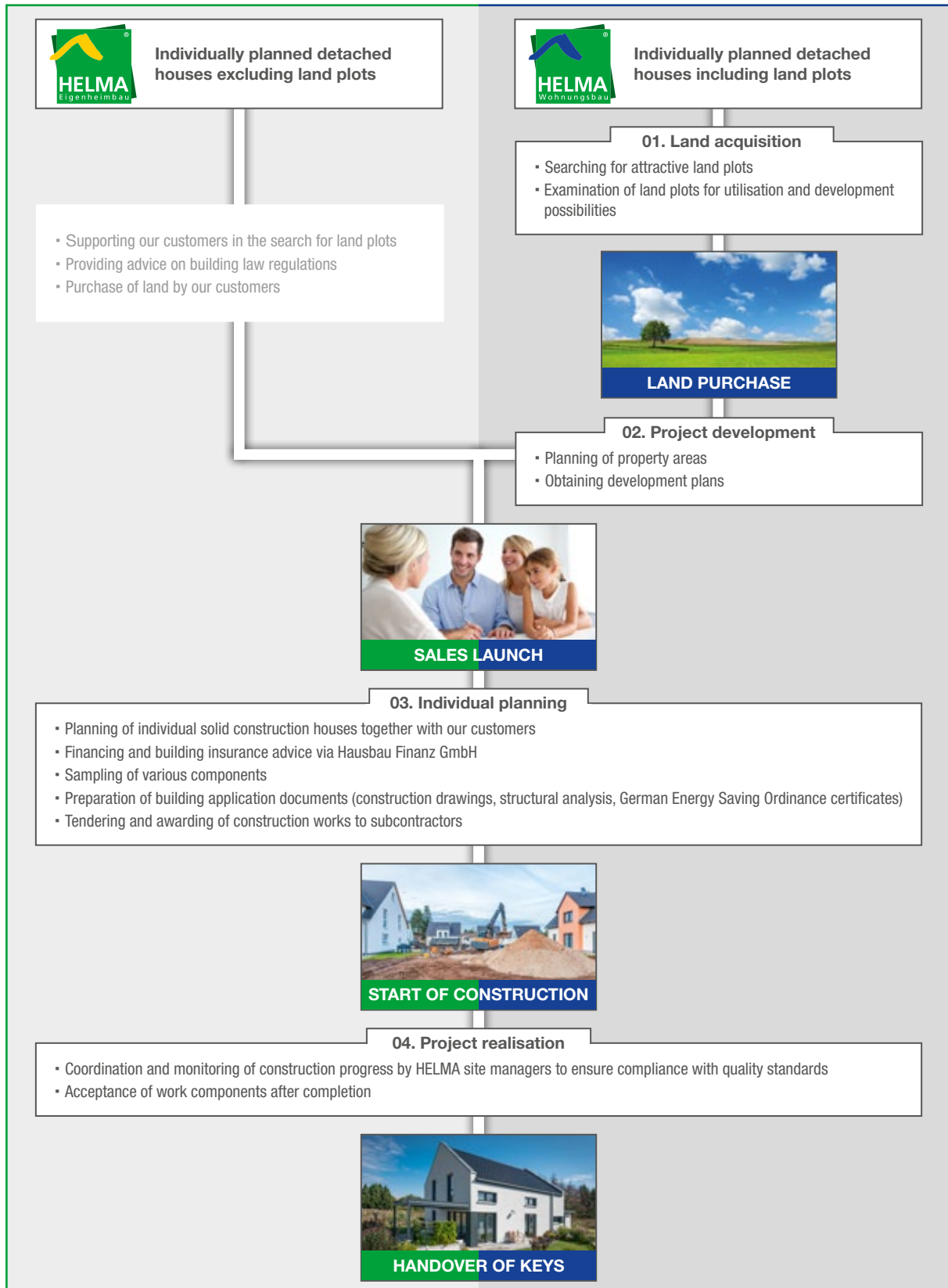
Through **HELMA Ferienimmobilien GmbH**, the HELMA Group also operates in the property development business for holiday homes. The focus here is on the development, planning, and sale of holiday homes and apartments that are to be created at locations with good infrastructure development, predominantly on Germany's North Sea and Baltic coasts, as well as at attractive locations on lakes and in low mountain ranges in Germany. Most of these properties will be sold to private customers for their own use, or as a capital investment. With the additional inclusion of strong partners for the further management of properties in the areas of rental, administration, and care-taking service, we offer our customers an attractive all-inclusive package that comprises an important unique selling point.

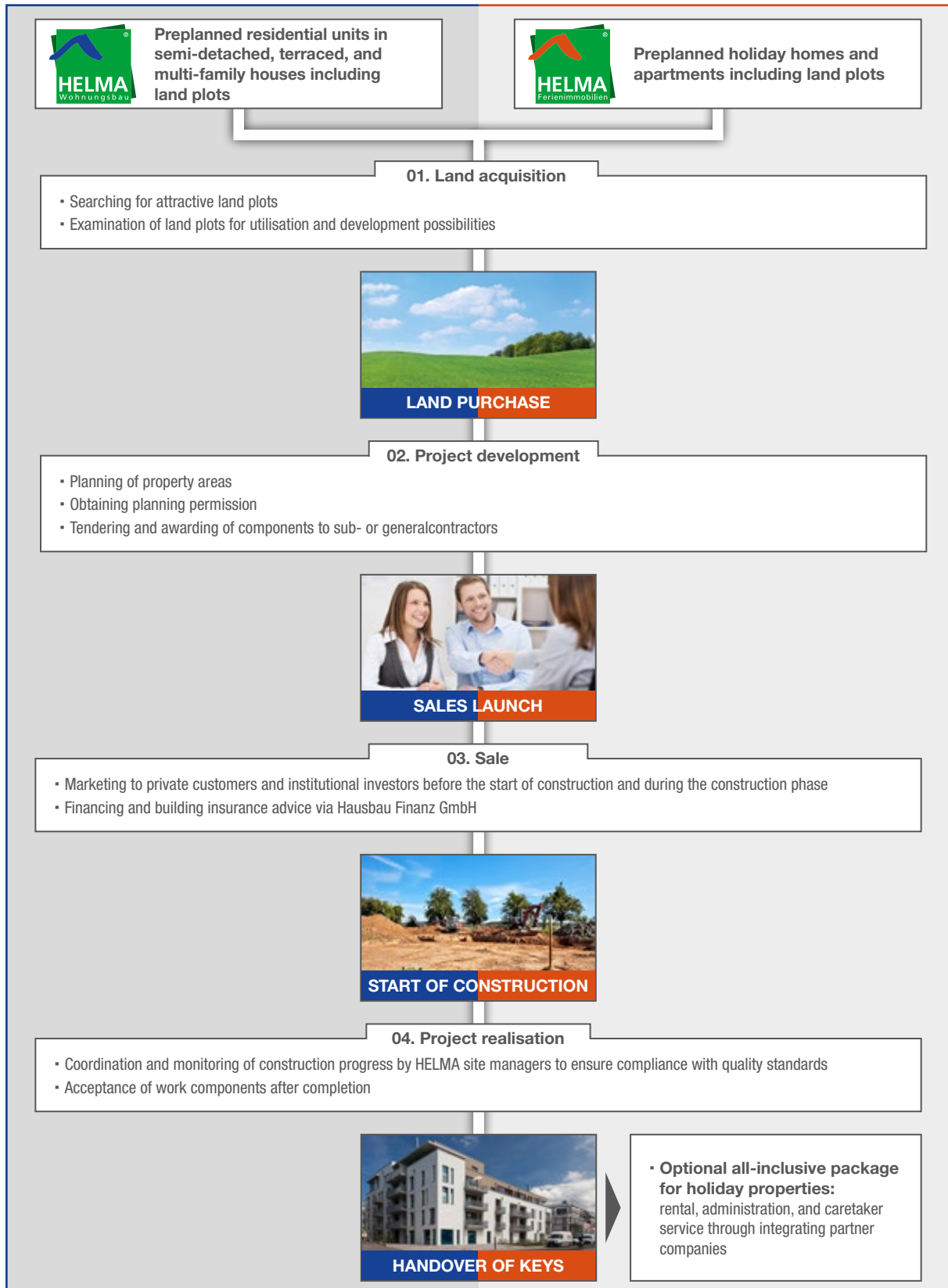


### Finance and building insurance broking – since 2010

As an additional service via **Hausbau Finanz GmbH**, we offer our customers and interested parties in-house advice and brokerage for financing and construction insurance. The possibility of finding the ideal conditions independent of banks ensures Hausbau Finanz GmbH a constantly expanding customer base.

## Value chains





## Sales markets

### Customers in the residential area

Most of our customers in the building services business are private individuals and families from middle and higher income brackets. Families in the 25 to 55 year age range form the largest customer group. Our customers share a common appreciation of the fact that we enable them to comprehensively implement their individual wishes.

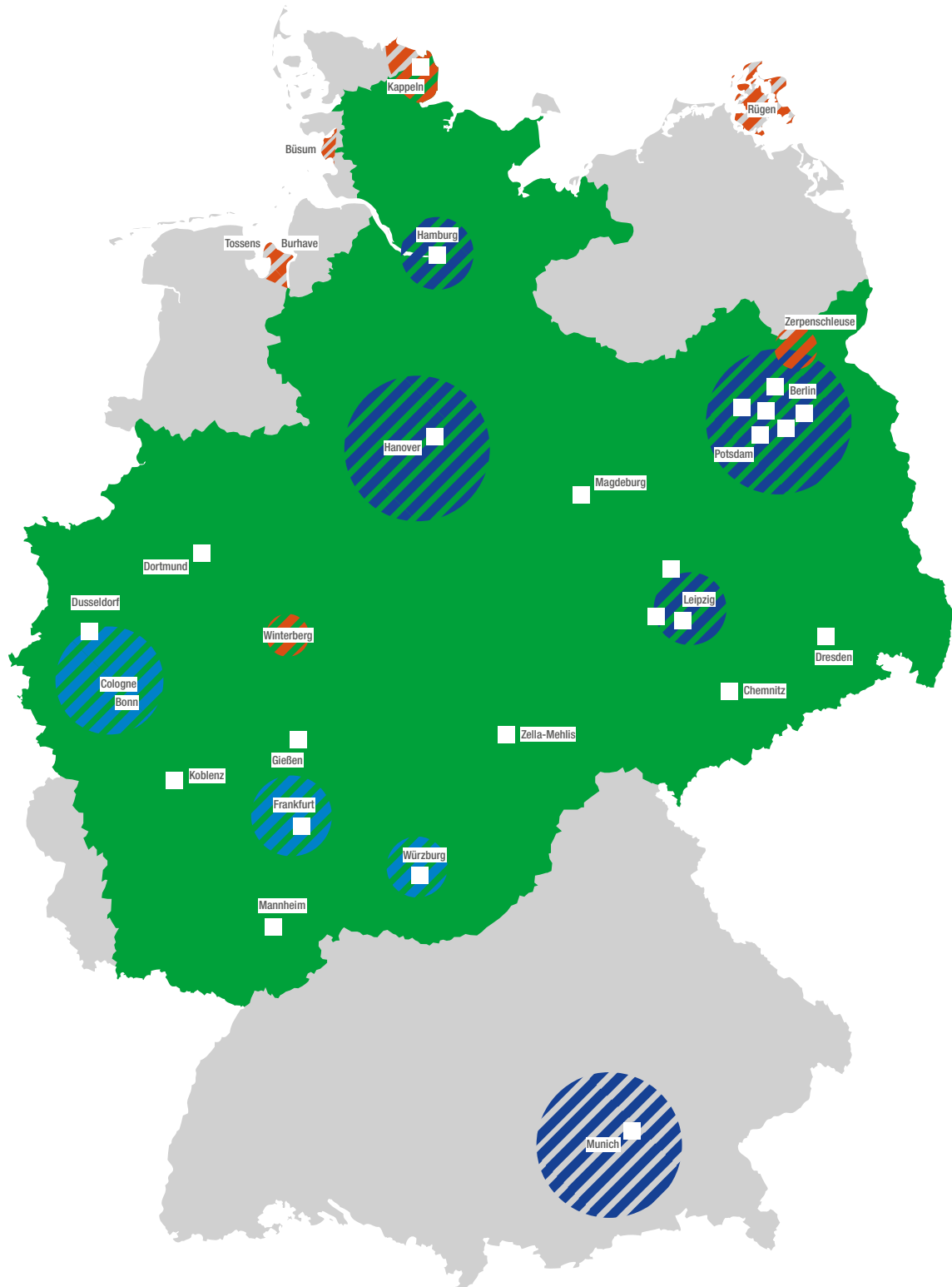
Today we address extensive areas of Germany as our sales market for our individually planned detached houses in the building services business. We identify particularly attractive potential in conurbations in Germany surrounding major cities such as Berlin, Dusseldorf, Dresden, Frankfurt, Hamburg, Hanover, and Leipzig. We have taken this ongoing trend towards metropolitan living into particular consideration when selecting our showhouse locations. Accordingly, we are geographically represented where high new home building demand offers corresponding sales potential.

In our property development business, we address a similar target group with individually planned detached houses as well as preplanned semi-detached and terraced houses. In addition to owner-occupiers, the group of target customers in the multi-family housebusiness also includes private investors and institutional investors with long-term investment horizons.

### Customers in the holiday properties area

Most of our customers in the holiday properties area are private individuals with high incomes. With the acquisition of a holiday property, such clients predominantly pursue the objective of an investment offering a solid high yield over the long term, while a smaller proportion of such customers utilise their holiday homes exclusively themselves for extended stays and / or regular weekend excursions.

## HELMA Group sales regions as of December 31, 2019



- Core region HELMA Eigenheimbau AG: individual detached houses excluding land plots
- Core region HELMA Wohnungsbau GmbH: individual detached houses, preplanned semi-detached and terraced houses as well as owner-occupied apartments in each case including land plots
- Extended core region HELMA Wohnungsbau GmbH: individual detached houses including land plots
- Project region HELMA Ferienimmobilien GmbH
- Sales location

## Sales strategy

### Sales strategy in the residential area

Our showhouses form the cornerstones of our sales concept in the residential area. Located across the whole sales region and built applying the solid construction method, they serve both as points-of-sale and as office for our regional site managers. At various locations we work together on a commission basis with independent specialist advisors. In the construction sector, these advisors are mainly working exclusively for us and are often the first point of contact for potential customers. The financing consultants from Hausbau Finanz GmbH are also available to provide personalised building finance advice to our future home owners at our various sales locations.

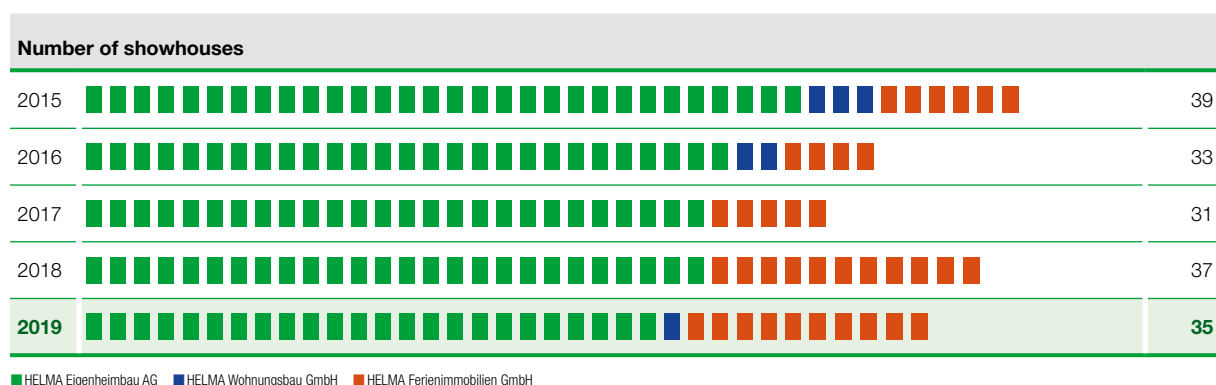
At the end of the year under review we had 25 showhouses in the residential area, most of which are located in showhouse exhibitions, and close to conurbations at frequented transportation points. Our showhouse locations are generally long-term in nature in this context. Only our property development subsidiaries' showhouses, which we construct in the larger of our purchased land areas, are sold directly after the successful conclusion of the respective project. As a consequence, we are meanwhile represented with our locations almost across the entire area of Germany. On a market comparison, we enjoy one of the most up-to-date showhouse portfolios, and consequently a decisive competitive advantage. Moreover, we constantly exploit our numerous references to persuade potential buyers of our capacity to deliver. Our successfully realised large-scale projects, which comprise several hundred individual detached houses and are consequently regarded as Germany's largest unofficial showhouse park, deserve particular mention in this context.

Along with our specialist advisors' local presence, the HELMA management deploys its extensive network of contacts to address institutional investors on a targeted basis concerning the residential property development business.

### Sales strategy in the holiday properties area

We sell our properties through our own holiday properties specialists. In addition, selected real estate broking firms are also available for various projects. In the case of some projects, showhouses and show apartments that are created for short-term use are sold after the projects have ended. We locate potential buyers for our holiday properties through advertisements, websites as well as emails and newsletters to our constantly growing base of potential buyers and customers.

## HELMA Group showhouses



## Competitive strengths

### Competitive strengths in the residential area

**Individuality:** In the detached houses area, we offer our customers the greatest possible design latitude with the option of individual planning without incurring extra cost. Our scope for individual designs and execution meets all customer requirements. Our house design proposals may represent the perfect home, or simply an inspiration for the implementation of customers' very specific plans. Customers do not incur additional costs for architects' services.

**Value retention:** We construct our turnkey solid construction houses in accordance with traditional craftsmanship ("brick on brick"), ensuring that they are of lasting value and aligned with the principle of sustainability. The solid construction method utilising vertical coring clay bricks ensures efficient thermal insulation and also offers natural climate regulation and efficient sound insulation. Our aim is to ensure that the buildings we construct enjoy stable valuations, especially through the solid-construction building approach and the utilisation of high-quality construction materials.

**Access to attractive land plots:** Potential private buyers mostly encounter a limited supply of land plots suitable for new constructions in major cities and their surrounding areas. As an experienced property developer, we are personally present locally within our core regions, which enables us to locate attractive land plots. Along with land plot sites in established residential areas, we also acquire spaces in attractive locations close to cities, for which we develop a modern construction concept and offer owner-occupier properties (individual detached houses, preplanned semi-detached and terraced houses, apartments) built to high-quality solid construction standards as complete packages for purchase.

**Central sampling world:** At the HELMA sampling centre at the Group headquarters in Lehrte, we offer our customers that have purchased from us an individual detached house an extensive selection of standard and special fittings from highly various trades over 350 m<sup>2</sup> of interior exhibition area and the approximately 200 m<sup>2</sup>-large exhibition area in the neighbouring HELMA showhouse park. Here, products from numerous renowned manufacturers are exhibited, ranging from stairs to modern house doors and from roof tiles through to break and plaster variants, as well as bathroom fittings. With individual advice from qualified specialist personnel, the sampling process can be conducted on site so that our customers have no need to make separate visits to specialist building dealers, bathroom fitters, and similar specialists in order to make individual selections. It allows the sampling process for the entire house to be conducted quickly, without the need for extensive travel, and nevertheless entirely according to our clients' individual wishes.

For our customers who have decided on a preplanned unit, too, we offer all the benefits that sampling accompanied by trained specialist personnel provide. Customised to the respective project, our customers receive such advice directly on-site at our relevant locations.

**Innovative strength:** We draw on many years of experience in the area of innovative energy-saving houses and efficient heating systems. Among others, our focus is on the intensive harnessing of solar energy to provide electricity and heating. In addition to an attractive cost-benefit relationship for customers, our energy concepts are always developed according to sustainability principle. The aim of making an investment in a household and heating system that is as optimal, forward-looking, and environmentally compatible as possible is of great significance in this context. For this reason, improved materials, optimised working equipment and more efficient construction technologies are carefully assessed and appraised for practicability and the benefits of their use before they are deployed in building projects, so that the harnessing of innovations always generates added value or efficiency enhancements for customers.

**Customer satisfaction:** Satisfied customers recommend us to others and are consequently essential to the continuous growth of our business. For this reason, our endeavour to fulfil our customers' expectations forms the heart of our activities. We have already received several awards for the very high customer satisfaction levels. For example, the German Society for Consumer Studies (DtGV) recently acknowledged HELMA with its award for the solid house supplier reporting the highest customer satisfaction. We conduct regular customer surveys in order to ensure customer satisfaction and to identify changes promptly. This enables us to better understand customers' expectations and needs, and to respond to them in a more targeted manner.

**Security:** As a stock market listed company, we are committed to the greatest degree of transparency and reliability. We are our customers' direct contractual partners, and we are directly responsible to them. Comprehensive security packages adjusted to the projects' circumstances form part of our service scope. For example, the guaranteed fixed price for detached houses built individually in our building services business automatically includes the HELMA-BauSchutzBrief, offering extensive security for building projects and customers. Besides essential construction insurance, this security package contains a contract performance guarantee, an independent technical inspection certificate (provided by the DEKRA inspection firm), a construction period guarantee, and final instalment processing by a notary trust account.

### Competitive strengths in the holiday property market

Due to our extensive market knowledge and established, broad contact base, we are able to locate attractive plots of land to implement holiday property projects. The holiday homes and apartments that are realised on these target properties have high rental potential, thereby offering our customers the opportunity to achieve solid and attractive rental yields. We offer the buyers of our holiday properties an all-inclusive package through reliable partners that we have worked together with for many years in this context. These packages include, for example, the complete administration of the holiday property (care of outdoor areas, waste disposal, and winter service) or the entire rental management (occupancy of the holiday home, handover of keys, cleaning). Together with partner firms, we have also put together appropriate furniture packages especially designed for holiday homes. This gives our customers the opportunity to order their desired furniture packages conveniently from the supplier, and thereby obtain a complete interior design including accessories. Such arrangements also allow our customers to enjoy their new investments entirely stress-free following the purchase.

## Economic environment

### Macroeconomic trends

In 2019, the economic situation in Germany was characterised by a weaker growth course as well as by changeable developments during the course of the year. The past ten years' positive trend continued further with price-adjusted growth in gross domestic product (GDP) of 0.6 % compared with the previous year (1.5 %).

On the output side of GDP, 2019 reflected two divergent trends. While service sectors recorded growth and the construction industry expanded by 4.0 %, manufacturing industry output excluding construction reduced by 3.6 %. As a consequence, total price-adjusted gross value added in 2019 reported a slight year-on-year rise of 0.5 %.



On the expenditure side of GDP, positive growth impulses in 2019 derived mainly from domestic sources, as in the previous year. While government consumption spending rose by 2.5 % on a price-adjusted basis, the increase in private consumer spending was slightly lower at 1.6 %. Gross capital investments also increased in 2019. Correspondingly, 3.8 % more was invested on a price-adjusted basis in buildings than in the previous year, with civil engineering and residential construction accounting for the major share of spending.

Given the favourable economic conditions, both the numbers of individuals in employment as well as wages and salaries reported further expansion in 2019. Germany's economic output on a year-average basis in 2019 was rendered by almost 45.3 million employed individuals. In 2019, around 400 thousand people more than in the previous year were thereby gainfully employed. Accordingly, the increase in employment, which has now lasted for 14 years, continued. Wages and salaries also increased in 2019, rising by 4.4 % in gross terms year-on-year. Net growth was slightly higher at 4.9 % due to a lower increase in social security contributions.

For 2020, economic research institutions are forecasting that the expansion will continue. The German Federal Ministry for Economic Affairs and Energy, the Institute for the World Economy, and the Hamburg Institute of International Economics expect that employment will continue to rise and that world trade will report further growth. Accordingly, these three institutes are forecasting year-on-year economic growth of between 1.0 % and 1.4 %. The Institute for the World Economy also expects construction investments to increase by 2.5 % in each of the next two years, due to favourable financing conditions.

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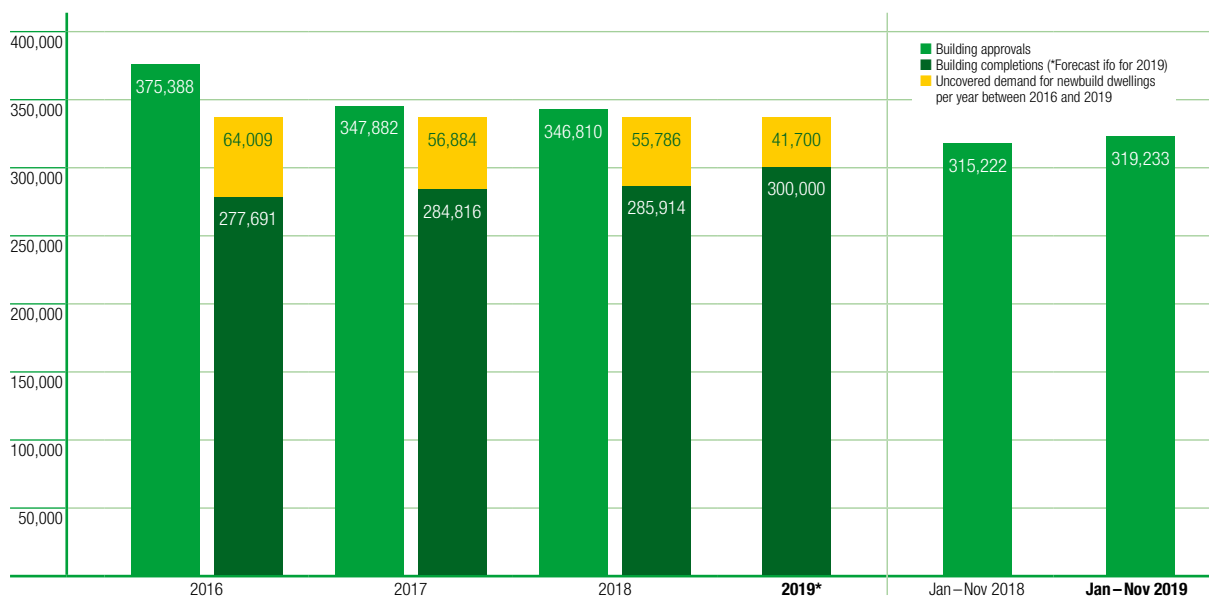
**Taking macroeconomic growth into consideration, the economic situation remains attractive for us. In view of the good employment situation and the forecast economic growth, we expect demand for real estate to remain high.**

## Residential building approvals and completions in Germany

Following a downward trend in residential building permits from 2016 to 2018, a slight increase was observed from January to November 2019 compared with the same period of the previous year. Approximately 319 thousand residential buildings were approved throughout Germany. Compared with the same period of the previous year, this corresponds to an increase of around four thousand buildings or 1.3 %. In the detached and semi-detached houses area, an increase of 1.4 % compared to the previous year was recorded. The rise in the number of building permits for multi-family houses was slightly lower at 0.9 %. The decline in the residential accommodation category, which includes refugee accommodation, continued in 2019 at a rate of -20.9 %.

Growth is also expected in building completions. While around 286 thousand buildings were completed in 2018, the German Central Association of the Construction Industry (ZDB) and the ifo Institute for Economic Research estimate that around 300 thousand residential units were completed during the past 2019 financial year, which corresponds to an increase of around 4.9 %. However, building completions continue to lag significantly behind building approvals.

## Residential building approvals and completions in Germany



Source: Federal Statistical Office / ifo

The trend in the German housing market is being shaped at present particularly by the trend towards living in conurbations. While around 77 % of the population already lives in cities, this figure is expected to rise to around 84 % by 2050. This trend reflects high inflow rates that considerably exceed outflows. The population of Berlin, for example, is expected to increase by almost 11 % by 2035. For Hamburg and Munich, current forecasts assume that the population will expand by around 9 % and 19 % respectively by 2040. This trend is also confirmed by studies conducted by the Federal Office for Building and Regional Planning and the German Economic Institute. According to these studies, predominantly young population groups and immigrants from abroad are moving to metropolitan regions. Berlin and Hamburg, for example, have added 47,500 and 18,700 inhabitants annually respectively between 2012 and 2017, with the influx often being due to job prospects as well as opportunities to achieve higher wages and salaries.

The German Economic Institute calculates annual demand for around 342 thousand new apartments throughout Germany for the period from 2016 to 2020. Forecast demographic trends and high influx rates imply a need for more housing stock, especially in conurbations.

	Annual building completions			Annual demand for buildings*		
	2016	2017	2018	2016–2020	2021–2025	2026–2030
Berlin	13,659	15,669	16,706	20,900	20,500	21,300
Hamburg	7,722	7,920	10,674	10,200	8,500	8,400
Munich	7,381	8,340	9,351	12,500	8,900	6,900
<b>Germany in total</b>	<b>277,691</b>	<b>284,816</b>	<b>285,914</b>	<b>341,700</b>	<b>260,200</b>	<b>245,400</b>

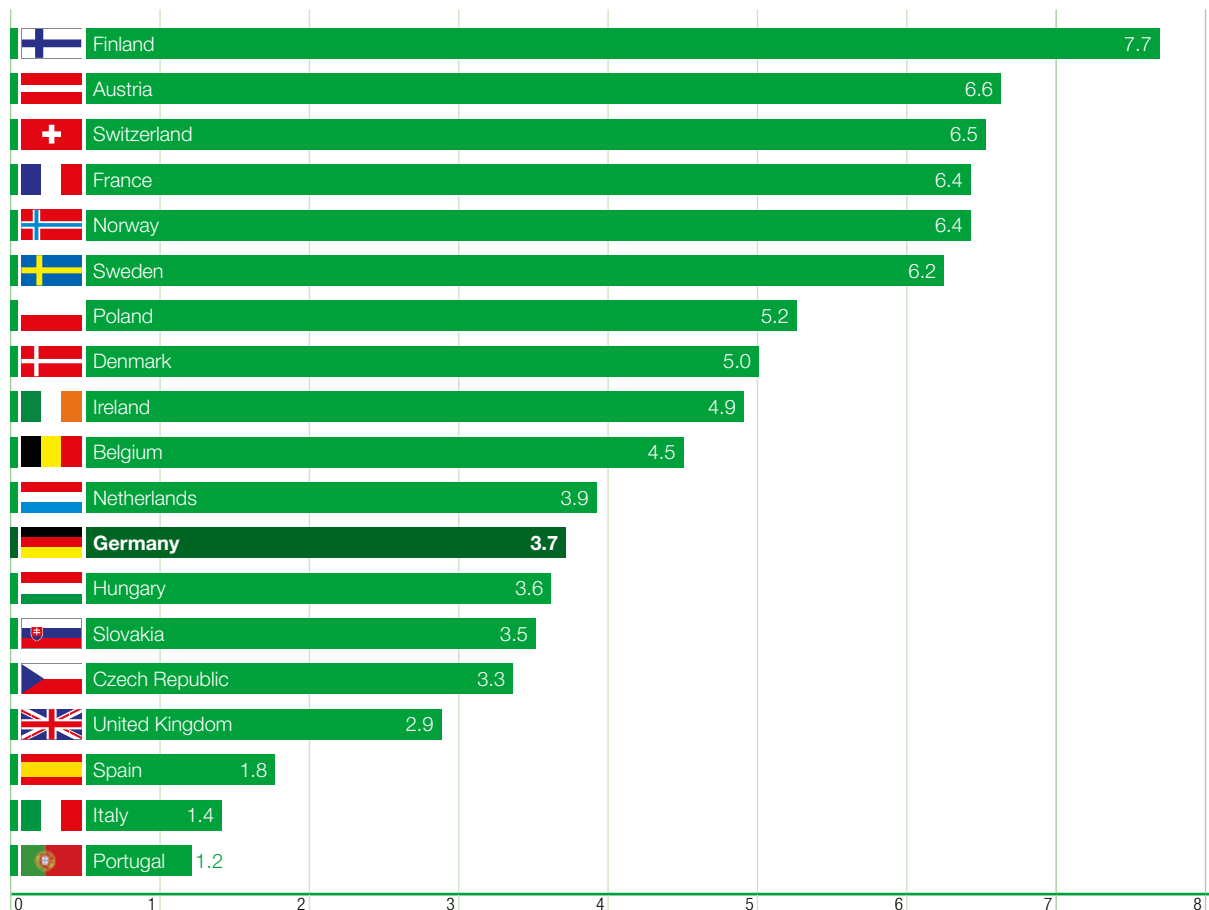
\*Forecast housing demand is a figure calculated based on the assumption that demand for housing in the same period of the previous year is met.  
Source: German Economic Institute / Federal Statistical Office

According to calculations by the German Economic Institute, only 83 % of the apartments that would have been required in order to meet demand were built in Germany between 2016 and 2018. In Berlin the rate for the same period is 73 %, in Hamburg 86 %, and in Munich 67 %. Overall, uncovered demand for new residential construction for the period from 2016 to 2018 amounts to around 177 thousand apartments throughout Germany. The expansion of construction activity to around 300 thousand completed residential units in 2019 is by no means sufficient to cover the demand for housing that has accumulated over the past few years.

## New residential construction in a European comparison

The increase in building completions was also reflected in building intensity. Compared to the previous year, building intensity rose from 3.3 to 3.7 new apartments completed per 1,000 inhabitants. To speak of a boom appears exaggerated, however, as construction activity remains stronger in all directly neighbouring countries than in Germany, with the exception of the Czech Republic. While around 5 % more is built in the Netherlands, residential construction intensity in Austria is approximately 80 % higher than in Germany. The fact that our neighbours have markets with comparable starting conditions to those in Germany makes it clear to LBS Research that four dwellings and above per every 1,000 inhabitants is to be regarded as entirely "normal" in the centre of Europe, and that Germany holds further growth potential as a consequence.

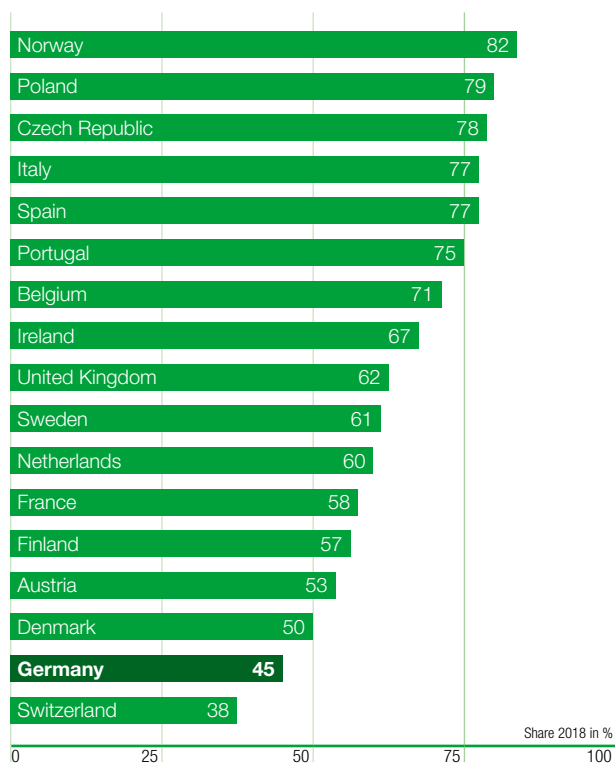
## New residential construction in Europe 2019 (forecast – completion figures per 1,000 inhabitants)



Source: Euroconstruct / ifo

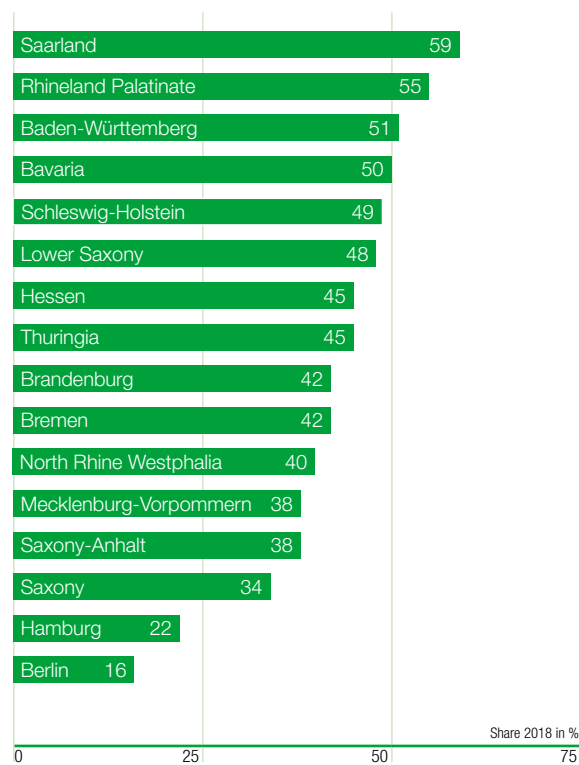
The existing growth potential is also clear when examining homeownership ratios in Europe, where Germany remains among the lowest rankings with a 45 % rate.

### Homeownership ratio in Europe



Source: Euroconstruct / ifo / Federal Statistical Office

### Homeownership ratio by German federal states



### Limiting factors in the construction industry


However, the growth potential is offset by various bottlenecks that limit the potential growth of new residential construction. The extremely dynamic demand for qualified subcontractors and general contractors ensures high capacity utilisation and a correspondingly sharp rise in construction costs. According to recent calculations by the Federal Statistical Office, prices for new residential buildings rose by 15.7 % in the period from 2015 to 2019. In addition, the particularly pronounced shortage of skilled workers in the construction industry, deriving from the rising number of applications for pensions from the age of 63, and falling numbers of applicants for training places, is exacerbating the shortage of construction companies. This bottleneck is also confirmed by the rising level of construction overhang. In 2018, the number of buildings that have already been approved but not yet completed increased to around 697 thousand.

Moreover, capacity bottlenecks at regulatory authorities in the processing of building approvals continued last year. Continued high demand for new residential constructions is not expected to contribute to a shortening of approval periods.

The limited availability of building land, particularly in conurbations around major cities, represents the third factor restraining the construction of new residential property. However, recent years have reported hardly any increase in the supply of building land, despite the immense growth in demand, with land prices in metropolitan regions thereby rising very significantly every year. Taking the forecast urban population growth into consideration, it is consequently quite conceivable that this expansive trend will continue in the coming years.

Along with construction extensions in existing residential regions, experts are calling for the creation of new city districts to cover high demand for newbuild apartments. Easing restrictions and regulations, relating to building height and parking spaces, for example, might also contribute to widening supply.

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**We are facing the current challenges of the real estate industry and have adapted our structures and processes to reflect trends and developments. Over the past decades, we have established a large-scale network of subcontractors and general contractors through long-term partnerships, enabling us to respond in the best possible way to the bottleneck situation and lack of skilled workers in the construction industry. In view of the limited availability of sought-after building land, we have invested extensively in land in major German cities and their suburban areas, as well as in attractive holiday regions. This has enabled us to secure a broadly diversified property pipeline with a revenue potential of approximately € 1.5 billion.**

### Favourable building finance conditions

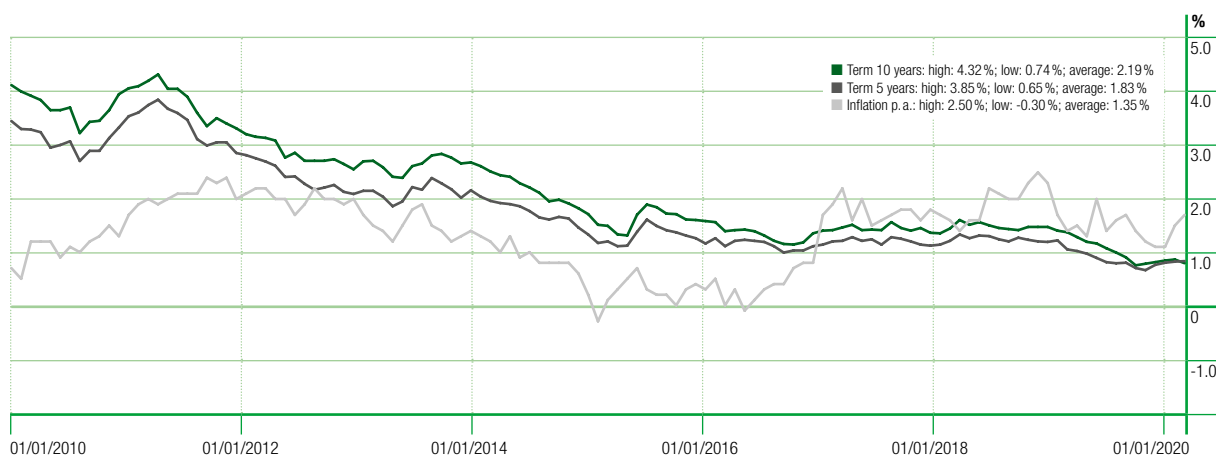
Last year, interest rates for mortgage loans stayed at their lowest level for the last thirty years, touching new lows of 0.65 % and 0.74 % in the five and ten-year fixed-interest term periods. Consequently, financing terms can continue to be described as excellent in an historical comparison. Owners and buyers of properties have benefited from extremely low-interest construction and property loans as a consequence. The following graph showing the trend in house construction loan interest rates demonstrates how low the current interest rate level is in historical terms. The ECB also confirmed that for an indefinite period it intends to realise further bond purchases every month. Taking into consideration the ECB's decision of January 23, 2020 to leave its key interest rate at zero percent, experts currently assume that the low interest rate phase will continue for some time.

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**The historically low level of interest rates enables our customers to take out extremely low-interest mortgage loans. Due to these comparatively favourable financing conditions – which offset the significant rises in land, construction, and ancillary purchase expenses – for many families the dream of owning their own home remains a reality, despite high property prices. Furthermore, it has been observed for some time now that the number of purchasers that cover a property's purchase price entirely with equity has also been steadily increasing.**

## Homebuilding interest rate trends\* 2010–2020



\*The presentation of the interest rate trend is based on interest rates included in terms offered by Interhyp AG as part of brokered lending arrangements.

## State funding measures

The aim of the "Baukindergeld" (child benefit for housing), which was launched in 2018, is to promote housing construction and, in particular, to make it easier for low-income families to realise their dream of owning their own home. The child-related construction allowance is a state subsidy that does not have to be repaid and supports families or single parents in buying their own home with € 12,000 per child, paid out in ten annual instalments of € 1,200 each. The subsidy is granted up to an annual taxable household income of € 90,000 and one child. For each additional child, the limit increases by € 15,000. The support through the child-related construction allowance is initially limited until December 31, 2020. The status at the end of November 2019 shows that the support measure is being deployed in large numbers. As of that date, subsidies of € 3.5 billion had already been taken up throughout Germany.

Furthermore, the Kreditanstalt für Wiederaufbau (KfW) promotes the construction or initial purchase of energy-efficient houses. Since the adjustment at the beginning of 2020, it has been possible to take out promotional loans of up to € 120,000 for this purpose. In addition, buyers of an energy-efficient house benefit from repayment subsidies of up to € 30,000, depending on the efficiency house standard.

**Our product range in the residential sector addresses families from the middle income segment as a key target group, who are supported by the "Baukindergeld" (child benefit for housing) in realising their dream of owning their own property. In addition, KfW subsidy programs enhance the attractiveness of sustainable energy concepts, to which we have been paying particular attention for many years (see section on Sustainable energy concepts and solar innovation).**

## Group order book position

The HELMA Group recorded significant new order intake growth in the 2019 financial year. Net new order intake amounted to € 296.5 million (previous year: € 278.6 million), which corresponds to an increase of around 6.4 % compared to the previous year.

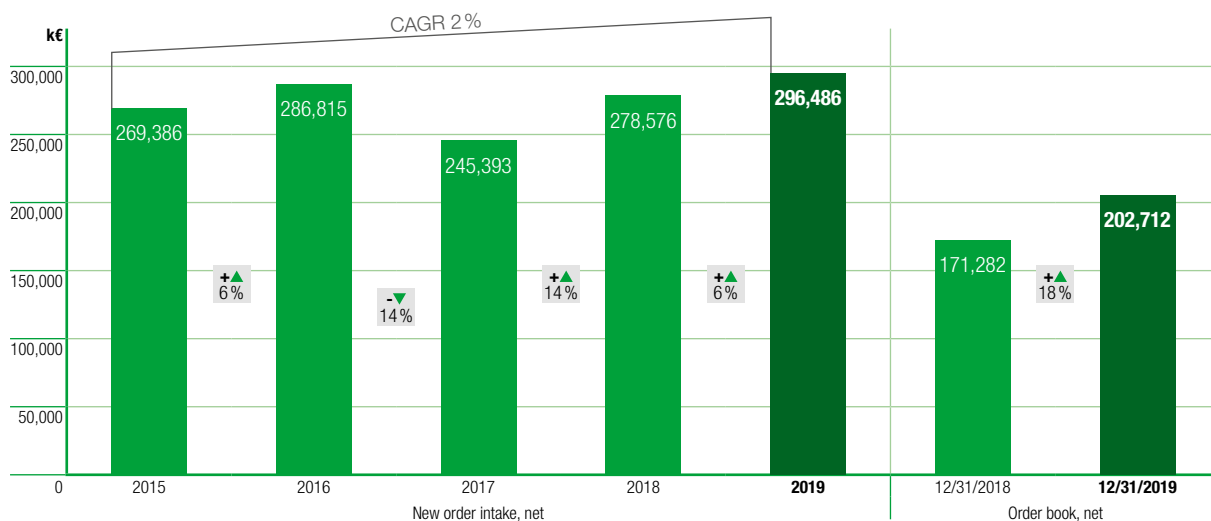
HELMA Eigenheimbau AG again achieved considerable growth in the 2019 financial year. Order volumes increased by around 15.1 % in the year under review and reached a new record level of € 121.7 million. The HELMA Wohnungsbau GmbH subsidiary, which is active in the property development business, also reported high new order intake. With a volume of € 131.3 million, this was slightly below the previous year's figure. After a hesitant start to the 2019 financial year, HELMA Ferienimmobilien GmbH benefited, as expected, from the sales starts in the second half of the year. Accordingly, new order intake in the 2019 financial year amounted to € 43.4 million, up by around 10.5 % on the previous year.

## Group companies' contributions to consolidated new order intake

in k€	2019	Share in %	2018	Share in %	2017	Share in %	2016	Share in %	2015	Share in %
HELMA Eigenheimbau AG	121,737	41.1	105,771	38.0	93,594	38.2	99,041	34.5	111,155	41.3
HELMA Wohnungsbau GmbH	131,332	44.3	133,509	47.9	99,924	40.7	150,805	52.6	138,620	51.4
HELMA Ferienimmobilien GmbH	43,417	14.6	39,296	14.1	51,874	21.1	36,969	12.9	19,611	7.3
<b>Total</b>	<b>296,486</b>	<b>100.0</b>	<b>278,576</b>	<b>100.0</b>	<b>245,393</b>	<b>100.0</b>	<b>286,815</b>	<b>100.0</b>	<b>269,386</b>	<b>100.0</b>

The HELMA Group's order book position as per IFRS amounted to € 202.7 million as of December 31, 2019, around 18.3 % above the previous year's level. The aforementioned figure no longer includes € 140.9 million of revenues from current building projects already recognised proportionally pursuant to IFRS (December 31, 2018: € 99.6 million).

## HELMA Group new order intake and order book position (according to IFRS)



## Group earnings

### Revenue trends

The revenue of the HELMA Group amounted to € 263.2 million in the 2019 financial year (previous year: € 253.3 million). This corresponds to an increase of around 3.9 % compared to the same period in the previous year. Final invoices were issued for 648 units in the year under review (previous year: 795 units). Of the final invoices, 366 houses were attributable to HELMA Eigenheimbau AG, 168 units to HELMA Wohnungsbau GmbH, and 114 units to HELMA Ferienimmobilien GmbH. The two latter figures include the completion of a housing unit that was sold to a customer together with a plot of land, with each of these being included as only one unit.

HELMA Eigenheimbau AG generated a share of € 98.3 million (previous year: € 85.6 million) of consolidated revenue in the 2019 financial year. With a significant increase of around 14.9 % compared to the previous year, this figure has already drawn very close to the medium-term target of at least € 100.0 million. With revenue of € 123.9 million (previous year: € 122.6 million), HELMA Wohnungsbau GmbH recorded a slight increase in the 2019 financial year. Revenue generated by HELMA Ferienimmobilien GmbH amounted to € 39.8 million (previous year: € 44.0 million), slightly below the previous year's figure due to the moderate start to the sales year (see order situation).

In view of the well-filled project pipeline and the year-end order book position, we are confident that the positive progress realised by our property development projects will be reflected again in tangible revenue growth in the coming periods.

The revenue of Hausbau Finanz GmbH grew by around 8.7 % in the financial year and amounted to € 1.2 million (previous year: € 1.1 million).

### Contributions of Group companies to consolidated revenue (according to IFRS)

in k€	2019	Share in %	2018	Share in %	2017	Share in %	2016	Share in %	2015	Share in %
HELMA Eigenheimbau AG	98,336	37.4	85,560	33.8	85,071	31.8	91,864	34.8	78,245	37.1
HELMA Wohnungsbau GmbH	123,942	47.1	122,628	48.4	133,352	49.9	139,428	52.9	110,916	52.7
HELMA Ferienimmobilien GmbH	39,751	15.1	43,971	17.4	48,116	18.0	31,657	12.0	20,679	9.8
Hausbau Finanz GmbH	1,214	0.4	1,117	0.4	879	0.3	893	0.3	778	0.4
<b>Total</b>	<b>263,243</b>	<b>100.0</b>	<b>253,276</b>	<b>100.0</b>	<b>267,418</b>	<b>100.0</b>	<b>263,842</b>	<b>100.0</b>	<b>210,618</b>	<b>100.0</b>

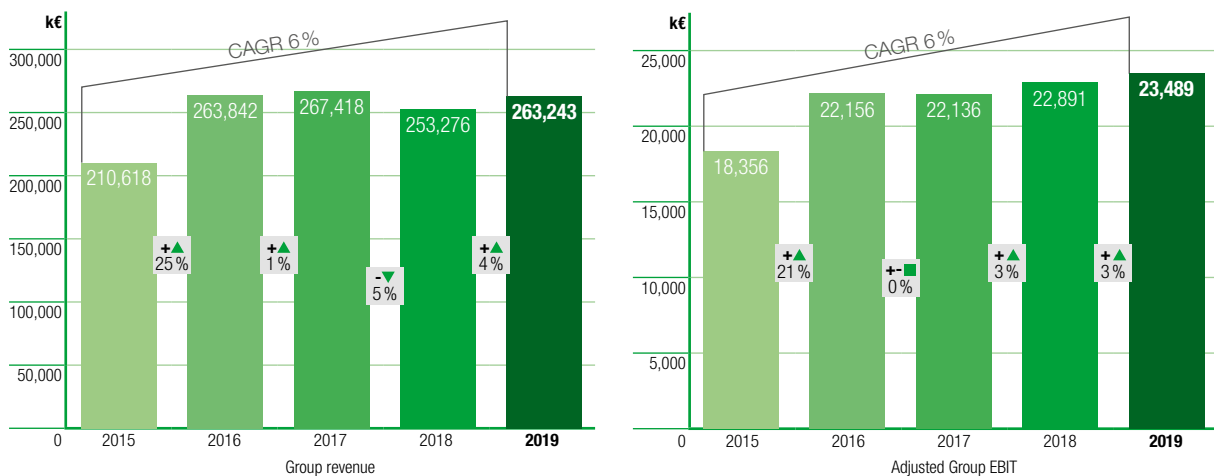
### Earnings trends

Hereinafter and departing from the consolidated statement of total comprehensive income, consolidated EBIT is adjusted for the disposal of capitalised interest to facilitate an optimal comparison of the earnings trends of the HELMA Group, independent of potential influences from changes in the general interest-rate level. Interest costs that can be directly attributed to a project are to be capitalised. Once the respective projects are realised, the capitalised interest are deducted from inventories and recognised through consolidated statement of total comprehensive income as inventory-reducing transactions.



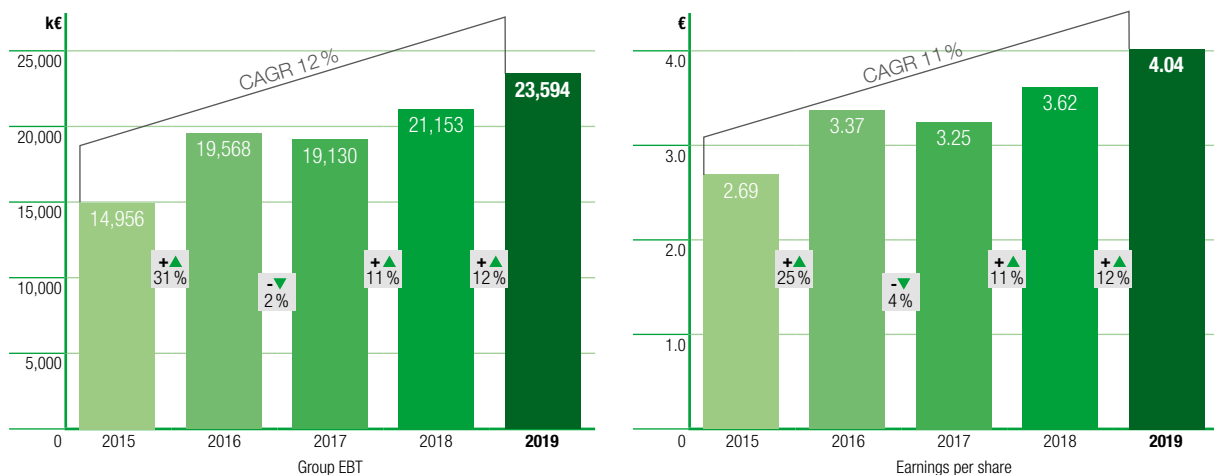
Starting from the consolidated revenue of € 263.2 million generated in the year under review (previous year: € 253.3 million), (unadjusted) consolidated EBIT amounted to € 22.8 million (previous year: € 21.8 million). This includes the disposal of capitalised interest payments in a volume of € 0.7 million (previous year: € 1.1 million). Consolidated EBIT adjusted for the disposal of capitalised interest consequently amounted to € 23.5 million in the reporting year (previous year: € 22.9 million).

### Group revenue and adjusted Group EBIT (according to IFRS)



With a net financial result of € 0.8 million (previous year: € -0.6 million), which, as planned, includes capital income from VAT refund applications in the low seven-digit range in euros, earnings before taxes (EBT) amounted to € 23.6 million (previous year: € 21.2 million). EBT thereby lies within the expected target range. In addition, consolidated net income after minority interests amounted to € 16.1 million, an increase of around € 1.7 million on the previous year's figure. Overall, this generated new record earnings per share of € 4.04 (previous year: € 3.62), which corresponds to growth of around 11.6 % compared with the previous year.

### Group EBT and earnings per share (according to IFRS)



## Business progress at the HELMA Group (according to IFRS)

in k€	2019	2018
<b>Revenue</b>	<b>263,243</b>	<b>253,276</b>
- of which revenue from long-term construction orders (PoC method)*	41,238	-5,898
Adjusted changes in stocks of finished goods and work in progress**	10,496	26,865
<b>Adjusted total output**</b>	<b>273,739</b>	<b>280,141</b>
Other operating income	2,609	1,634
Expense for materials and third-party services	-207,776	-217,104
Personnel expense	-24,956	-23,853
Other operating expenses	-17,738	-15,935
<b>Adjusted EBITDA**</b>	<b>25,878</b>	<b>24,883</b>
Depreciation/amortisation	-2,389	-1,992
<b>Adjusted EBIT**</b>	<b>23,489</b>	<b>22,891</b>
Disposal of capitalised interest	-707	-1,107
Net financial result	812	-631
<b>Earnings before taxes (EBT)</b>	<b>23,594</b>	<b>21,153</b>
Income tax	-7,419	-6,635
<b>Net income before minority interests</b>	<b>16,175</b>	<b>14,518</b>
Minority interests' share of earnings	-31	-31
<b>Net income after minority interests</b>	<b>16,144</b>	<b>14,487</b>
<b>Earnings per share in €</b>	<b>4.04</b>	<b>3.62</b>

\* Revenues from long-term construction orders (PoC method) derive from the different methods of revenue recognition according to the German Commercial Code (HGB) and IFRS, which led to a minus sign for the 2018 financial year (see Note (7) Receivables arising from construction orders).

\*\* Adjusted for the disposal of capitalised interest.

## Trends in cost ratios and margins

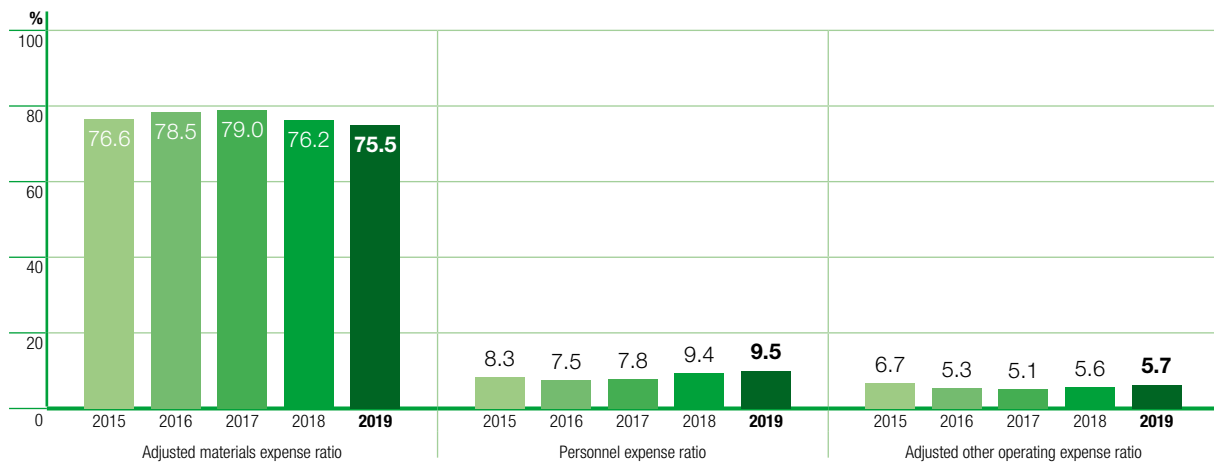
The materials expense ratio, which has been adjusted for optimum comparability for those costs of materials that are not offset by any revenue, amounted to 75.5 % in the year under review. The improvement of 0.7 percentage points compared with the previous year is particularly due to the favourable conditions for the purchase of land at various property development projects, in relation to the sales prices achieved.

The personnel expense ratio in relation to revenue was 9.5 % in the year under review, slightly above the previous year's level. This was due to the implementation of market-related wage adjustments, on the basis of a slightly lower number of employees and moderate revenue growth. In light of the expectation of rising revenues in the

coming years, the current headcount is still considered appropriate and will serve to ensure the continued high-quality manufacture of our products as volumes increase.

The adjusted other operating expense ratio, which is derived by dividing the net balance of other operating income and expenses by revenue, amounted to 5.7 % in the 2019 financial year.

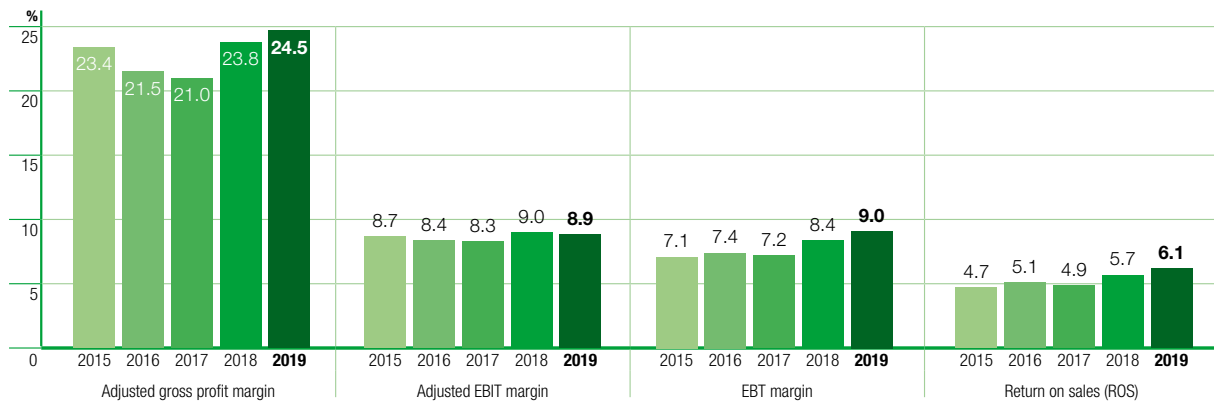
### Trends in cost ratios to revenue (according to IFRS)



The gross profit margin amounted to 24.5 % in the reporting year (previous year: 23.8 %). The further improvement is attributable to well above-average profits from various property development projects.

The EBIT margin adjusted for the disposal of capitalised interest amounted to 8.9 % in the reporting year and is thus roughly on the previous year's level. The EBT margin and return on sales increased again compared to the previous year, reaching 9.0 % and 6.1 %, respectively, the highest values since the company was listed on the stock market.

### Trends in profit margins to revenue (according to IFRS)



## Group net assets and financial position

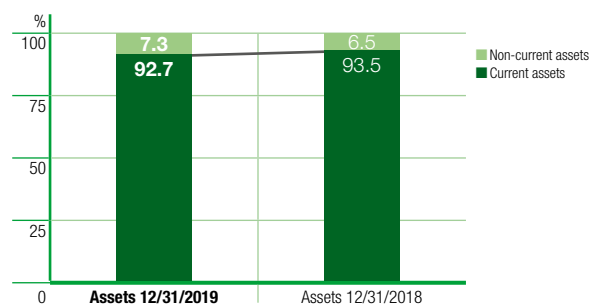
### Assets

The total assets of the HELMA Group grew by 11.3 % to € 380.2 million in the period under review (December 31, 2018: € 341.4 million). At € 27.9 million, non-current assets were € 5.6 million higher than in the previous year. This increase was mainly due to the first-time application of IFRS 16 (Leases) and associated capitalisation of rights-of-use relating to property, plant and equipment as well as the rise in other non-current assets.

Current assets reported a significant increase of € 33.1 million to € 352.3 million, which mainly reflected a rise in inventories and receivables from construction contracts. As the largest items that also represent the basis for further growth in the project business, inventories include project-related land valued according to the lower of cost or market in an amount of € 192.5 million (December 31, 2018: € 185.9 million), and unfinished buildings in a volume of € 29.1 million (December 31, 2018: € 26.5 million). At € 16.7 million, cash and cash equivalents as of the balance sheet date were approximately at the previous year's level.

### Group balance sheet structure: assets (according to IFRS)

in k€	12/31/2019	Share in %	12/31/2018	Share in %
Non-current assets	27,863	7.3	22,239	6.5
- of which property, plant and equipment	19,919	5.2	19,065	5.6
Current assets	352,301	92.7	319,201	93.5
- of which inventories including land	232,210	61.1	220,152	64.5
- of which cash and cash equivalents	16,703	4.4	16,328	4.8
<b>Total Assets</b>	<b>380,164</b>	<b>100.0</b>	<b>341,440</b>	<b>100.0</b>



### Equity and liabilities

On the equity and liabilities side, equity increased from € 97.7 million to € 108.6 million as of the balance sheet date. The rise derived chiefly from the consolidated net profit of € 16.1 million generated in the 2019 financial year, less the dividend payment of € 5.2 million for the 2018 financial year, which was disbursed in July 2019. This is reflected in an equity ratio to 28.6 % as of the balance sheet date (December 31, 2018: 28.6 %), well above the average sector level.

Non-current liabilities increased from € 152.7 million to € 167.1 million in the reporting period, which is particularly attributable to the rise in non-current financial liabilities from € 142.6 million to € 155.6 million. This includes promissory notes totalling € 11.5 million, which were placed in the first half of the year under review with a long-term maturity until January 9, 2024 at an interest rate of 2.5 % p. a. However, the share of non-current liabilities in total assets decreased to 43.9% (December 31, 2018: 44.7 %).

Compliance with covenants was contractually agreed when the promissory notes were placed, as it was the case with the promissory notes issued each in the 2015 to 2018 financial years, as well as the KfW loans that were raised in the 2016 and 2017 financial years. As of December 31, 2019, the HELMA Group complies with all covenants (equity of at least € 21 million and an equity ratio of at least 15.0 %). The HELMA Group has also

agreed to a restriction on its dividends whereby dividends can be paid to its shareholders only up to a maximum of 50 % of the net profit for the year as derived from the separate financial statements of HELMA Eigenheimbau AG prepared according to the accounting standards of the German Commercial Code (HGB).

The remaining 27.5 % share of total equity and liabilities was attributable to current liabilities (December 31, 2018: 26.7 %), which increased by € 13.5 million to € 104.5 million as of the balance sheet date (December 31, 2018: € 91.0 million). Current financial liabilities grew by € 3.0 million to € 36.0 million. The largest item in this context reflects land and project financing facilities that are repaid through the acquirers' purchase price payments. As it is to be assumed that these liabilities will be repaid within the next twelve months, they are to be presented as current financial liabilities irrespective of the actual financing term.

### Group balance sheet structure: equity and liabilities (according to IFRS)

in k€	12/31/2019	Share in %	12/31/2018	Share in %
Equity	108,594	28.6	97,716	28.6
Non-current liabilities	167,050	43.9	152,708	44.7
- of which non-current financial liabilities	155,617	40.9	142,622	41.8
Current liabilities	104,520	27.5	91,016	26.7
- of which current financial liabilities	35,984	9.5	33,018	9.7
<b>Total equity and liabilities</b>	<b>380,164</b>	<b>100.0</b>	<b>341,440</b>	<b>100.0</b>

The net debt of the HELMA Group increased from € 159.3 million to € 174.9 million as of December 31, 2019, particularly as a consequence of the placing of the promissory notes. Equity also advanced from € 97.7 million to € 108.6 million over the same period. The HELMA Group continues to command a very healthy capital structure with net debt comprising 46.0 % of total assets (December 31, 2018: 46.7 %), and a 28.6 % equity ratio (December 31, 2018: 28.6 %).

Due to our very good creditworthiness and equity base, the average interest rate of the financial liabilities of the HELMA Group as of the balance sheet date was around 2.26 % p. a. and is thus clearly below the average financing costs of the relevant competition.

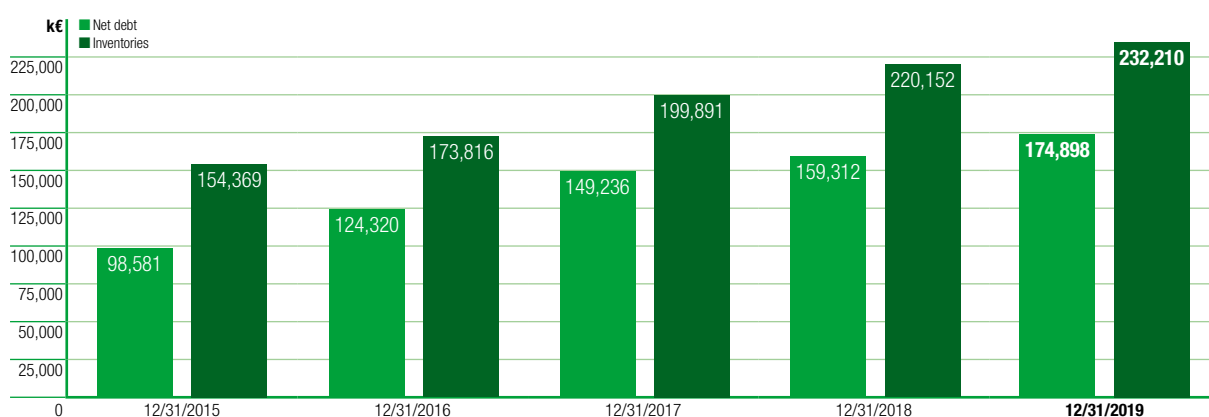
### Changes in net debt and equity

in k€	12/31/2019	Share in %	12/31/2018	Share in %	12/31/2017	Share in %	12/31/2016	Share in %	12/31/2015	Share in %
Financial liabilities*	191,601		175,640		165,892		135,651		111,074	
Cash and cash equivalents	-16,703		-16,328		-16,656		-11,331		-12,493	
Net debt	174,898	46.0	159,312	46.7	149,236	47.0	124,320	44.7	98,581	40.2
Equity	108,594	28.6	97,716	28.6	88,829	28.0	80,236	28.8	69,898	28.5
<b>Total assets</b>	<b>380,164</b>	<b>100.0</b>	<b>341,440</b>	<b>100.0</b>	<b>317,653</b>	<b>100.0</b>	<b>278,242</b>	<b>100.0</b>	<b>244,994</b>	<b>100.0</b>

\*The financial liabilities do not include lease liabilities under IFRS 16.

Along with the rise in net debt from € 159.3 million to € 174.9 million, the inventory position rose from € 220.2 million to € 232.2 million. The € 192.5 million (€ 185.9 million as of December 31, 2018) of project-related land included in this figure, together with the other contractually secured land with a purchase price volume of € 47.7 million as of December 31, 2019, form an excellent basis to expand the high-margin property development business. Inventories exceeded net debt by € 57.3 million as of the balance sheet date (December 31, 2018: € 60.8 million).

## Changes in net debt and inventories



## Cash flow statement

The HELMA Group's positive operating profit generated in the period under review is clearly evident when observing the cash earnings item in cash flows from operating activities, which amounted to € 18.1 million. In addition, the working capital required for the expansion of the property development business increased by € 21.6 million compared with the previous year due to additional land plot purchases, among others. Cash flow from operating activities thereby amounted to € -3.5 million in the year under review (previous year: € 4.1 million).

As expected, investments in the year under review were significantly below the previous year's level (see section on Group investments). Accordingly, cash flow from investing activities decreased to € -2.0 million in the year under review (previous year: € -4.4 million).

Cash flow from financing activities amounted to € 5.9 million in the 2019 financial year (previous year: € 0.1 million) and derives mainly from the aforementioned promissory note transactions.

The HELMA Group had € 16.7 million of financing funds as of the balance sheet date. In addition, free unutilised credit lines in a low double-digit amount in millions of euros are available. The financial position of the HELMA Group continues to be very solid as a consequence.

## Group cash flow statement (according to IFRS)

in k€	2019	2018	2017	2016	2015
Cash flow from operating activities	-3,499	4,061	-13,344	-16,088	-31,872
- of which cash earnings	18,089	14,983	17,965	20,953	15,325
- of which change in working capital	-21,628	-10,877	-31,278	-37,039	-47,207
- of which gain/loss on disposal of fixed assets	-29	-16	-31	-2	10
Cash flow from investing activities	-2,005	-4,445	-3,298	-1,839	-1,916
Cash flow from financing activities	5,879	56	21,967	16,765	39,365
<b>Cash and cash equivalents at the end of the period</b>	<b>16,703</b>	<b>16,328</b>	<b>16,656</b>	<b>11,331</b>	<b>12,493</b>

## Group investments

We invested a total of € 2.3 million in property, plant and equipment, and in intangible assets in the 2019 financial year (previous year: € 5.0 million). As expected, investments were thereby significantly below the previous year's level. The land and buildings segment accounted for an investment share of € 0.8 million (previous year: € 2.9 million), which was largely employed for the new construction of our office premises in Berlin-Karlshorst. Further portions were spent on the construction of a new showhouse in Ottendorf-Okrilla near Dresden and the modernisation of our showhouse portfolio.

Investments in intangible assets amounted to € 0.6 million in the year under review (previous year: € 0.7 million), which were predominantly attributable to software programming and licenses.

Investments in office and operating equipment totalled € 0.9 million in 2019 (previous year: € 1.5 million), and were focused primarily on new vehicles, IT equipment as well as office fittings.

## Investments in property, plant and equipment, and intangible assets

in k€	2019	2018
Land and buildings	805	2,925
Intangible assets	564	650
Office and operating equipment	909	1,466
<b>Total</b>	<b>2,278</b>	<b>5,041</b>

## Corporate responsibility – Non-financial performance indicators

Innovation and sustainability characterise the HELMA Group strategy. As a growth-oriented company, we bear our share of responsibility for society and the environment. At the same time, we are aware that we can only further expand our market position and corporate success in the medium term if we work continuously on our products and services, and further develop them through innovations.

### Attractive working environment

We greatly depend on our employees' commitment and inspiration to achieve a continuous progress in the development of our offerings. As a consequence, our goal is to present ourselves sustainably as an attractive and responsible employer, to provide appropriate working conditions for our staff, and to consequently maintain our staff turnover rate at a low, single digit percentage level, as in previous years.

### Professional further training/teambuilding

We offer our staff a highly varied range of training options. To this end, at annual meetings held between staff members and managers in the first quarter of each year, we gauge each individual's requirement for technical and personal further training, collect these requests and requirements, and use these as the basis to prepare an extensive range of further training measures for the coming twelve months. These range from in-house group refresher seminars for computer programs in daily use through to specific further training and the expansion of individual staff members' expertise at multi-day external training sessions. Teambuilding activities are also held at regular intervals in order to strengthen interaction within departmental teams and interdivisional understanding. Furthermore, we offer our employees the opportunity to attend and observe daily work processes in other departments as part of so-called "job visits", with the aim of fostering cooperation across different departments.

### Social expertise

The ability to work as part of a team, as well as verbal and non-verbal communication are some of the requirements that confront us daily. Handling conflicts – whether in a professional or personal context – constantly presents many of us with major challenges. Should we suppress our feelings, or manage them, or express them in an unfiltered manner? How does successful interaction occur within groups, or in society at large? Together with external trainers, our staff can work on answers to these questions, and develop fresh ways of thinking. To this end, we offer regular social skills seminars that are held in small groups outside the working environment. In this way, each participant can discover new approaches and personal development paths.

### Health management/corporate sports

Healthy, motivated, and fit employees form the basis of our daily work. For this reason, in addition to the working environment and further training options, we support our staff with healthcare opportunities. We promote preventative healthcare both in-house and externally through measures ranging from nutrition advice and seminars on progressive muscular relaxation that are specially tailored to the requirements and challenges of everyday working life, through to supporting regular sporting activities for employees, such as our running, yoga, beachvolleyball, and badminton.

### Social commitment

As a service provider in the private housing sector, it is an essential part of our daily work to create a common space for people who love each other and a new home for children and their parents. With our social commitment and involvement, however, we are active quite intentionally around life's centrepiece – the home. Our special concern in this context is to support, with appropriate measures, the development of children in different life stages and situations.



We regard company-specific events not only as enjoyable business events, as well as raffles in social media not only as a marketing tool, but also as opportunities to pass on and share the pleasure we derive from such activities. This occurs through financial and material as well as personnel support at regional level for deliberately selected projects and target groups such as kindergartens and day care centers. We also support facilities that enable parents of seriously ill children to live together during the treatment period.

Supporting children's and youth projects at the Group headquarters in Lehrte forms a constant focus of our social commitment. Examples of related participation by HELMA include structural measures in the renovation and renewal of school buildings and their outdoor facilities. Furthermore, we actively support programs to promote the language skills of children from immigrant backgrounds, which aim to facilitate their integration into everyday school life and the German education system. For many years we have also supported a violence-prevention project for primary school children in order to promote their problem-solving skills.

### Sustainable energy concepts and solar innovation

As the result of our early focus on the area of energy-efficient construction methods, we have not only created a significant competitive advantage over the past twenty years, but we also have made an important contribution to cutting resource consumption and CO<sub>2</sub> emissions. In the area of individually planned detached homes, for many years we have offered our customers attractive opportunities to make significant savings in operating costs with the help of sustainable and resource-saving energy concepts, thereby actively promoting climate protection.

We are also one of the pioneers in developing sustainable energy concepts for multi-storey residential buildings. In recent years, we have optimised the basic energy concept of the solar energy house and implemented it for the first time in 2018 with the construction of two multi-family houses in Cottbus. The two four-storey buildings comprising a total of 14 apartments each have large collector areas on one half of the roof and can thereby largely supply themselves with solar electricity and heat.

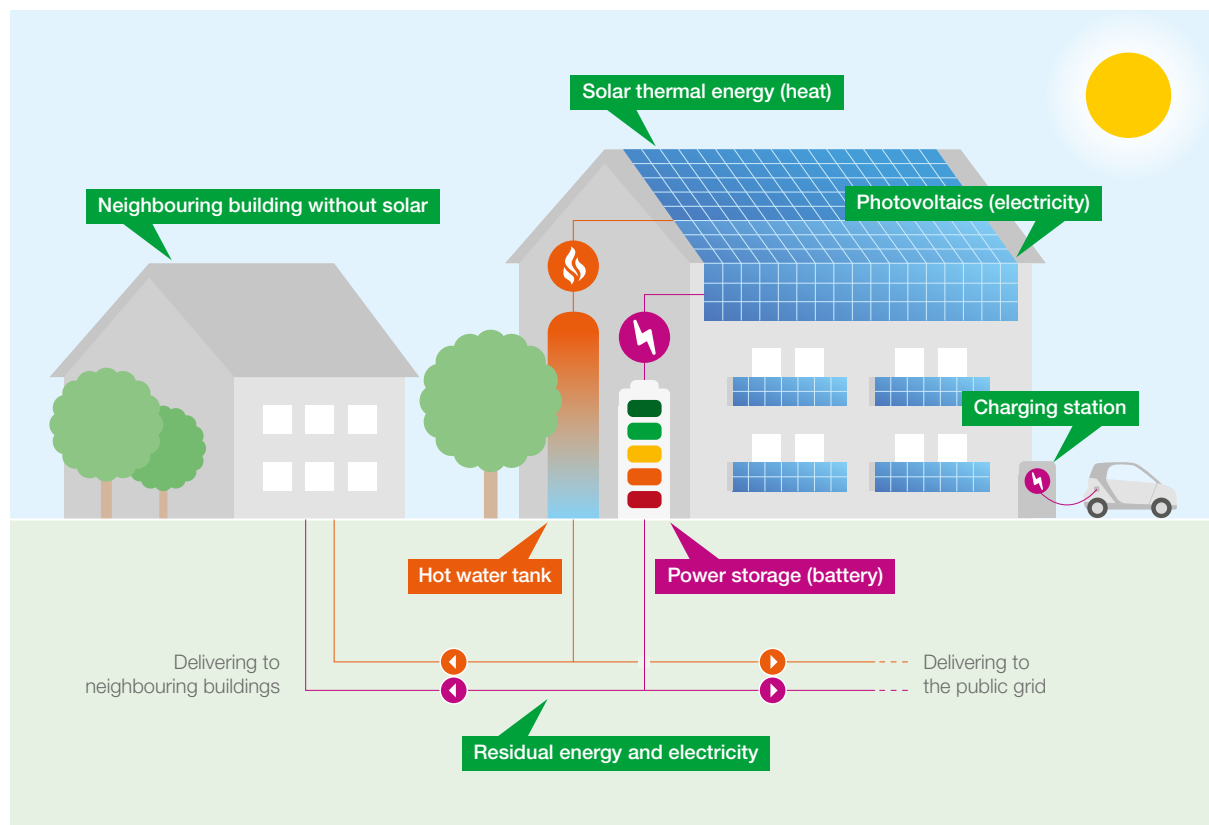


The photovoltaic modules and solar thermal collectors integrated into the houses' architecture on roof surfaces and balcony parapets absorb solar energy and convert it into electricity and heat. Energy not required for the inhabitants' everyday use flows into a storage unit integrated into the house, where it is stored temporarily, making it possible to live self-sufficiently and independently of external suppliers even during less sunny months. Furthermore, the electricity generated is not only suitable for household appliances and plant technology, but is also available for electromobility or electrical garden equipment. Excess energy can also be delivered directly to neighbouring buildings or fed into the public grid, thereby relieving the burden on regional energy suppliers and offering customers an inexpensive alternative.

We have created another showcase project for structural change by applying the basic energy concept of the solar energy house to the multi-storey apartment building and by constructing the first two largely energy self-sufficient apartment buildings. The tenants of the two four-storey buildings in Cottbus will benefit from a fixed flat-rate rent and an energy flat rate for the next five years due to this high level of energy self-sufficiency. The project also received funding from the German Federal Ministry for Economic Affairs and Energy (BMWi). As a special recognition, the Cottbus project was awarded the German Solar Prize in the "Solar Architecture and Urban Development" category.

Following the successful implementation of this project, we began building two more apartment buildings in 2019, which, like their Cottbus archetypes, are largely energy self-sufficient. The three- and four-storey buildings, with a total of 14 residential units, are being constructed near Oranienburg, and will also help to meet the challenges of climate change in the future.

### Functionality of an energy self-sufficient apartment building



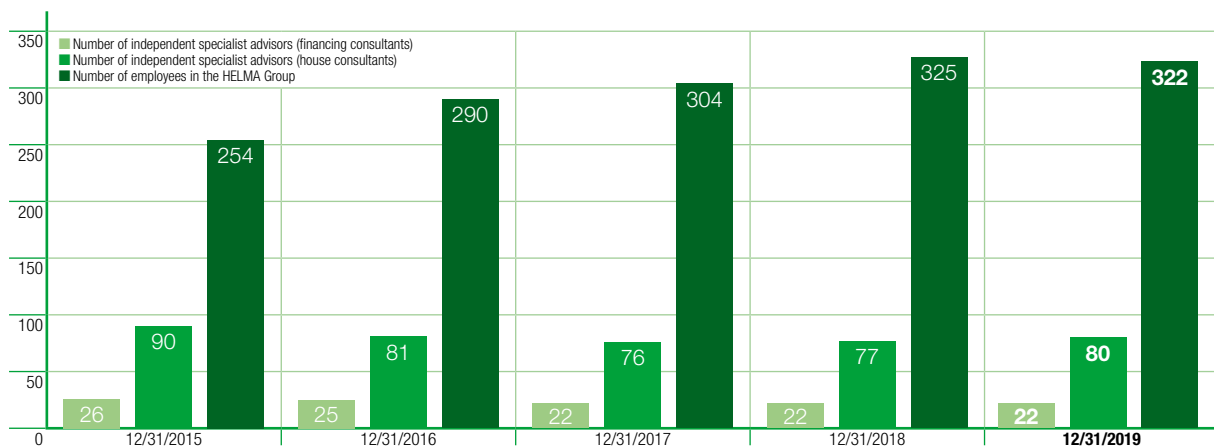
## Employees, sales partners, and the company's Boards

### Development of staff and specialist advisors in the HELMA Group

As of December 31, 2019, the total number of employees stood at 322, and thereby around the same level as at the end of the 2018 financial year (previous year: 325). Besides this, the HELMA Group employed 10 individuals on a minor part-time basis as of the reporting date (previous year: 8).

In the house consulting area, the number of independent specialist advisors with whom we work together in the sales area on a commission basis at various locations stood at 80 (previous year: 77), slightly above the previous year's level. As in the previous year, the number of independent financing advisors amounted to 22 as of December 31, 2019.

### Number of employees and independent specialist advisors in the HELMA Group



### Training

We regard the training of young and motivated people as an important component of our personnel policy. We aim to thereby meet the challenges of demographic shift, and partly cover our requirement for qualified and up-and-coming young staff ourselves. We currently have three trainees within our company.

### The company's Boards

At the Shareholders' General Meeting on July 5, 2019, Supervisory Board elections were held as scheduled. Supervisory Board members Karl-Heinz Maerzke, Sven Aßmann, Dr. Peter Plathe, and Paul Heinrich Morzynski were re-elected for a further term of office until the end of the Shareholders' General Meeting which approves the discharge of the Supervisory Board members for the 2023 financial year. At its subsequent meeting, the Supervisory Board re-elected Karl-Heinz Maerzke to be its Chairman and Sven Aßmann to be its Deputy Chairman.

In addition, the Supervisory Board passed a resolution on July 5, 2019 to implement an early extension of the contract of Max Bode as a member of the Management Board of HELMA Eigenheimbau for a further three years until June 30, 2023.

Accordingly, the Boards of HELMA Eigenheimbau AG consist of the following members:

### Management Board

- Gerrit Janssen (Chairman); appointed until June 30, 2022
- Max Bode; appointed until June 30, 2023
- André Müller, appointed until June 30, 2023

### Supervisory Board

- Karl-Heinz Maerzke (Chairman)
- Sven Aßmann (Deputy Chairman)
- Dr. Peter Plathe
- Paul Heinrich Morzynski

## Net assets, financial position, and earnings of the parent company

The separate development of the parent company is presented below by way of supplementary information to the Group report. The separate annual financial statements of HELMA Eigenheimbau AG are prepared according to the regulations of the German Commercial Code (HGB), and the German Stock Corporation Act (AktG). Pursuant to § 315 (5) of the German Commercial Code, the management report for HELMA Eigenheimbau AG is aggregated with that of the HELMA Group.

### Net assets and financial position

The total assets of HELMA Eigenheimbau AG amounted to € 145.8 million as of December 31, 2019 (December 31, 2018: € 126.6 million). On the assets side of the balance sheet, this increase arises particularly from a rise in current assets from € 107.4 million to € 126.8 million, which chiefly reflects a € 16.5 million increase in receivables from associated companies. Non-current assets stood at € 18.6 million as of the balance sheet date, slightly below the previous year's € 18.8 million.

### Balance sheet structure of HELMA Eigenheimbau AG: assets (according to HGB)

in k€	12/31/2019	12/31/2018
Non-current assets	18,602	18,803
Current assets	126,770	107,405
- of which cash and cash equivalents	9,126	8,575
Prepayments and accrued income	413	361
<b>Total assets</b>	<b>145,785</b>	<b>126,569</b>

On the equity and liabilities side of the balance sheet, a year-on-year comparison as of the reporting date shows a rise in equity from € 85.1 million to € 94.7 million, especially reflecting the € 14.8 million of net income that was generated (previous year: € 10.7 million). The equity ratio amounted to 64.9 % as of the balance sheet date (previous year: 67.2 %), well above the average for the building services sector. Provisions amounted to € 9.6 million at the end of the financial year under review (December 31, 2018: € 9.1 million).

Liabilities amounted to a total of € 41.5 million as of December 31, 2019, EUR 9.1 million above the previous year's level of € 32.4 million.

In the 2015 financial year, compliance with covenants was agreed in the promissory note contracts. As of December 31, 2019, the HELMA Group complies with all covenants (equity of at least € 21 million and an equity ratio of at least 15.0 %). The HELMA Group has also agreed to a restriction on its dividends whereby dividends can be paid to its shareholders only up to a maximum of 50 % of the unappropriated profit for the year as derived from the separate financial statements of HELMA Eigenheimbau AG prepared according to the accounting standards of the German Commercial Code (HGB).

HELMA Eigenheimbau AG commands liquidity of € 9.1 million as of the end of 2019, as well as in a low double-digit amount in millions of euros of free credit lines. HELMA Eigenheimbau AG's financial position remains very solid as a consequence.

### Balance sheet structure of HELMA Eigenheimbau AG: equity and liabilities (according to HGB)

in k€	12/31/2019	12/31/2018
Equity	94,681	85,066
Provisions	9,640	9,089
Liabilities	41,464	32,414
<b>Total equity and liabilities</b>	<b>145,785</b>	<b>126,569</b>

### Earnings performance

The year-on-year increase in revenue to € 105.1 million (previous year: € 101.3 million) and changes in stocks of finished goods and work in progress of € 7.8 million (previous year € -1.4 million) led to a rise in total output to € 112.8 million (previous year: € 99.9 million). This represents a marked increase of 12.9 %.

### Total output of HELMA Eigenheimbau AG (according to HGB)

in k€	2019	2018
Revenue	105,051	101,337
Changes in stocks of finished goods and work in progress	7,773	-1,392
<b>Total output</b>	<b>112,824</b>	<b>99,945</b>

Gross profit amounted to € 37.0 million (previous year: € 33.0 million), equivalent to an approximately 32.8 % gross profit margin in relation to total output (previous year: 33.0 %). It should be noted in this context that the revenue of HELMA Eigenheimbau AG also includes payments from the subsidiaries for business procurements, which are not offset by any notable cost of materials.

With earnings before interest and taxes (EBIT) of € 10.3 million (previous year: € 7.3 million) and a net financial result of € 11.3 million (previous year: € 8.3 million), HELMA Eigenheimbau AG achieved net income of € 14.8 million (previous year: € 10.7 million) in the 2019 financial year, which was in line with the forecast.

For 2020, in the separate financial statements for HELMA Eigenheimbau AG prepared according to German Commercial Code (HGB) accounting standards, we anticipate further high profitability with earnings in the low double-digit range in millions of euros.

### Business progress of HELMA Eigenheimbau AG (according to HGB)

in k€	2019	Share in %	2018	Share in %
<b>Total output</b>	<b>112,824</b>	<b>100.0</b>	<b>99,945</b>	<b>100.0</b>
Materials expense	-75,828	-67.2	-66,975	-67.0
<b>Gross profit</b>	<b>36,996</b>	<b>32.8</b>	<b>32,970</b>	<b>33.0</b>
Other operating income	1,244	1.1	762	0.8
Personnel expense	-16,513	-14.6	-15,137	-15.1
Depreciation / amortisation	-1,719	-1.5	-1,718	-1.7
Other operating expenses	-9,669	-8.6	-9,556	-9.6
<b>EBIT</b>	<b>10,339</b>	<b>9.2</b>	<b>7,321</b>	<b>7.3</b>
Net financial result	11,295	10.0	8,280	8.3
<b>Earnings before income tax</b>	<b>21,634</b>	<b>19.2</b>	<b>15,601</b>	<b>15.6</b>
<b>Net income</b>	<b>14,815</b>	<b>13.1</b>	<b>10,656</b>	<b>10.7</b>

## Risk report

### Risk management

We are naturally exposed to various risks in the course of our corporate activity. We only enter into risks that simultaneously offer the opportunity of appropriate value-enhancement, and where we can manage such risks within our organisation using recognised methods and measures. As part of our risk management system, we continuously monitor and evaluate identified risks in order to control and manage them, and to transparently present related opportunities.

To this end, the risk-relevant factors in the areas of sales, contract management, technology, finance, project development, personnel, and legal affairs are continuously reviewed, taking into consideration the expected event

probabilities, damage levels, and interactions, in order to identify negative developments at an early juncture. This provides the factors required for the Management Board – particularly as part of monthly reporting – to reach decisions that allow them to introduce prompt and appropriate measures. The Management Board is informed regularly about any potential excess beyond fixed risk limits.

## Relevant risk factors

### Macroeconomic risk

The economic situation in Germany is gauged as positive overall, especially due to the high employment rate and increasing income levels. The flight into physical assets, and the historically low interest rate level, are also currently fostering greater demand for home-ownership and investments in residential and holiday properties. Despite the currently good general conditions, we are aware of the potential risk of a sudden and unexpected downturn in the economy, and we are intensively monitoring and analysing current market circumstances in order to be prepared to meet future trends as best as possible, and to rapidly implement measures necessitated by the relevant situation.

### Regulatory and legal risks

Legal and tax law regulations define the regulatory framework for the real estate sector, and affect the business activities of companies operating in this environment. In order to identify changes in the legal framework at an early stage, we regularly monitor legislative processes and current court rulings so that we can take appropriate measures promptly if necessary.

As legislation is equally valid for all market participants, we did not identify any significant risks for our business deriving from the current regulatory environment.

It should nevertheless be noted that this is only valid without qualification assuming that interest rate levels continue to remain low. For instance, many new or more onerous building regulations, accompanied by an increase in land purchase tax across almost all of Germany over the past years, have made buying newbuild properties considerably more expensive. Due to the good economic situation in Germany and low interest rates, demand has nevertheless continued at a high level, despite a marked rise in land, construction, and incidental purchase costs. For this reason, a significant increase in interest rates could result in a tangible reduction in market demand if the regulations and levies that are currently comprising strong cost-drivers are not reduced again in parallel, or mitigated by further subsidies or tax incentives.

### Project risks

The operating activities of HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH regularly require new land plots for development and sale following project management. Here, we set great store by a sufficient diversification of our projects in terms of number, size, type of structure, and location in various German metropolitan regions, thereby achieving a reduction in the overall risks deriving from the project business.

In the acquisition phase, we carefully examine and evaluate the development potential and earnings prospects of the properties to be acquired. However, we cannot exclude that in individual projects, and for a wide range of different reasons, unexpected cost increases and/or revenue reductions may occur compared with calculated values. In these cases, such a project would be concluded with lower-than-expected income, which would exert a correspondingly negative effect on the HELMA Group's earnings. To manage this risk as best as possible, we ensure that we always have extensive expertise in the property development and land business, as well as in the marketing of the respective units, in the target regions concerned.

In addition, high demand for real estate can trigger capacity bottlenecks for the market participants and government institutions involved in projects. Depending on specific projects, this can lead to project processing delays. In particular, we have only very limited influence over processing times at building and land registry authorities. Processing times are evaluated continuously to model the risk entailed in delays to planning and are reflected in corresponding time windows when preparing project schedules. Any delays extending beyond the selected safety buffers can lead to tangible revenue and earnings shifts into following years, however.

In the case of detached houses, we only purchase the land in advance, and we do not commence with specific building projects until the customer has signed a corresponding notarised purchase agreement, and the customer's financing has been confirmed. By contrast, when building terraced and multi-family homes, construction in our project business starts already after we have received predetermined pre-sales quotas, so that such projects entail a higher level of sales risk, despite intensive analysis of market potential.

### **Purchasing risks**

High demand for real estate can create supply bottlenecks in building services and in new land plots for the project business.

Through long-term partnership cooperation, we have established a wide network of partner firms over the past decades to which we make frequent recourse when purchasing building services. We are also constantly expanding our network to include new subcontractors and general contractors with relevant track records. In terms of the availability of qualified subcontractors and general contractors, some bottlenecks can nevertheless occur – especially during periods of high demand for real estate – accompanied by delays and unexpected increases in construction costs, which would exert a correspondingly negative impact on the HELMA Group's results of operations.

We counter the risk of shortages of land through sustained and forward-looking land acquisition, which enables us to draw up plans based on secured land purchases. Moreover, we are not focused on individual target regions, but instead distribute our projects across different German metropolitan regions. This diversification enables us to shift into other regions should available supply in specific areas temporarily fail to match our requirements.

### **Materials cost risk**

We also calculate expected changes in materials prices, and take them into account in our calculations as part of ongoing planning. Based on forward-looking determination of the sales prices for our houses and apartments we counter the risk of rising material prices. In the individual detached house area, we also mitigate the risk of rising raw material prices in our home contracts with corresponding price adjustment clauses which are linked to changes in the construction price index and which come into force when the fixed price commitment expires. Unexpected jumps in costs on the supplier side precipitated by materials price rises and/or an increase in demand for subcontractor and general contractor services would nevertheless exert a negative effect on the earnings of the HELMA Group.

### **Investment risks**

After our successful expansion, we have reduced our investments in new showhouses and locations to a moderate level over the past years. We will nevertheless continue to proceed with the greatest possible care when considering the potential creation of individual locations or replacement investments, in order to minimise the risk of a misinvestment as far as possible.

### **Personnel risks**

We monitor personnel risks with a high degree of attention, and counter such risks using numerous personnel development measures. The focus in this context is on the qualification of our employees, maintaining a low staff



turnover rate, and the long-term loyalisation of managers to the company. Our employees' expertise is a decisive element in the high quality of our services. We provide our employees and specialist advisors with a broad range of introductory qualification, and further training programmes in order to secure this quality. These programmes continued to attract very enthusiastic interest in 2019.

### **Reputation risk**

Negative media reporting on our projects or business activities can negatively affect the reputation of the HELMA Group. The Internet and social media can disseminate such information and opinions quickly and far afield. Through targeted and sustained reputation management, we consequently plan, manage, and control our company's reputation in relation to all relevant stakeholders in the best possible way.

### **Risks from new technologies**

We constantly analyse innovations in the house construction area resulting from technological progress, which we then integrate into our product portfolio following an assessment of their suitability. Close contact and the exchange of experience with the most varied types of manufacturers, associations, and business partners, as well as visits to specialist trade fairs and conferences, promotes our company's innovative spirit in this respect. We have recently expanded our product portfolio to include promising innovations, particularly in the energy-efficient construction method area. In doing so, we endeavour to ensure that the opportunities connected with innovations significantly outweigh related risks, and that start-up costs bear a reasonable relationship to sales potential.

### **IT risks**

We regularly invest in modern hardware and software infrastructure, and perform frequent data backups, in order to prevent unauthorised access or data loss, and to ensure the constant availability of our IT systems. We employ leading manufacturers' products in this context. We constantly adjust our applicable security guidelines to the latest technical developments.

### **Legal risks**

Legal risks arise with any private sector agreement such as the construction or sale of real estate. In order to manage and avoid legal issues, we have established ourselves accordingly in personnel terms, and make recourse to external legal advice in individual cases. If risks from litigation are identified, they are taken into account to an appropriate extent by forming appropriate provisions. Although the final outcome of individual proceedings may affect our earnings, from today's perspective no legal risks are discernible that could have a significant impact on our net assets and financial position.

### **Financial risks**

We monitor financial risks, including liquidity, interest, and default risks, using tried and tested controlling and steering tools, which facilitate prompt and transparent reporting. The Group reporting system ensures the regular recording, analysis, measurement, and steering of financial risks.

Liquidity risks are monitored and managed centrally within the Group, based on rolling liquidity planning. The Group's sourcing of liquidity is ensured through sufficient cash holdings and free credit lines to exclude the occurrence of liquidity bottlenecks as good as possible.

Legal regulations and contractual agreements with purchasers or sub- and general contractors require the HELMA Group to provide security in the form of guarantees both in its building services business and in its property development business. The HELMA Group guarantees the availability of the requisite collateral by maintaining a sufficient number of free guarantee credit lines with guarantee insurers and banks. Issued guarantees are monitored continuously and returned promptly in accordance with legal requirements and contractual agreements.

As the HELMA Group has committed itself to complying with covenants as part of the promissory notes, these covenants are checked regularly. A failure to comply with the covenants as of the year-end comprises a reason for extraordinary termination. We expect that the covenants complied with until December 31, 2019 will also be complied with during the planning period. This risk is gauged as low as a consequence.

Interest-rate risk within the HELMA Group results mainly from variable-rate liabilities. A rise in the interest-rate level would feed through to a worsening of the net financial result. A significant interest-rate risk that could significantly negatively affect the HELMA Group's earnings is nevertheless not apparent given the current level of variable interest-rate liabilities. Interest rate derivatives are not deployed.

As a result of our business model, and our tried and tested form of cooperation with subcontractors and general contractors, the risk arising from receivables defaults, or non-transferable warranty claims, may continue to be regarded as relatively low compared to the level of our revenue.

No exchange rate risks exist as HELMA Group companies operate exclusively in Germany, and all annual financial statements are denominated in euros.

## Overall assessment

The overall risk situation at the HELMA Group is analysed and managed as part of the risk management system presented above. In the financial year elapsed, we identified no specific risks that might jeopardise our company as a going-concern, either individually or taken together. An effect on business performance and earnings trends cannot be excluded in the event of unforeseeable and extraordinary risks. No risks are identified from today's position that might jeopardise the HELMA Group as a going-concern, either individually or in combination.

## Related parties report

Pursuant to § 312 of the German Stock Corporation Act (AktG), the Management Board has prepared a related parties report, which contains the following concluding statement: "In the case of the legal transactions and measures listed in the related parties report, and according to the circumstances known to the Management Board at the time when legal transactions were performed, or measures were taken or not taken, HELMA Eigenheimbau Aktiengesellschaft received an appropriate consideration for each legal transaction, and has not been disadvantaged by the fact that measures were taken, or not taken."

## Report on events subsequent to the reporting date

No events of particular significance occurred after the balance sheet date.

## Dividend

In its single-entity financial statements prepared according to the accounting principles of the German Commercial Code (HGB), HELMA Eigenheimbau AG reports unappropriated retained earnings of € 14,815,019.48 for the 2019 financial year. As part of adopting the separate annual financial statements as part of the Supervisory Board meeting on March 17, 2020, the Management Board proposes to the Supervisory Board that it proposes to the Shareholders' General Meeting on July 3, 2020 that it distributes a dividend of € 1.85 per dividend-entitled ordinary share, consequently € 7,400,000.00, and to transfer the remaining amount of € 7,415,019.48 to the other revenue reserves. The total dividend amount and the amount to be transferred to the other revenue reserves in this proposed resolution relating to the application of unappropriated retained earnings is based on dividend-entitled share capital of € 4,000,000.00, which is divided into 4,000,000 ordinary shares.

The annual financial statements of HELMA Eigenheimbau AG prepared according to the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), as well as the aggregated management report, are published in the electronic Federal Gazette (Bundesanzeiger).

## Medium-term growth strategy

The HELMA Group aims to expand its own market position through further organic growth and to gain additional market share while maintaining high profitability.

### Boosting recognition of the HELMA brand

Growth in our building services business (HELMA Eigenheimbau AG) is to be realised mainly through a constant rise in the degree of recognition of the HELMA brand. The ongoing establishment of the HELMA brand is to be achieved in this context especially through high-quality market profiling as well as the annually growing number of new building projects realised. Here, the company aims to generate an ever-greater number of customer recommendations. These have always represented one of the most important factors in acquiring new customers. While achieving solid margins, the building services business is to contribute at least € 100.0 million per year to consolidated revenue in future.

### Secured land plots as the growth engine for the property development business

Over the past years, the HELMA Group has succeeded in purchasing many attractive land plots for its property development business (see the following overviews). The resultant revenue potential at HELMA Wohnungsbau GmbH amounts to a total of € 1,031.0 million as of December 31, 2019 (December 31, 2018: € 996.0 million), and is distributed among the four core regions of Berlin/Potsdam, Hamburg/Hanover, Leipzig, and Munich, whereby the largest revenue contributions are to be expected from the first-mentioned region over the coming years, entailing a potential of € 500.0 million.

Along with diversification among different regions, the project pipeline also exhibits a very healthy allocation to the different business areas. For example, the large-scale "Havelmarina" project in Berlin-Spandau includes among others around 180 building plots for individually planned detached houses, many with direct access to the adjoining Teufelsseekanal. A further successful project in the business area of individually planned detached houses is located directly next to the Erdbeerhof Gleidingen strawberry farm in Hanover-Laatzen, which com-

prises a total of around 110 plots of land situated close to the city. With the building areas in Friedersdorf and Dallgow-Döberitz, each located in Brandenburg, as well as Leipzig-Naunhof and numerous smaller property areas, HELMA Wohnungsbau GmbH has a total of around 820 attractive building plots for development with individually planned HELMA houses. As a consequence, this division offers revenue potential of around € 403.0 million (December 31, 2018: € 414.5 million).

In addition, potential development areas were identified in the regions of Frankfurt, Cologne/Düsseldorf/Bonn, and Würzburg in the 2019 financial year. The plots of land in question are currently being examined in terms of their suitability for development and earnings prospects. Assuming a positive assessment, we will focus our purchases in order to benefit from the current market environment, which is characterised by high influx rates and a very limited supply of suitable building plots for private individuals, as well as to achieve attractive margins in these regions.

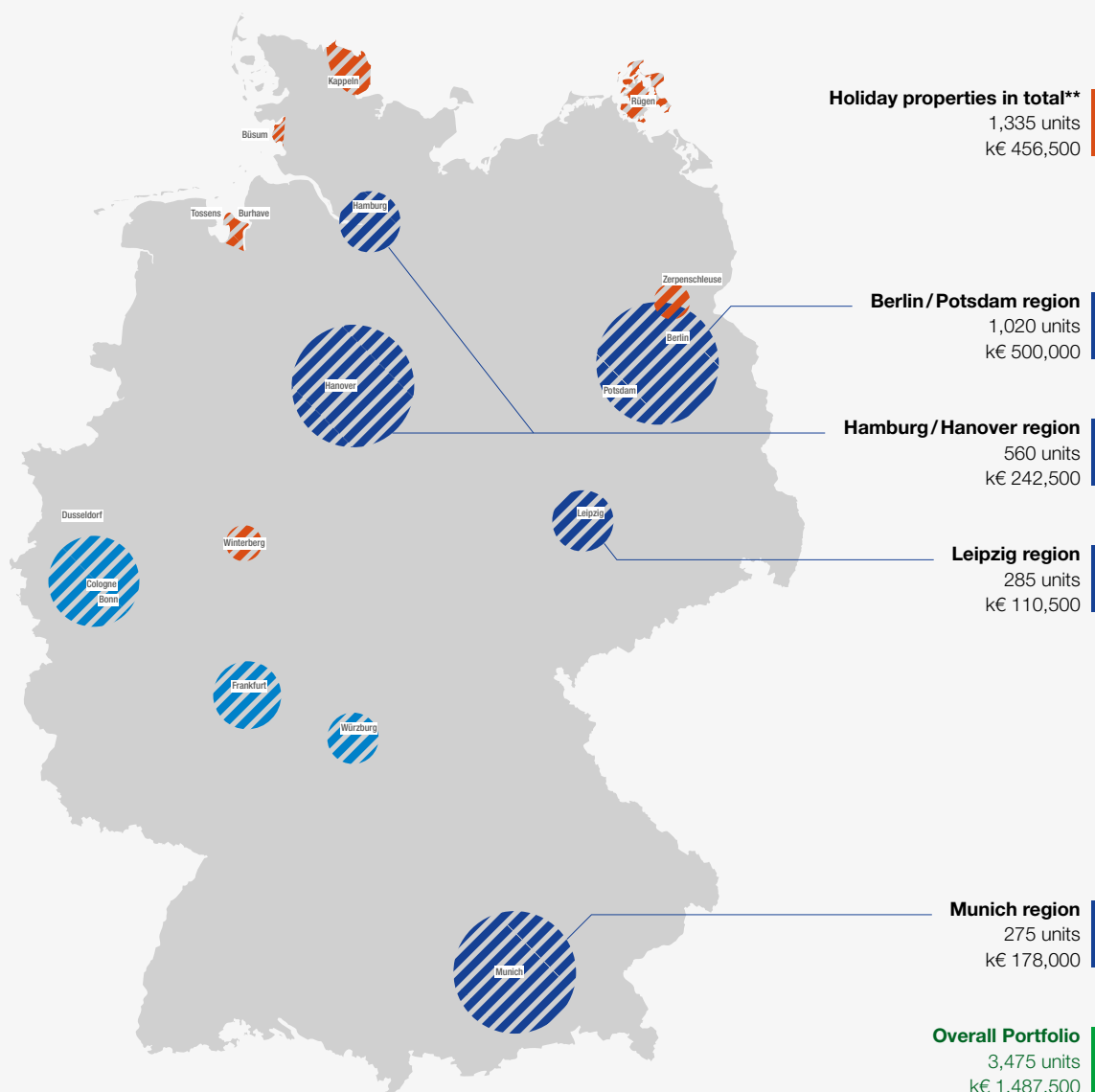
## Revenue potential from realised land purchases as of December 31, 2019\*

	Total		Individually planned detached houses		Preplanned semi-detached and terraced houses and owner-occupied apartments	
	Number of units	Revenue volume in k€	Number of units	Revenue volume in k€	Number of units	Revenue volume in k€
HELMA Wohnungsbau GmbH Berlin/Potsdam region	1,020	500,000	455	256,500	565	243,500
HELMA Wohnungsbau GmbH Hamburg/Hanover region	560	242,500	150	66,000	410	176,500
HELMA Wohnungsbau GmbH Leipzig region	285	110,500	215	80,500	70	30,000
HELMA Wohnungsbau GmbH Munich region	275	178,000	0	0	275	178,000
<b>Total HELMA Wohnungsbau GmbH</b>	<b>2,140</b>	<b>1,031,000</b>	<b>820</b>	<b>403,000</b>	<b>1,320</b>	<b>628,000</b>
<b>Total HELMA Ferienimmobilien GmbH**</b>	<b>1,335</b>	<b>456,500</b>	<b>0</b>	<b>0</b>	<b>1,335</b>	<b>456,500</b>
<b>Total HELMA Wohnungsbau GmbH &amp; HELMA Ferienimmobilien GmbH</b>	<b>3,475</b>	<b>1,487,500</b>	<b>820</b>	<b>403,000</b>	<b>2,655</b>	<b>1,084,500</b>

\* The figures presented above are based on the respective current assumptions relating to potential land utilisation and building law situation and aim to provide a rough overview of the existing revenue potential from land plot purchases the HELMA Group has realised. The actual figures as well as the grouping into the different business areas of HELMA Wohnungsbau GmbH can change during the course of subsequent realisation and differ from the figures presented above. Successful implementation of the respective products also presupposes an intact market environment as of the realisation date.

\*\* The SorpeseeResort project mentioned in the February 5, 2020 corporate news with a project volume of approximately € 95.0 million is not yet included in the overview, as the property was acquired after December 31, 2019.

In addition to the properties secured for development with individual detached houses, HELMA Wohnungsbau GmbH has further revenue potential of € 628.0 million (€ 581.5 million as of December 31, 2018), which derives from the properties secured as of December 31, 2019 for preplanned residential units in semi-detached, terraced, and multi-family houses. Current construction projects in this business segment include the "Bugstrasse" project in Hanover-Anderten with 6 semi-detached houses and 25 terraced houses, the "Königsgraben" project in Dallgow-Döberitz with 21 terraced houses, and the "Waldschulstrasse", "Eigerstrasse", and "Gilching" projects in the Munich region, each with 10 to 16 owner-occupied apartments. In addition, HELMA Wohnungsbau GmbH also implements multi-storey housing projects with up to one hundred units distributed over several buildings. For example, the "Bosse-See" project in the Hanover region is currently being planned with a construction of 7 apartment buildings with a total of 58 residential units within an attractive landscape. A further 90 residential units, distributed over 18 buildings, form part of the aforementioned major project "Havelmarina" in Berlin-Spandau.



\*\* The SorpseeResort project mentioned in the February 5, 2020 corporate news with a project volume of approximately € 95.0 million is not yet included in the overview, as the property was acquired after December 31, 2019.

■ Core region HELMA Wohnungsbau GmbH: individual detached houses, preplanned semi-detached and terraced houses as well as owner-occupied apartments in each case including land plots  
 ■ Extended core region HELMA Wohnungsbau GmbH: individual detached houses including land plots  
 ■ Project region HELMA Ferienimmobilien GmbH


HELMA Ferienimmobilien GmbH also owns very attractive land plots and consequently enjoys the best pre-conditions to sustainably continue its significant success over recent years. For example, the OstseeResort Olpenitz and NordseeResort BÜsum projects offer a wide range of holiday apartments and houses in the immediate vicinity of the water. With the GebirgsResort Winterberg, a multifaceted holiday domicile in the Sauerland is also in the planning stage. Furthermore, HELMA Ferienimmobilien GmbH succeeded in securing further plots of land in locations of touristic interest, such as Burhave, which is situated directly on the North Sea coast. The revenue potential of the secured land plots at HELMA Ferienimmobilien GmbH stands at € 456.5 million as of the balance sheet date (December 31, 2018: € 373.0 million).

Both property development subsidiaries thereby exhibit € 1,487.5 million of revenue potential (December 31, 2018: € 1,369.0 million). It can be assumed that this can largely be realised within a period of 5 to 7 years. The company also plans to acquire further land plots at both subsidiaries with the aim of profitable business expansion.

For the property development business, continuous revenue growth is aimed for medium-term, while achieving above-average margins. Detailed information on the revenue potential of HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH is presented in the following overviews.

Information about many current projects at HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH, which are already in the marketing stage, can be downloaded from [www.HELMA-WB.de](http://www.HELMA-WB.de) and [www.HELMA-FI.de](http://www.HELMA-FI.de), where they are continuously updated.

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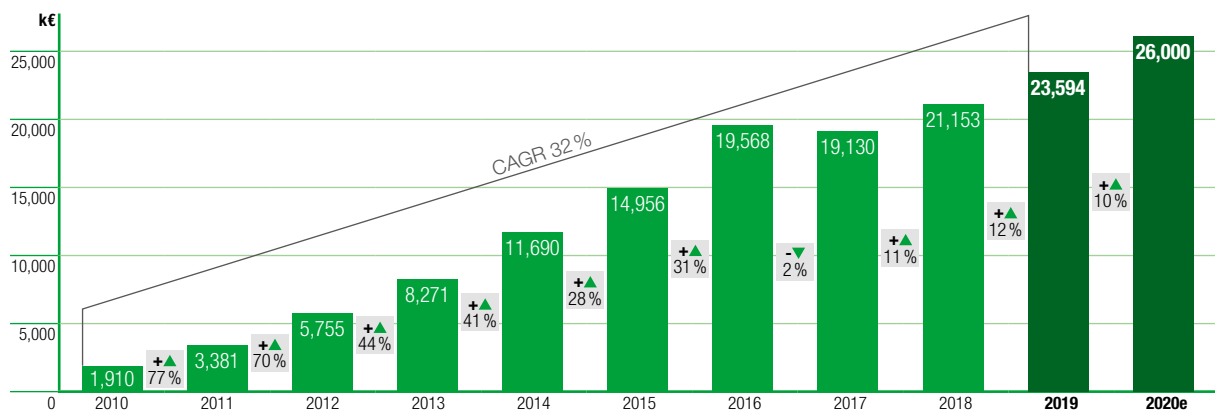


**In the medium term, the HELMA Group aims to achieve annual revenue of well over € 300.0 million while maintaining a high level of profitability. The building services business is expected to contribute at least € 100.0 million per year and the property development business at least € 200.0 million to the Group revenue. The prerequisite for achieving the above figures is a market environment that remains intact, in which the limited availability of capacities as a limiting factor is not even more pronounced than over the last three financial years. Based on these premises, a good chance exists of continuing to set new earnings records in the coming years.**

## Forecast report

With earnings before taxes (EBT) of € 23.6 million in the 2019 financial year, the HELMA Group continued on its growth path and, as expected, reached a new record level. In light of the well-filled project pipeline and gratifyingly high order book position, which stands around 18.3 % higher than in the previous year, we are again aiming for an increase in EBT of in excess of 10.0 % for the 2020 financial year and expect record EBT of at least € 26.0 million. Due to the extensive and attractive property portfolio, the HELMA Group also enjoys very good prospects for further tangible growth in the medium term.

### Group EBT 2010–2020e (according to IFRS)



Lehrte, February 27, 2020

**Signed Gerrit Janssen**  
Management Board Chairman

**Signed Max Bode**  
Management Board member

**Signed André Müller**  
Management Board member

Terraced houses in Rangsdorf near Berlin • Visualisation



Individual detached house and semi-detached houses in Olching near Munich • Visualisation



# Consolidated financial statements

for the period January 1 to December 31, 2019 according to IFRS

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## Consolidated balance sheet

ASSETS in k€	Note	12/31/2019	12/31/2018
<b>Non-current assets</b>			
Intangible assets	(1)	1,883	1,614
Goodwill	(2)	1,380	1,380
Property, plant and equipment	(3)	19,919	19,065
Investment property	(4)	80	179
Other non-current assets	(5)	4,601	1
<b>Total non-current assets</b>		<b>27,863</b>	<b>22,239</b>
<b>Current assets</b>			
Inventories	(6)	232,210	220,152
Receivables arising from construction orders	(7)	63,746	47,516
Trade receivables	(8)	32,836	29,696
Tax receivables		374	0
Other current receivables	(9)	6,432	5,509
Cash and cash equivalents	(10)	16,703	16,328
<b>Total current assets</b>		<b>352,301</b>	<b>319,201</b>
<b>Total assets</b>		<b>380,164</b>	<b>341,440</b>

<b>EQUITY AND LIABILITIES in k€</b>	<b>Note</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
<b>Equity</b>	(11)		
Issued share capital		4,000	4,000
Capital reserves		41,533	41,533
Revenue reserves		36,280	30,890
Balance sheet profit		26,660	21,172
Equity attributable to HELMA Eigenheimbau AG owners		108,473	97,595
Minority interests		121	121
<b>Total equity</b>		<b>108,594</b>	<b>97,716</b>
<b>Non-current liabilities</b>			
Pension provisions and similar obligations	(12)	10	10
Other non-current provisions	(13)	950	1,055
Non-current financial liabilities	(14)	155,617	142,622
Non-current lease liabilities	(15)	834	0
Trade payables	(16)	3,929	3,701
Other non-current liabilities		0	171
Deferred taxes	(17)	5,710	5,149
<b>Total non-current liabilities</b>		<b>167,050</b>	<b>152,708</b>
<b>Current liabilities</b>			
Other current provisions	(18)	32,410	24,400
Tax liabilities	(19)	2,043	3,094
Current financial liabilities	(20)	35,984	33,018
Current lease liabilities	(21)	311	0
Trade payables	(22)	11,110	5,806
Other current liabilities	(23)	22,662	24,698
<b>Total current liabilities</b>		<b>104,520</b>	<b>91,016</b>
<b>Total equity and liabilities</b>		<b>380,164</b>	<b>341,440</b>

## Consolidated statement of total comprehensive income

in k€	Note	2019	2018
<b>Revenue</b>	(24)	<b>263,243</b>	<b>253,276</b>
Changes in stocks of finished goods and work in progress	(25)	9,789	25,758
Other operating income	(26)	2,609	1,634
Expense for materials and third-party services	(27)	-207,776	-217,104
Personnel expense	(28)	-24,956	-23,853
Other operating expenses	(29)	-17,738	-15,935
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>25,171</b>	<b>23,776</b>
Depreciation / amortisation	(30)	-2,389	-1,992
<b>Operating earnings (EBIT)</b>		<b>22,782</b>	<b>21,784</b>
Finance expenses	(31)	-869	-685
Other financial result	(32)	1,681	54
<b>Earnings before taxes (EBT)</b>		<b>23,594</b>	<b>21,153</b>
Income tax	(33)	-7,419	-6,635
<b>Net income before minority interests</b>		<b>16,175</b>	<b>14,518</b>
Minority interests' share of earnings		-31	-31
<b>Net income after minority interests</b>		<b>16,144</b>	<b>14,487</b>

The company has refrained from presenting a reconciliation between net income for the year and total comprehensive income pursuant to IAS 1.81 ff. since the net income for the year corresponds to the total comprehensive income.

Earnings per share in €	2019	2018
undiluted	4.04	3.62
diluted	4.04	3.62

## Consolidated cash flow statement

in k€	2019	2018
1. Earnings after taxes	16,175	14,518
2. +/- Depreciation / amortisation	2,389	1,992
3. +/- Change in non-current provisions	-105	77
4. +/- Interest expenses/interest income	789	631
5. +/- Income tax expense/income tax income	7,419	6,635
6. +/- Income tax payments	-8,257	-8,870
7. +/- Other income and expenses	-321	0
<b>8. = Cash earnings (sum of 1 to 7)</b>	<b>18,089</b>	<b>14,983</b>
9. -/+ Change in inventories	-8,557	-16,885
10. -/+ Change in receivables and other assets	-25,036	-1,302
11. +/- Change in current provisions	8,010	8,340
12. +/- Change in liabilities (excluding financial liabilities)	3,955	-1,030
<b>13. +/- Change in working capital (sum of 9 to 12)</b>	<b>-21,628</b>	<b>-10,877</b>
14. -/+ Gain/loss on disposal of assets	-29	-16
15. -/+ Gain/loss on disposal of non-current assets	69	-29
<b>16. = Cash flow from operating activities (sum of 8, 13 to 15)</b>	<b>-3,499</b>	<b>4,061</b>
17. + Payments received from disposal of property, plant and equipment	124	223
18. + Payments received from disposal of non-current assets	9	319
19. - Payments for investments in property, plant and equipment	-1,714	-4,391
20. - Payments for investments in intangible assets	-564	-650
21. + Interest received	140	54
<b>22. = Cash flow from investing activities (sum of 17 to 21)</b>	<b>-2,005</b>	<b>-4,445</b>
23. +/- Payments to other shareholders	-31	-31
24. +/- Dividend	-5,200	-5,600
25. +/- Issuing/repayment of promissory notes	11,500	18,000
26. +/- Drawing down/redemption of other financial liabilities	4,290	-8,252
27. - Repayment of lease liabilities	-281	0
28. - Interest paid	-4,399	-4,061
<b>29. = Cash flow from financing activities (sum of 23 to 28)</b>	<b>5,879</b>	<b>56</b>
<b>30. Net change in cash and cash equivalents (sum of 16, 22 and 29)</b>	<b>375</b>	<b>-328</b>
<b>31. Cash and cash equivalents at the start of the period</b>	<b>16,328</b>	<b>16,656</b>
<b>32. Cash and cash equivalents at the end of the period</b>	<b>16,703</b>	<b>16,328</b>

## Consolidated statement of changes in equity

in k€	Issued share capital	Capital reserves	Revenue reserves	Balance sheet profit	Shares of owners of HELMA Eigenheimbau AG	Shares of minority interests	Equity Total
<b>Status January 1, 2018</b>	<b>4,000</b>	<b>41,533</b>	<b>20,152</b>	<b>23,023</b>	<b>88,708</b>	<b>121</b>	<b>88,829</b>
Dividend	0	0	0	-5,600	-5,600	0	-5,600
Withdrawals/ deposits	0	0	10,738	-10,738	0	-31	-31
Net income	0	0	0	14,487	14,487	31	14,518
<b>Status December 31, 2018</b>	<b>4,000</b>	<b>41,533</b>	<b>30,890</b>	<b>21,172</b>	<b>97,595</b>	<b>121</b>	<b>97,716</b>
Adjustments by new IFRS standards	0	0	-66	0	-66	0	-66
<b>Status January 1, 2019</b>	<b>4,000</b>	<b>41,533</b>	<b>30,824</b>	<b>21,172</b>	<b>97,529</b>	<b>121</b>	<b>97,650</b>
Dividend	0	0	0	-5,200	-5,200	0	-5,200
Withdrawals/ deposits	0	0	5,456	-5,456	0	-31	-31
Net income	0	0	0	16,144	16,144	31	16,175
<b>Status December 31, 2019</b>	<b>4,000</b>	<b>41,533</b>	<b>36,280</b>	<b>26,660</b>	<b>108,473</b>	<b>121</b>	<b>108,594</b>

# Notes to the consolidated financial statements

for the 2019 financial year

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## 1. General information

### 1.1. General notes concerning the company, basic information

Group parent company is HELMA Eigenheimbau Aktiengesellschaft (referred to below as HELMA AG), Lehrte, Germany. The company is entered in the commercial register of the local court of Hildesheim under number HRB 201182 with the address "Zum Meersefeld 4, 31275 Lehrte".

HELMA AG's main area activity is the planning and construction management of turnkey and partly turnkey detached (focus) and semi-detached houses on the basis of customer orders.

HELMA Wohnungsbau GmbH, Lehrte, a subsidiary of HELMA AG, operates in the classic property development business. Besides building detached, semi-detached, and terraced houses, the area of activity also includes the construction of multi-floor residential buildings. Each individual unit is sold including its related land plot to the respective purchaser.

HELMA Ferienimmobilien GmbH, Lehrte, a subsidiary of HELMA AG, operates in the classic property development business for holiday homes. The product portfolio comprises both freestanding holiday homes as well as holiday apartments. Each individual unit is sold including its related land plot to the respective purchaser.

Hausbau Finanz GmbH, Lehrte, a subsidiary of HELMA AG, operates in the area of building-related financing and insurances.

On January 17, 2013, a control-and-profit transfer agreement was concluded between HELMA AG and Hausbau Finanz GmbH, and a profit-and-loss transfer agreement between HELMA AG and HELMA Wohnungsbau GmbH, which were expanded on December 11, 2013 to include a dynamic reference to Section 302 of the German Stock Corporation Act (AktG). The ordinary Shareholders' General Meeting approved both of these agreements on July 5, 2013, and the supplements on July 4, 2014. They were entered in the commercial register, consequently becoming effective the first time for the 2013 financial year.

With a notary agreement dated November 11, 2013, a control-and-profit transfer agreement was concluded between HELMA Ferienimmobilien GmbH and HELMA AG. The shareholder meeting of HELMA Ferienimmobilien GmbH unanimously approved this agreement on November 11, 2013. This agreement became effective for the 2014 financial year after it had been approved by the ordinary Shareholders' General Meeting of HELMA Eigenheimbau AG on July 4, 2014, and after it was entered in the commercial register on July 22, 2014.

As the parent company of the HELMA Group, HELMA AG has been listed in the open market of the Frankfurt Securities Exchange (Scale) since September 2006 (ISIN DE000A0EQ578).

The 2019 consolidated financial statements were prepared in euros (€). Unless stated otherwise, all amounts are presented in thousands of euros (k€). Please note that minor differences can occur in the formation of totals due to the commercial rounding of amounts and percentages.

The December 31, 2019 consolidated financial statements of HELMA AG were prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, valid as of the financial reporting date, and taking into account the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC), and as applicable in the EU.

All companies included in the consolidated financial statements use the calendar year as their financial year.

The consolidated financial statements include the consolidated balance sheet, consolidated statement of total comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and notes to the consolidated financial statements including a consolidated statement of changes in fixed assets and segment reporting.

## 1.2. Standards and interpretations requiring application in the current financial year

New standards, amendments to existing standards, and new interpretations were approved in 2019.

These include:

a) Published standards and interpretations that require mandatory first-time application for the IFRS financial statements as of December 31, 2019:

■ **Amendments to standards:**

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (came into force January 1, 2019)
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures": Long-term participations (came into force January 1, 2019)



- Amendments to IFRS 9 "Financial Instruments": Prepayment Features with Negative Compensation (came into force January 1, 2019)
  - Various amendments: IASB's 2015–2017 Annual Improvements Project (came into force on January 1, 2019)
  - **New standards:**
    - IFRS 16 "Leases" (came into force on January 1, 2019)
  - **New interpretations:**
    - IFRIC 23 "Uncertainty over Income Tax Treatments" (came into force January 1, 2019)
- b) Published standards and interpretations that do not yet require mandatory first-time application for the IFRS financial statements as of December 31, 2019:
- **Amendments to standards:**
    - Amendments to IFRS 3: Clarification of the definition of a Business (comes into force January 1, 2020)\*
    - Amendments to IAS 1 and IAS 8: Definition of Material (comes into force January 1, 2020)\*
    - Amendments to References to the Conceptual Framework in IFRS Standards (comes into force on January 1, 2020)\*
  - **New standards:**
    - IFRS 17 "Insurance Contracts" (comes into force on January 1, 2021)\*
  - **New interpretations:**
    - ./.

\*Not yet endorsed by EU.

The company has, and will, apply the new standards and interpretations once their application is mandatory within the EU. The effects arising from the new regulations of IFRS 16 are explained in more detail under "Leases / first-time application of IFRS 16" under "Key accounting methods". No other significant effects have arisen for the balance sheet and income statement, and none are expected. Amendments and extended disclosures arise for mandatory disclosures in the notes.

## 2. Key accounting methods

These consolidated financial statements have been prepared in compliance with IFRS, as applicable in the EU.

The preparation of consolidated financial statements according to IFRS requires the Management Board to make estimates and assumptions that have effects on the amounts reported in the consolidated balance sheet, as well as on the disclosure of contingent claims and liabilities as of the reporting date, and on the reported income and expenses during the reporting period. The assumptions and estimates reflect assumptions based on the relevant current status of knowledge. Actual outcomes may differ from these estimates and assumptions.

### 2.1. Assets

#### Intangible assets

Intangible assets (licenses, IT software, customer relationships) are recognised at cost less amortisation. Amortisation is performed on a straight-line basis over the economic useful life, which amounts to up to five years.

Expected useful lives and amortisation methods are reviewed at the end of the financial year.

The carrying amounts of intangible assets are reviewed at each reporting date in order to determine whether indications exist that impairment has occurred.

Development costs for newly developed building types for which technical and marketing feasibility studies are available are capitalised using their directly and indirectly attributable production costs to the extent that expenses can be clearly allocated, and the newly developed products are viable from both a technical and marketing perspective (IAS 38). It must also be sufficiently likely that such development activities will result in future cash inflows. Borrowing costs that are attributable to the production process are capitalised if they are significant. Amortisation is applied on the basis of the products' planned technical useful life. The useful life amounts to five years. Pursuant to IAS 38, research costs cannot be capitalised, and are consequently expensed directly in the consolidated statement of total comprehensive income.

#### Goodwill

Goodwill arising on a business combination is recognised as an asset at the time when control is transferred (acquisition date). It corresponds to the amount by which the purchase costs exceed the Group share in the fair value of the identifiable assets, liabilities, and contingent liabilities of the acquired company at the acquisition date.

For the impairment test, goodwill is distributed among all the Group's cash generating units where it is expected that they can generate benefits from the synergies resulting from the merger. Cash generating units to which a portion of goodwill is allocated are tested at least once annually for impairment. These tests are performed more regularly if indications exist that the value of a unit is impaired.

The impairment test is based on a calculation of the recoverable amount. This is derived from the higher of either fair value less costs to sell or value in use. If a cash generating unit's carrying amount exceeds its recoverable amount, IAS 36.104 f. requires the recognition of an impairment loss.

The carrying amount of the cash generating unit comprises its so-called net assets, which are composed of its operating assets, in other words, the assets required for operating activities, plus disclosed hidden reserves (especially goodwill), and less liabilities arising from operating activities.

Whereas the calculation of fair value less costs to sell is based on procedures primarily referring to market prices, the calculation of value in use makes recourse to procedures based on capital values.

The concept of the weighted average cost of capital (post-tax WACC approach) is used for procedures based on capital values.

The following assumptions were made in this context:

- Equity costs are calculated on the basis of the capital asset pricing model, and amount to 6.85 % (previous year: 7.60 %). This interest rate was calculated on the basis of a risk-free rate of 0.25 % (previous year: 1.00 %), a risk premium of 6.00 % (previous year: 6.00 %) and a beta factor of 1.10 (previous year: 1.10).
- The value in use was calculated using the present value of cash flow during two growth phases. Detailed planning that has been approved by the Management Board was used as the basis for the financial years comprising Phase 1 (two years). A perpetual return is used as the basis for Phase 2. The growth assumed in this instance amounts to 1.0 %.

### Property, plant and equipment

Property, plant and equipment (with the exception of land) is reported at cost less cumulative depreciation and impairment losses. Besides directly attributable unit costs, cost in this respect also reflects appropriate portions of production-related overhead costs.

Depreciation is performed in such a way that the assets' costs less their residual values are depreciated on a scheduled basis over their useful lives. The expected useful lives, residual values, and depreciation methods are reviewed annually, and all necessary modifications to estimates are taken into account prospectively.

Property, plant and equipment is depreciated on a straight-line basis over the following useful lives:

Prospective useful lives	Years
Showhouses	up to 33
Office buildings	up to 33
Outdoor plant	10 to 35
Other plant, operating and office equipment	1 to 15

Economic useful lives are determined taking into account prospective physical wear and tear, technical obsolescence, and legal and contractual restrictions.

A useful life of up to 33 years is assumed for showhouses situated on the company's own land. Where shorter, rental duration is used as the useful life for showhouses situated on third-party land.

Assets under construction are recognised at cost. Borrowing costs are capitalised if they are significant. Depreciation of these assets commences when they are completed, or when they reach an operationally ready condition.

Depreciation is not applied to land.

## Leases / first-time application of IFRS 16

Leases have been recognised in accordance with IFRS 16 since January 1, 2019. IFRS 16 requires leases and the rights and obligations attaching to them to be recognised on the lessee's balance sheet if the lease term is not less than 12 months or if the asset concerned is not a low-value asset. The classification into operating and finance leases previously required by IAS 17 and the differing accounting treatment of leases based on this classification will consequently no longer apply in the future. Instead, lease liabilities for future lease obligations and a corresponding right to utilise the leased asset ("right of use") must be recognised in future.

Leasing activities in the meaning of IFRS 16 mainly comprise the leasing of showhouse and office space with a term of more than one year, and contracts for low-value operating and office equipment.

The first-time application of IFRS 16 was modified retrospectively. The rights of use from the leases were retrospectively measured as if IFRS 16 had always been applied. The comparative figures for the prior-year periods have not been restated. In addition, when applying IFRS 16 for the first time, the company made use of the simplifications not to apply IFRS 16 to leases with a remaining term of less than 12 months as of January 1, 2019, and to retroactively determine the term of leases for agreements with renewal or termination options.

The effects arising from the first-time application as of January 1, 2019 were recognised in the revenue reserves. The revenue reserves reduced by k€ 66 as a consequence. Property, plant and equipment increased by k€ 1,235. In addition, current and non-current lease liabilities totalling k€ 1,330 were reported for the first time. Deferred tax assets rose by k€ 29.

Lease liabilities are recognised at the present value of the lease payments discounted at the incremental borrowing rate. The weighted average incremental borrowing rate was 2.5 %. The obligations under leases and rental and lease agreements recognised as of December 31, 2018 amounted to k€ 1,579. Of this amount, k€ 88 relates to lease obligations with a term of less than one year and to leases of low-value assets. The remaining (gross) lease obligations of k€ 1,491 reduced by k€ 161 to k€ 1,330, the amount of the lease liability of that was recognised as of January 1, 2019, due to the discounting applied.

Some of the leases contain price adjustment clauses as well as extension, purchase, and termination options. Such options are only included in determining a lease term if it can be assumed with reasonable certainty that the option will be exercised.

Rights of use are amortised straight-line method on the basis of the following useful lives, which are uniform throughout the Group:

Useful lives	Years
Showhouses	up to 16
Office buildings	up to 6
Other plant, operating and office equipment	up to 6

Further notes and disclosures are provided in section 4. Notes to the consolidated balance sheet under items (3), (15), (17), and (21) and in section 5. Notes to the consolidated statement of comprehensive income under items (30) and (31).

### **Investment property**

Investment property is property held to generate rent and/or for capital appreciation. Investment property is initially recognised at cost, including transaction costs. Subsequently, investment properties are measured at amortised cost in accordance with the cost model. Depreciation is applied straight-line over a period of up to 50 years.

An investment property is derecognised on disposal or when it is no longer expected to be used and no future economic benefits are expected from its disposal. The gain or loss on disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income in the period of disposal.

### **Inventories**

Inventories are recognised at the lower of individual cost as per IAS 2.23, and net realisable value.

Cost essentially represents services invoiced by subcontractors as well as the costs for land purchases. A premium is allocated to this cost to reflect overhead costs, which are composed of administration costs. Overhead cost premiums are based on actual overhead costs for the period.

Borrowing costs are capitalised if they are significant.

Impairment losses are recognised if the net realisable value of individual assets falls below their carrying amount.

### **Receivables arising from construction orders**

If the result of a construction order can be gauged reliably, the order income and order costs connected with this construction order are reported according to the degree of completion of output as of the reporting date compared to the total order output. Expected losses arising from construction contracts are expensed immediately in their entirety.

### **Financial assets and liabilities**

Financial assets are composed primarily of receivables, and of cash and cash equivalents. Financial assets are recognised on the consolidated balance sheet if the company enjoys a contractual right to receive cash or other financial assets from another party. Normal market purchases and sales of financial assets are generally entered in the balance sheet as of the settlement date. A financial asset is generally initially recognised at fair value plus transaction costs.

Financial assets are derecognised if the contractual rights to payments arising from financial assets expire, or the financial assets are transferred along with all key risks and opportunities.

Financial assets are tested for indicators of impairment at each balance sheet date. Financial assets are deemed to be impaired if, as a consequence of one or several events occurring following first-time recognition of the asset, there is an objective indication that the expected future cash flows from the financial asset have undergone a negative change.

For some categories of financial assets, for example, trade receivables, impairment tests are conducted on a portfolio basis for assets where no impairment is established on an individual basis.

### **Cash and cash equivalents**

Cash is recognised at nominal value.

Cash used to collateralise bank borrowings, and which are not at the company's disposal, are not included in cash and cash equivalents, but are instead reported among other current or non-current assets.

## **2.2. Equity and liabilities**

### **Equity capital procurement costs**

Equity capital procurement costs are deducted from the capital reserves after taking into account any tax that they incur.

### **Financial liabilities**

Financial liabilities are recognised in the consolidated balance sheet if the company is contractually obligated to transfer cash or other financial assets to another party. A primary liability is initially recognised at cost. Financial liabilities are measured at amortised cost in subsequent years.

### **Pension provisions**

Pension provisions and similar obligations are measured applying the projected unit cost method for pension benefit commitments in line with IAS 19.

### **Other provisions**

Other provisions are formed to an appropriate extent for all identifiable risks and uncertain obligations. The precondition for recognition is that utilisation is likely, and the extent of the obligation can be calculated reliably.

Provisions for warranty expenses are recognised at the time of completion of production or the time of sale according to the management's best estimation relating to the Group's satisfaction of the obligation.

Non-current provisions are mainly recognised at their discounted fulfilment amount as of the balance sheet date.

## **2.3. Consolidated statement of comprehensive income**

The consolidated statement of comprehensive income is structured according to the nature of expense method.

Revenues and other operating income are realised when services are rendered or when claims arise. Interest income and expenses are reported in the periods to which they relate.

If the corresponding requirements of IFRS 15 are met, revenue is recognised for a specific period. This entails reporting costs incurred during the financial year, and revenue attributable to the financial year, through profit or loss according to the degree of completion of construction. The degree of completion of construction is calculated using the ratio of output achieved relative to total output.

## 2.4. Currency translation

Foreign-currency receivables, cash, and liabilities are measured according to the exchange rate prevailing on the reporting date.

## 2.5. Income tax

Taxes on income are reported and measured according to IAS 12. Apart from a few exceptions determined in the standard, deferred taxes are formed for all temporary differences between IFRS and fiscal valuations (balancesheet-oriented approach). Deferred tax assets based on unutilised tax loss carryforwards are recognised to the extent permitted by IAS 12. The measurement of deferred taxes is based on tax rates as currently applicable. Impairment losses are applied to deferred tax assets depending on the extent to which they can be realised in the future. Deferred tax assets and deferred tax liabilities are reported on a net basis.

# 3. Consolidation

## 3.1. Principles of consolidation

The financial statements of the individual companies were prepared according to uniform accounting principles for the purposes of inclusion in the consolidated financial statements. All companies included in the consolidated financial statements use the same reporting date.

Shares in equity attributable to third parties not forming part of the Group are reported as "minority interests" within equity in the consolidated balance sheet. The carrying amount of minority interests is adjusted to reflect equity changes (distributions/capital contributions, and share of earnings) that are attributable to them. The shares of minority interests are attributable to non-controlling shareholders.

All Group-internal business transactions, balances, and results of intra-group transactions are fully eliminated as part of consolidation.

## 3.2. Scope of consolidation

Besides the HELMA AG parent company, the scope of consolidation includes three fully consolidated associated companies in which the company holds majority interests. During the year under review, no changes occurred to the interests held in the companies.

The following list of shareholdings shows the scope of consolidation:

Name and head office of the company	Share of capital (indirectly and directly)
<b>Subsidiaries of HELMA AG, Lehrte</b>	
HELMA Wohnungsbau GmbH, Lehrte	93.94 %
HELMA Ferienimmobilien GmbH, Lehrte	95.10 %
Hausbau Finanz GmbH, Lehrte	100.00 %

## 4. Notes to the consolidated balance sheet

### Non-current assets

The consolidated statement of changes in fixed assets shows the changes in intangible assets, property, plant and equipment, and investment property.

### Intangible assets

<b>(1) Other intangible assets</b>	<b>k€ 1,883</b>
	12/31/2018 k€ 1,614

This balance sheet item changed as follows:

Recognised amount in k€	Additions in k€	Disposals in k€	Reclassifications in k€	Amortisation / write-downs in k€	Recognised amount in k€
01/01/2019	2019	2019	2019	2019	12/31/2019
1,614	564	3	0	292	1,883

Other intangible assets essentially comprise licenses and IT software.

No indications existed of any impairment.

<b>(2) Goodwill</b>	<b>k€ 1,380</b>
	12/31/2018 k€ 1,380



The reported goodwill results from the acquisition of the interest in HELMA Wohnungsbau GmbH, and is consequently allocated to the "Property development business" segment. The IAS 36 impairment test performed as of the reporting date took into account IDW RS HFA 16, and resulted in a reconfirmation of the previous year's valuation.

<b>(3) Property, plant and equipment</b>		<b>k€ 19,919</b>
	12/31/2018	k€ 19,065

This balance sheet item changed as follows:

Recognised amount in k€	Additions in k€	Disposals in k€	Reclassifications in k€	Depreciation / write-downs in k€	Recognised amount in k€
01/01/2019	2019	2019	2019	2019	12/31/2019
19,065	3,020	90	0	2,076	19,919

Property, plant and equipment is composed as follows:

in k€	12/31/2019	12/31/2018
Land rights and equivalent rights, and constructions including constructions on third-party land	15,978	16,101
Prepayments rendered and plant under construction	332	30
Other plant, operating and office equipment	3,609	2,934
<b>Total</b>	<b>19,919</b>	<b>19,065</b>

No indications existed of any impairment.

Land is generally encumbered using mortgages. With the exception of certain debt-financed vehicles, the item "other plant, operating and office equipment" is essentially subject to no access restrictions due to assignment as security or pledging.

This item includes rights of use as defined by IFRS 16 as follows:

in k€	2019	2018
Intangible assets	0	0
Buildings, rental plant and outdoor plant	1,032	0
Other plant, operating and office equipment	2	0
Investment property	0	0
<b>Total</b>	<b>1,034</b>	<b>0</b>

Additions to property, plant and equipment include additions to rights of use as defined by IFRS 16 as follows:

in k€	2019	2018
Intangible assets	0	0
Buildings, rental plant and outdoor plant	71	0
Other plant, operating and office equipment	0	0
Investment property	0	0
<b>Total</b>	<b>71</b>	<b>0</b>

(4) Investment properties	k€ 80	
	12/31/2018	k€ 179

In the 2018 financial year, HELMA AG classified as investment property two showhouses that HELMA no longer utilises, as these were initially rented on a long-term basis and it was consequently possible to dispense with the original intention to sell them. Contrary to expectations, one of these two showhouses was sold in the 2019 financial year, with the transaction incurring a book loss of k€ 59. The rental income of the property and the corresponding expenses are in the low five-digit euro range. The carrying amount at the balance sheet date corresponds to the fair value.

(5) Other non-current assets	k€ 4,601	
	12/31/2018	k€ 1

Other non-current assets mainly include a loan granted to a property owner in the financial year under review.

Non-current assets, total	k€ 27,863	
	12/31/2018	k€ 22,239

## Current assets

(6) Inventories	k€ 232,210	
	12/31/2018	k€ 220,152

This balance sheet item is composed as follows:

in k€	12/31/2019	12/31/2018
Raw materials and supplies (advertising materials)	38	74
Semifinished services	223,922	210,632
Prepayments rendered for inventories	8,250	9,446
<b>Total</b>	<b>232,210</b>	<b>220,152</b>

Obligations typical for the sector exist with respect to reported inventories.

The reported inventories include land with a value of k€ 192,496 (previous year: k€ 185,853), building and ancillary building costs with a value of k€ 29,130 (previous year: k€ 26,469) and capitalised interest expenses with a value of k€ 10.519 (previous year: k€ 7,724).

Interest expenses of k€ 3,501 were capitalised in the year under review and reported under semifinished services (previous year: k€ 3,376). Reported semifinished services were reduced by k€ 707 (previous year: k€ 1,107) due to the disposal of capitalised interest expenses.

<b>(7) Receivables arising from construction orders</b>		<b>k€ 63,746</b>
	12/31/2018	k€ 47,516

This balance sheet item is composed as follows:

in k€	12/31/2019	12/31/2018
Revenue realised on a proportional basis	140,859	99,620
Prepayments received relating to long-term construction order receivables	-77,113	-52,104
<b>Total</b>	<b>63,746</b>	<b>47,516</b>

Receivables arising from construction orders include receivables from the period-based revenue recognition for long-term construction contracts (IFRS 15). They are calculated based on output achieved relative to total output.

Period-based revenue recognition in accordance with IFRS 15 had the following effects on earnings:

in k€	12/31/2019	12/31/2018
Revenue realised on a proportional basis	140,859	99,620
Acquisition and production costs realised on a proportional basis	-120,812	-82,598
Result from application of the PoC method	20,047	17,022

In the case of the tables above, the cumulative value of long-term construction orders existing as of the balance sheet date were reported under the current financial year. The change compared with the previous year's cumulative value is reflected in the current consolidated statement of total comprehensive income.

<b>(8) Trade receivables</b>		<b>k€ 32,836</b>
	12/31/2018	k€ 29,696

Trade receivables reported are measured at amortised cost.

No impairment losses existed as of the balance sheet date (previous year: k€ 0). No further significant credit risks exist.

Existing trade receivables should be regarded as retaining their full value due to home contracts for which there are financing confirmations provided by financing partners selected by customers. Some of the remaining open amounts are also covered by deposits on notary trust accounts. In both the year under review and in prior years, there were no notable receivables defaults that would have required valuation adjustments to trade receivables extending beyond those already applied.

<b>(9) Other current receivables</b>		<b>k€ 6,432</b>
	12/31/2018	k€ 5,509

This balance sheet item is composed as follows:

<b>in k€</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
Creditor accounts in debit	1,754	1,439
Commissions for commercial representatives	3,343	2,767
Accrued income	409	780
Miscellaneous current receivables	926	523
<b>Total</b>	<b>6,432</b>	<b>5,509</b>

<b>(10) Cash and cash equivalents</b>		<b>k€ 16,703</b>
	12/31/2018	k€ 16,328

This balance sheet item contains cash holdings and bank accounts in credit.

<b>Current assets, total</b>		<b>k€ 352,301</b>
	12/31/2018	k€ 319,201

<b>Total assets</b>		<b>k€ 380,164</b>
	12/31/2018	k€ 341,440

## (11) Equity

The change in consolidated equity is presented in detail in the consolidated statement of changes in equity.

<b>Issued share capital</b>		<b>k€ 4,000</b>
	12/31/2018	k€ 4,000

The issued share capital of HELMA AG amounts to k€ 4,000, and is divided among 4,000,000 no par value ordinary shares. The shares are bearer shares. One share grants the right to one vote.

As a result of a resolution of the Shareholders' General Meeting of July 3, 2015, the Management Board is authorised, with Supervisory Board assent, to increase the issued share capital until July 2, 2020, once or on several occasions, by a total of up to k€ 1,850 (Approved Capital 2015). The approved capital authorisation that existed until that date was cancelled. Following partial utilisation of k€ 300 due to the capital increase implemented in October 2015, the approved capital of July 3, 2015 (Approved Capital 2015) still amounted to k€ 1,550.

The Shareholders' General Meeting of July 3, 2015, passed a resolution for a conditional increase of issued share capital up to an amount of k€ 1,850 (Conditional Capital 2015). The conditional capital serves to grant ordinary bearer shares to bearers or creditors of convertible and/or warrant debentures, profit participation rights, and/or profitsharing bonds, which can be issued on the basis of the authorisation approved by the Shareholders' General Meeting of July 3, 2015. The conditional capital authorisation that existed until that date was cancelled.

<b>Capital reserves</b>		<b>k€ 41,533</b>
	12/31/2018	k€ 41,533

<b>Revenue reserves</b>		<b>k€ 36,280</b>
	12/31/2018	k€ 30,890

<b>Balance sheet profit</b>		<b>k€ 26,660</b>
	12/31/2018	k€ 21,172

<b>Minority interests</b>		<b>k€ 121</b>
	12/31/2018	k€ 121

This balance sheet item changed as follows:

in k€	12/31/2019	12/31/2018
Status as of January 1	121	121
Sum of distributions/capital contributions	-31	-31
Minority interests' share of earnings	31	31
Status as of December 31	121	121

<b>Equity, total</b>		<b>k€ 108,594</b>
	12/31/2018	k€ 97,716

### Economic equity

The targets of the company's capital management lie

- in securing the company's continued existence,
- in ensuring an adequate return on equity, and
- in maintaining an optimal capital structure that keeps capital costs as low as possible.

The capital structure is monitored on the basis of gearing and the equity ratio. The company's strategy consists of entering into a level of gearing that is expedient from the perspective of the company's valuation, and which ensures continued access to debt financing at reasonable costs while retaining a good credit rating. In addition, minimum equity ratios are agreed in part as covenants in the lending agreements that the company has entered into.

in k€	12/31/2019		12/31/2018	
		in relation to total assets in %		in relation to total assets in %
Financial liabilities	191,601		175,640	
Cash and cash equivalents	-16,703		-16,328	
<b>Net debt</b>	<b>174,898</b>	<b>46.0</b>	<b>159,312</b>	<b>46.7</b>
<b>Equity</b>	<b>108,594</b>	<b>28.6</b>	<b>97,716</b>	<b>28.6</b>
<b>Total assets</b>	<b>380,164</b>	<b>100.0</b>	<b>341,440</b>	<b>100.0</b>

During the course of the year under review, the company complied with the financial covenants required in the context of its lending agreements.

## Non-current liabilities

<b>(12) Pension provisions and similar obligations</b>		<b>k€ 10</b>
	12/31/2018	k€ 10

HELMA AG has issued pension commitments to a minor extent. These relate to pension commitments granting fixed benefit entitlements, and which require recognition as defined benefit plans pursuant to IAS 19. The pension provisions are measured as of the reporting date on an actuarial basis using the projected unit credit method and taking into account future changes. The calculations are essentially based on the following assumptions:

in %	12/31/2019	12/31/2018
Interest rate	2.7	3.2
Salary trend	0.0	0.0
Pension trend	2.0	2.0
Staff turnover rate	0.0	0.0

These calculations do not reflect cost trends in the medical care area. No plan assets pursuant to IAS 19 exist.

Payments of k€ 2 were made from pension provisions in the year under review (previous year: k€ 2).

<b>(13) Other non-current provisions</b>		<b>k€ 950</b>
	12/31/2018	k€ 1,055

This balance sheet item changed as follows:

in k€	Status as of 01/01/2019	Utilisation 2019	Release 2019	Addition 2019	Status as of 12/31/2019
<b>Type of provision</b>					
Storage costs for business documents	23	0	0	0	23
Guarantees	1,032	1,032	0	927	927
<b>Total</b>	<b>1,055</b>	<b>1,032</b>	<b>0</b>	<b>927</b>	<b>950</b>

<b>(14) Non-current financial liabilities</b>		<b>k€ 155,617</b>
	12/31/2018	k€ 142,622

This balance sheet item changed as follows:

in k€	12/31/2019	12/31/2018
<b>Liabilities to finance partners</b>		
Residual term between 1 and 5 years	67,526	55,630
Residual term > 5 years	4,091	1,492
<b>Promissory note</b>		
Residual term between 1 and 5 years	80,500	75,000
Residual term > 5 years	3,500	10,500
<b>Total</b>	<b>155,617</b>	<b>142,622</b>

Liabilities to finance partners relate particularly to the financing of land, showhouses, the administration building in Lehrte, the office in Berlin-Karlshorst, and the vehicle park. Of the non-current and current liabilities to finance partners, an amount of k€ 76,155 (previous year: k€ 60,873) was secured by mortgages and carried interest rates of between 0.0 % and 4.55 % p. a. as of the reporting date.

In 2015, two promissory notes in amounts of k€ 5,000 and k€ 10,000 were placed. The first promissory note is divided into a 5-year tranche of k€ 3,000 at an interest rate of 2.914 % p. a., and a 7-year tranche for k€ 2,000 at an interest rate of 3.587 % p. a., and a term that begins for both tranches on April 30, 2015. The second promissory note for k€ 10,000 has a term that starts on December 15, 2015, a 5-year maturity, and an annual coupon of 3.075 %.

In July 2016, a promissory note with a volume of k€ 25,500 was issued for HELMA Wohnungsbau GmbH guaranteed by HELMA AG. This promissory note is divided into two fixed interest tranches with a 5-year maturity for k€ 17,500 and a 2.5 % p. a. coupon as well as a 7-year tranche for k€ 8,000 and a 2.915 % p. a. coupon, both of which start on August 1, 2016. In addition, HELMA Wohnungsbau GmbH already concluded a k€ 10,000 fixed interest KfW financing facility in the second quarter of 2016, with a 5-year maturity up until June 30, 2021 and an interest rate of 2.3 % p. a. This financing volume carries an average term of around three years as a result of ongoing repayment while taking a repayment-free year into account.

In May 2017, a further promissory note with a volume of k€ 27,000 was issued for HELMA Wohnungsbau GmbH guaranteed by HELMA AG. This promissory note is divided into two fixed interest tranches with a 5-year maturity for k€ 20,000 and a 2.5 % p. a. coupon as well as a 7-year tranche for k€ 7,000 and a 3.1 % p. a. coupon.

In July 2018, a further promissory note with a volume of k€ 18,000 was issued for HELMA Wohnungsbau GmbH guaranteed by HELMA AG. This promissory note is divided into two fixed interest tranches with a 5-year maturity for k€ 14,500 and a 2.477 % p. a. coupon as well as a 7-year tranche for k€ 3,500 and a 3.051 % p. a. coupon.

In January 2019 and May 2019, HELMA Wohnungsbau GmbH issued further promissory notes with a total volume of k€ 11,500, which were guaranteed by HELMA AG. These were placed with a January 2024 maturity and a 2.5 % p.a. coupon.



<b>(15) Non-current lease liabilities</b>		<b>k€ 834</b>
	12/31/2018	k€ 0

Due to the first-time adoption of IFRS 16, non-current lease liabilities are reported for the first time in 2019. These arise from the existing obligations from leasing and rental and tenancy agreements, insofar as these are to be taken into consideration under IFRS 16. With regard to further effects from the first-time application of IFRS 16, please refer to the remarks in "Leases / first-time application of IFRS 16" under "Key accounting methods".

<b>(16) Trade payables</b>		<b>k€ 3,929</b>
	12/31/2018	k€ 3,701

Non-current trade payables represent collateral retentions.

<b>(17) Deferred tax</b>		<b>k€ 5,710</b>
	12/31/2018	k€ 5,149

Deferred tax liabilities are composed as follows:

in k€	12/31/2019	12/31/2018
<b>HELMA AG</b>		
- relating to semifinished services	-8,538	-6,075
- relating to receivables arising from construction orders	11,577	8,657
- relating to costs for long-term construction orders	-2,419	-2,075
- relating to other assets	-395	-313
- relating to IFRS 16 rights of use	135	0
- relating to IFRS 16 non-current lease liabilities	-118	0
- relating to IFRS 16 current lease liabilities	-41	0
<b>HELMA Wohnungsbau GmbH</b>		
- relating to semifinished services	-16,294	-10,521
- relating to receivables arising from construction orders	27,807	20,258
- relating to costs for long-term construction orders	-6,798	-4,997
- relating to other assets	-207	-147
- relating to capitalised interest	70	-20
- relating to IFRS 16 rights of use	87	0
- relating to IFRS 16 non-current lease liabilities	-67	0
- relating to IFRS 16 current lease liabilities	-26	0
<b>HELMA Ferienimmobilien GmbH</b>		
- relating to semifinished services	-2,343	-874
- relating to receivables arising from construction orders	3,711	1,564
- relating to costs for long-term construction orders	-295	-235
- relating to other assets	-100	-34
- relating to capitalised interest	29	-25
- relating to IFRS 16 rights of use	84	0
- relating to IFRS 16 non-current lease liabilities	-71	0
- relating to IFRS 16 current lease liabilities	-28	0
<b>HELMA Group consolidation</b>		
- relating to capitalised interest	-50	-14
<b>Total</b>	<b>5,710</b>	<b>5,149</b>

Deferred tax assets and liabilities are offset against each other if the preconditions of IAS 12.74 have been satisfied.

<b>Non-current liabilities, total</b>		<b>k€ 167,050</b>
	12/31/2018	k€ 152,708

### Current liabilities

<b>(18) Other current provisions</b>		<b>k€ 32,410</b>
	12/31/2018	k€ 24,400

This balance sheet item changed as follows:

in k€	Status as of 01/01/2019	Utilisation 2019	Release 2019	Addition 2019	Status as of 12/31/2019
<b>Type of provision</b>					
Costs for long-term construction orders/PoC	23,884	23,884	0	31,092	31,092
Miscellaneous other provisions	516	516	0	1,318	1,318
<b>Total</b>	<b>24,400</b>	<b>24,400</b>	<b>0</b>	<b>32,410</b>	<b>32,410</b>

The provisions for long-term construction order costs contain costs for subcontractors for which the company has not yet been fully invoiced according to the degree of completion.

<b>(19) Tax liabilities</b>		<b>k€ 2,043</b>
	12/31/2018	k€ 3,094

This item includes liabilities relating to trade tax, corporation tax, and the solidarity surcharge.

<b>(20) Current financial liabilities</b>		<b>k€ 35,984</b>
	12/31/2018	k€ 33,018

This balance sheet item contains exclusively current liabilities to financial partners.

<b>(21) Current lease liabilities</b>		<b>k€ 311</b>
	12/31/2018	k€ 0

Due to the first-time application of IFRS 16, current lease liabilities are reported for the first time in 2019. These arise from the existing obligations from leasing, and rental and tenancy agreements, insofar as these are to be taken into consideration under IFRS 16. With regard to further effects from the first-time adoption of IFRS 16, please refer to the remarks in "Leases / first-time application of IFRS 16" under "Key accounting methods".

<b>(22) Trade payables</b>		<b>k€ 11,110</b>
	12/31/2018	k€ 5,806

<b>(23) Other current liabilities</b>		<b>k€ 22,662</b>
	12/31/2018	k€ 24,698

This balance sheet item is composed as follows:

<b>in k€</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
Subcontractor invoices outstanding	18,290	20,664
Personnel	1,461	1,483
VAT	728	589
Wage and church taxes	371	342
Miscellaneous other liabilities	1,812	1,620
<b>Total</b>	<b>22,662</b>	<b>24,698</b>

The liabilities to personnel result primarily from employee vacation and bonus claims that are still outstanding.

<b>Current liabilities, total</b>		<b>k€ 104,520</b>
	12/31/2018	k€ 91,016

<b>Total equity and liabilities</b>		<b>k€ 380,164</b>
	12/31/2018	k€ 341,440

## 5. Notes to the consolidated statement of total comprehensive income

<b>(24) Revenue</b>		<b>k€ 263,243</b>
	2018	k€ 253,276

Revenues were generated exclusively in Germany.

<b>(25) Changes in stocks of finished goods and work in progress</b>		<b>k€ 9,789</b>
	2018	k€ 25,758

The changes in stocks of finished goods and work in progress include the disposal of capitalised interest expenses with a value of k€ -707 (previous year: k€ -1,107).

<b>(26) Other operating income</b>		<b>k€ 2,609</b>
	2018	k€ 1,634

This item is composed as follows:

<b>in k€</b>	<b>2019</b>	<b>2018</b>
Income relating to the monetary benefit from the use of cars	560	539
Income from the disposal of fixed assets	66	116
Insurance compensation payments	178	171
Miscellaneous	1,805	808
<b>Total</b>	<b>2,609</b>	<b>1,634</b>

<b>(27) Expense for materials and third-party services</b>		<b>k€ -207,776</b>
	2018	k€ -217,104

Third-party services represent services procured from subcontractors.

<b>(28) Personnel expense</b>		<b>k€ -24,956</b>
	2018	k€ -23,853

This item is composed as follows:

in k€	2019	2018
Wages and salaries	-21,278	-20,294
Social contributions	-3,678	-3,559
- of which expenses for pensions and benefit	-144	-143
<b>Total</b>	<b>-24,956</b>	<b>-23,853</b>

<b>(29) Other operating expenses</b>		<b>k€ -17,738</b>
	2018	k€ -15,935

This item is composed as follows:

in k€	2019	2018
Sales commissions	-7,629	-6,898
Marketing costs, trade fairs, and exhibitions	-2,521	-2,435
Expense for guarantees	-675	-425
Legal and consultancy expenses	-621	-763
Administration costs (telephone, post, office requirements)	-526	-572
Third-party services	-1,162	-305
Premises costs	-792	-1,093
Vehicle costs	-671	-669
Operating and repair expenses	-572	-518
Representation and travel costs	-392	-452
Office equipment rental costs	-182	-162
Insurance, fees, contributions	-184	-168
Losses on fixed asset disposals	-106	-71
Miscellaneous expenses	-1,705	-1,404
<b>Total</b>	<b>-17,738</b>	<b>-15,935</b>

<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>k€ 25,171</b>
	2018	k€ 23,776

<b>(30) Depreciation / amortisation</b>		<b>k€ -2,389</b>
	2018	k€ -1,992

This item is composed as follows:

<b>in k€</b>	<b>2019</b>	<b>2018</b>
Intangible assets	-292	-231
Buildings, rental plant and outdoor plant	-978	-672
Other plant, operating and office equipment	-1,098	-1,068
Investment property	-21	-21
<b>Total</b>	<b>-2,389</b>	<b>-1,992</b>

This item includes the amortisation of rights of use in accordance with IFRS 16 as follows:

<b>in k€</b>	<b>2019</b>	<b>2018</b>
Intangible assets	0	0
Buildings, rental plant and outdoor plant	-265	0
Other plant, operating and office equipment	-7	0
Investment property	0	0
<b>Total</b>	<b>-272</b>	<b>0</b>

<b>Operating earnings (EBIT)</b>		<b>k€ 22,782</b>
	2018	k€ 21,784

<b>(31) Financing expenses</b>		<b>k€ -869</b>
	2018	k€ -685

Financing expenses in connection with the promissory notes amounted to k€ -2,721 (previous year: k€ -2,209).

Financing expenses include expenses in connection with rights of use in the meaning of IFRS 16 amounting to k€ -31 (previous year: k€ 0).

Financing expenses were offset with the sum of capitalised interest expenses of k€ 3,501 (previous year: k€ 3,376).

<b>(32) Other financial result</b>		<b>k€ 1,681</b>
	2018	k€ 54

In particular, this item includes interest income and expenses, which in the financial year under review mainly comprise capital income from VAT refund applications in the low seven-digit range in euros.

<b>Earnings before taxes (EBT)</b>		<b>k€ 23,594</b>
	2018	k€ 21,153

<b>(33) Income tax</b>		<b>k€ -7,419</b>
	2018	k€ -6,635

This item is composed as follows:

<b>in k€</b>	<b>2019</b>	<b>2018</b>
Current income tax	-6,828	-4,955
Deferred taxes	-591	-1,680
- of which due to the origination and reversal of temporary differences	-591	-1,680
<b>Total</b>	<b>-7,419</b>	<b>-6,635</b>



The following presentation explains the key differences between the arithmetic tax expense arising from corporation tax plus the solidarity surcharge, and trade tax, for the years 2019 and 2018, and actual tax expenditure:

in k€	2019	2018
Earnings before taxes (EBT)	23,594	21,153
Group tax rate	30.60 %	30.60 %
Arithmetic income tax expense	-7,220	-6,473
Increase (decrease) in tax expenditure due to:		
Non-deductible operating expenses	-37	-55
Trade tax additions	-92	-63
Previous years' tax expense	-56	-71
Miscellaneous	-14	27
<b>Income tax</b>	<b>-7,419</b>	<b>-6,635</b>
Effective tax rate	31.44 %	31.37 %

<b>Earnings after taxes</b>		<b>k€ 16,175</b>
	2018	k€ 14,518

## 6. Notes to the consolidated statement of changes in equity

The consolidated statement of changes in equity is presented separately.

## 7. Notes to the consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash holdings and bank accounts in credit.

The following table shows the changes in liabilities from financing activities.

in k€	Status as of 01/01/2019	Cash outflows 2019	Payment received 2019	Reclassifications 2019	Status as of 12/31/2019
Non-current financial liabilities	142,622	0	45,565	-32,570	155,617
Current financial liabilities	33,018	-42,068	12,464	32,570	35,984
Other non-current liabilities	171	-171	0	0	0
<b>Total</b>	<b>175,811</b>	<b>-42,239</b>	<b>58,029</b>	<b>0</b>	<b>191,601</b>

## 8. Other notes to the financial statements

### 8.1. Financial risks and opportunities

The HELMA Group has established a centrally oriented risk management system to systematically report and measure risks arising from financial instruments (market risks (currency, interest-rate, and other price risks), liquidity risks, and default risks). This is structured so that risks can be identified at an early stage, and countermeasures be launched. Reporting is conducted on a continuous basis.

#### Currency risks

No currency risks exist because the HELMA Group operates only within the Eurozone. No currency risks arise since HELMA AG has no subsidiaries whose annual financial statements are denominated in foreign currencies.

#### Interest-rate risks

Interest-rate risk within the HELMA Group results from variable-rate liabilities. Interest rate derivatives are not deployed.

Pursuant to IFRS 7, interest-rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other portions of earnings and, if applicable, equity. The sensitivity analyses are based on the following assumptions:

- Changes in market interest rates for primary financial instruments with fixed rates of interest only affect earnings if they are measured at fair value. Consequently, all financial instruments with fixed interest rates that are measured at amortised cost are subject to no interest-rate risks in the meaning of IFRS 7.
- Changes in market interest rates have an impact on the interest result from primary financial instruments with variable rates of interest whose interest payments are not designated as hedged items as part of cash flow hedges against interest-rate changes, and are consequently taken into account in the earnings-related sensitivity calculations.
- Changes in the market interest rates of interest-rate derivatives that are not integrated into a hedging relationship have effects on the interest result, and are consequently reflected in the earnings-related sensitivity calculations.

An increase or decrease in the market interest rate level of 100 basis points in the year under review would have resulted in an approximately k€ 639 higher, respectively lower, interest expenses (previous year: approximately k€ 483 higher or lower respectively).

### **Other price risks**

HELMA AG is not exposed to other price risks such as stock market prices or indices.

### **Liquidity risk**

Liquidity planning is based on a rolling preview of all important monthly planning and earnings quantities. This liquidity planning is discussed in regular conversations with the finance partners that provide funding for the HELMA Group, and serves to secure financing requirements and credit commitments.

Information about capital management within the HELMA Group is presented in the remarks relating to the "Equity" balance sheet item.

The notes concerning the "non-current financial liabilities" balance sheet item contain a term analysis of the financial liabilities with contractually agreed residual maturities.

### **Default risks**

The company's default risks are limited to normal business risk, which is reflected by the formation of valuation adjustments.

The carrying amounts of the financial assets recognised in the consolidated balance sheet essentially reflect maximum default risk. As of the reporting date, there were no key agreements mitigating maximum default risk (such as offset agreements).

None of the receivables in the receivables portfolio exhibit significant payment problems. As in the previous year, no valuation adjustments were required as a consequence.

### **Concentration of business risks**

No concentration of business risks exists. The company has suffered only minor defaults on the part of its individual customers in the past. All Group companies operate active receivables management. Risk management includes the review and monitoring of risks on the basis of liquidity defaults, and the concentration of business risks on both the customer and supplier sides.

### **Income opportunities from VAT refund applications**

In the assessment periods 2011 to 2013, HELMA Wohnungsbau GmbH paid VAT in accordance with § 13b of the German VAT Act (UStG) to the tax authorities as the recipient of so-called construction services. In its ruling of August 22, 2013 (V R 37/10), the German Federal Fiscal Court (BFH) clarified that a property developer does not provide construction services and consequently cannot be a tax debtor as a recipient of construction services within the meaning of § 13b UStG. For this reason, HELMA Eigenheimbau AG, as the parent company of HELMA Wohnungsbau GmbH for VAT purposes, has applied for reimbursement of any VAT paid in error in the amount of a high seven-digit amount in euros as well as of related accrued interest in the amount of a low seven-digit amount in euros. The Burgdorf tax office has made a positive decision on the applications and reimbursed

the aforementioned amounts. In principle, however, the VAT refunds are offset by claims from subcontractors in the same amount, so that these were essentially either paid to the subcontractors in 2019 or deferred as a liability as of December 31, 2019. The interest refund was recognised in a low seven-digit amount in euros under other financial result in the 2019 financial year, taking into consideration potential liability claims by subcontractors.

## 8.2. Notes relating to earnings per share

Undiluted earnings per share is calculated by dividing consolidated annual net income by the average number of shares in circulation during the financial year, totalling 4,000,000 shares (previous year: 4,000,000 shares), and consequently amounts to € 4.04 per share (previous year: € 3.62).

in k€	2019	2018
Earnings after taxes	16,175	14,518
Minority interests' share of earnings	31	31
Earnings attributable to HELMA Eigenheimbau AG shareholders	16,144	14,487

Diluted earnings per share correspond to undiluted earnings per share since the company has issued no options or equity-equivalent rights.

## 8.3. Segment reporting

The Group has established its operating segment on the basis of the internal management of Group areas where the company's main decision-makers regularly review these business segments' operating results when making decisions concerning the allocation of resources to the segments, and when evaluating their profitability.

The information reported to the Management Board of the HELMA Group for decision-making concerning the distribution of resources to the segments, and the assessment of their profitability, relate to the following main products and services:

- building services business
- property development business
- other

The main area of operations of the building services business lies in the planning and construction management of turnkey detached and semi-detached houses on the basis of customer orders. In the property development business, constructions are realised and marketed on the company's own land. The Other segment comprises the broking business for building-related financing and insurance.

Information relevant for decision-making purposes is reported to the Management Board on IFRS basis.

No instances exist of revenue generated with an individual customer exceeding 10 % of total revenue.

Revenue generated between segments exists mainly in the building services business segment (k€ 16,033; previous year: k€ 14,002).

Please refer to the notes to the consolidated statement of comprehensive income, section (24) Revenue, for information relating to the regional distribution of revenue. The company does not hold assets outside Germany.

## Segment report

in k€	Building services business		Property development business		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Segment revenue (with external customers)	98,336	85,560	163,693	166,599	1,214	1,117	263,243	253,276
Depreciation and amortisation	1,824	1,718	554	266	11	8	2,389	1,992
Segment operating earnings (EBIT) including earnings-dependent portion of business procurement**	10,450	6,931	11,948	14,486	384	367	22,782	21,784
Segment operating earnings (EBIT) including earnings-dependent portion of business procurement adjusted for the disposal of capitalised interest*	10,450	6,931	12,655	15,593	384	367	23,489	22,891
<b>Segment assets***</b>	<b>17,051</b>	<b>16,812</b>	<b>4,784</b>	<b>3,975</b>	<b>47</b>	<b>71</b>	<b>21,882</b>	<b>20,858</b>
<b>Additions to segment assets****</b>	<b>2,211</b>	<b>3,168</b>	<b>1,373</b>	<b>1,817</b>	<b>0</b>	<b>56</b>	<b>3,584</b>	<b>5,041</b>

\* Please refer to the marks in the section (6) Inventories for more information about figures adjusted for the disposal of capitalised interest.

\*\* The earnings-dependent business procurement compensation is measured based on the annual financial statements for the company prepared according to German Commercial Code (HGB) accounting standards, which can make it less easy to analyse the operating segments' results, especially in the year-on-year comparison. The earnings-dependent business procurement compensation for the property development segment increased by k€ 2,178 compared with to previous year.

\*\*\* Intangible assets (excluding goodwill), property, plant and equipment, investment property.

\*\*\*\* In 2019, this includes additions from the first-time application of IFRS 16 amounting to k€ 546 in the building services segment and k€ 760 in the property development segment.

## 8.4. Particular events following the reporting date

No transactions of particular significance occurred after the balance sheet date.

## 8.5. Approval of the financial statements

The Supervisory Board approved the audited consolidated financial statements as of December 31, 2018, on March 29, 2019. The Supervisory Board will approve the audited consolidated financial statements as of December 31, 2019 prospectively on March 17, 2019.

## 8.6. Other financial liabilities

Other financial liabilities that do not have to be accounted for in accordance with IFRS 16 are composed as follows:

### Rental and lease agreements

Rental agreements exist for developed and undeveloped land with a duration of up to 10 years.

## Leases

The operating lease assets are mainly operating and office equipment that is not to be valued in accordance with the requirements of IFRS 16 in the financial year under review.

The financial liabilities arising from these agreements amount to the following in total:

in k€	Up to 1 year	1 to 5 years	More than 5 years	Total (previous year)
Obligations from rental and leasing agreements	78	14	0	92 (1,559)
Obligations arising from operating leases for operating and office equipment	2	3	0	5 (20)
<b>Total</b>	<b>80</b>	<b>17</b>	<b>0</b>	<b>97 (1,579)</b>

The reported financial liabilities are contracts with a term of up to 12 months and low-value contracts of up to € 5,000.00. The expenses for these contracts recognised in the income statement for the 2019 financial year amount to k€ 123 (previous year: k€ 125).

## Contingencies

No liability obligations exist to the benefit of third parties.

## Commercial representatives

The company employs various commercial representatives. After their contracts expire, the company could be required to make compensation payments pursuant to Section 89b of the German Commercial Code (HGB).

## 8.7. Key business transactions with related parties

In 2019, Mr. André Müller acquired from HELMA Wohnungsbau GmbH an apartment including underground parking space in Hanover at a list price of k€ 400.

The audit, tax advisory, legal, and notary practice Morzynski, Löbke, Koenemann, Bauer, Braun GbR, Hanover, in which Mr. Paul Heinrich Morzynski holds an interest, received payments of k€ 60 in 2019 mainly for holding customer payments on notary escrow accounts as well as for services rendered in connection with authentications and powers of attorney.

All business transactions with related companies and individuals were performed on standard market terms.

## 8.8. Management and Supervisory Boards

### Management Board

In the 2019 financial year, the management of the company was performed by the Management Board which was composed of the following members:

- Mr. Gerrit Janssen, Hanover, Management Board Chairman
- Mr. Max Bode, Hanover, Management Board member
- Mr. André Müller, Cologne, Management Board member

The Supervisory Board passed a resolution on July 5, 2019 to implement an early extension of the contract of Max Bode for a further three years until June 30, 2023.

Mr. Gerrit Janssen is appointed to the Management Board until June 30, 2022, Mr. Max Bode until June 30, 2023, and Mr. André Müller until June 30, 2023.

If only one Management Board member is appointed, this member represents the company on a sole basis. Where several Management Board members are appointed, the company is represented either by two Management Board members or by one Management Board member together with a company officer.

Mr. Gerrit Janssen is authorised on a sole representation basis to conclude legal transactions on the company's behalf as a third-party representative.

Mr. Karl-Heinz Maerzke holds 25.1 % of the issued share capital of HELMA Eigenheimbau AG; HINDENBURG Immobilien GmbH & Co. KG, Lehrte, holds a further 14.5 %, which is attributable to Mr. Karl-Heinz Maerzke.

### **Total remuneration for the Management Board**

The total compensation for Management Board amounted to k€ 1,361 in the 2019 financial year (previous year: k€ 1,235).

No receivables were due from the Management Board as of December 31, 2019.

There are no further payments that have been committed to Management Board members in the instance of the termination of their activities.

No payments were made to former Management Board members in the period under review.

### **Supervisory Board**

At the Shareholders' General Meeting on July 5, 2019, Supervisory Board elections were held as scheduled. Supervisory Board members were re-elected for a further term of office until the end of the Shareholders' General Meeting which approves the discharge of the Supervisory Board members for the 2023 financial year. At its subsequent meeting, the Supervisory Board elected Mr. Karl-Heinz Maerzke to be its Chairman and Mr. Sven Aßmann to be its Deputy Chairman.

The Supervisory Board was composed as follows as of December 31 of the reporting year:

- Mr. Karl-Heinz Maerzke, Hanover (Chairman), (profession: businessman)
- Mr. Sven Aßmann, Hoisdorf (Deputy Chairman), (profession: lawyer)
- Mr. Paul Heinrich Morzynski, Hanover, (profession: auditor and tax consultant)
- Mr. Dr. Peter Plathe, Hanover, (profession: presiding judge - in retirement)

### Total remuneration for the Supervisory Board

Total remuneration for the Supervisory Board was k€ 178 in the year under review (previous year: k€ 161).

No payments were made to former Supervisory Board members in the period under review.

## 8.9. Number of employees

The HELMA Group employed an average workforce of 322 employees (previous year: 328) and an average of 9 individuals were employed to a minor extent (previous year: 9).

## 8.10. List of shareholdings

Name	Headquarters	Shareholding level	Equity as of December 31, 2019	Share capital as of December 31, 2019	Net result before profit-and-loss transfer 2019
HELMA Wohnungsbau GmbH	Lehrte	93.94* %	€ 1,275,400.00	€ 1,275,400.00	€ 5,104,002.53
HELMA Ferienimmobilien GmbH	Lehrte	95.10 %	€ 250,000.00	€ 250,000.00	€ 1,654,510.54
Hausbau Finanz GmbH	Lehrte	100.00 %	€ 26,000.00	€ 26,000.00	€ 400,850.26

\*Of which 4.01 % held indirectly through Hausbau Finanz GmbH

The net result after profit-and-loss transfer amounted to € 0.00 for all companies listed.

## 8.11. Exemption pursuant to Section 264 (3) of the German Commercial Code (HGB)

The subsidiaries HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH utilise the exemptions contained in Section 264 (3) of the German Commercial Code (HGB) for the 2019 fiscal year.

## 8.12. Auditor's fee

The auditor's total fee for the reporting year, including the companies included in the consolidated financial statements, amounted to k€ 126. Of this amount, k€ 77 is attributable to services for the auditing of financial statements, k€ 8 is attributable to certification services, and k€ 41 is attributable to tax advisory services.

Lehrte, February 27, 2020

**Signed Gerrit Janssen**  
Management Board Chairman

**Signed Max Bode**  
Management Board member

**Signed André Müller**  
Management Board member





## Consolidated statement of changes in fixed assets 2019 (component of notes to the financial statements)

in k€	Cost				
	01/01/2019	Additions*	Transfers	Disposals	
<b>I. Intangible assets</b>					
1. Concessions, industrial trade rights, customer relationships, and similar rights and assets, and licences to such rights and assets	2,456	86	948	88	
2. Internally generated intangible assets	391	0	0	0	
3. Goodwill	4,038	0	0	0	
4. Prepayments rendered	1,027	478	-948	0	
<b>Total intangible assets</b>	<b>7,912</b>	<b>564</b>	<b>0</b>	<b>88</b>	
<b>II. Property, plant and equipment</b>					
1. Land rights and equivalent rights and buildings including buildings on third-party land	22,637	1,682	241	534	
2. Other plant, operating and office equipment	7,621	793	2	689	
3. Prepayments rendered and plant under construction	30	545	-243	0	
<b>Total property, plant and equipment</b>	<b>30,288</b>	<b>3,020</b>	<b>0</b>	<b>1,223</b>	
<b>III. Investment property</b>					
1. Buildings	690	0	0	308	
<b>Total Investment property</b>	<b>690</b>	<b>0</b>	<b>0</b>	<b>308</b>	
<b>Total fixed assets</b>	<b>38,890</b>	<b>3,584</b>	<b>0</b>	<b>1,619</b>	

\*The additions to land rights and equivalent rights and buildings including buildings on third-party land, include additions from the first-time adoption of IFRS 16 in the amount of k€ 1,235.



## Consolidated statement of changes in fixed assets 2018 (component of notes to the financial statements)

in k€	Cost				
	01/01/2018	Additions	Transfers	Disposals	
<b>I. Intangible assets</b>					
1. Concessions, industrial trade rights, customer relationships, and similar rights and assets, and licences to such rights and assets	2,270	186	0	0	
2. Internally generated intangible assets	391	0	0	0	
3. Goodwill	4,038	0	0	0	
4. Prepayments rendered	563	464	0	0	
<b>Total intangible assets</b>	<b>7,262</b>	<b>650</b>	<b>0</b>	<b>0</b>	
<b>II. Property, plant and equipment</b>					
1. Land rights and equivalent rights and buildings including buildings on third-party land	18,336	806	3,634	139	
2. Other plant, operating and office equipment	6,943	1,292	174	788	
3. Prepayments rendered and plant under construction	1,545	2,293	-3,808	0	
<b>Total property, plant and equipment</b>	<b>26,824</b>	<b>4,391</b>	<b>0</b>	<b>927</b>	
<b>III. Investment property</b>					
1. Buildings	0	0	690	0	
<b>Total Investment property</b>	<b>0</b>	<b>0</b>	<b>690</b>	<b>0</b>	
<b>Total fixed assets</b>	<b>34,086</b>	<b>5,041</b>	<b>690</b>	<b>927</b>	



## Independent audit opinion

To HELMA Eigenheimbau Aktiengesellschaft, Lehrte

### Audit results

We have audited the consolidated financial statements of **HELMA Eigenheimbau Aktiengesellschaft, Lehrte**, and its subsidiaries (the Group), consisting of the consolidated balance sheet as of December 31, 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the financial year from January 1 to December 31, 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the aggregated management report of HELMA Eigenheimbau Aktiengesellschaft, Lehrte, for the financial year from January 1 to December 31, 2019.

In our opinion based on the findings of our audit,

- the accompanying consolidated financial statements comply in all material respects with IFRSs as adopted by the EU, the additional requirements of German law pursuant to § 315e (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets and financial position of the Group as of December 31, 2019, and of its results of operations for the financial year from January 1 to December 31, 2019, in accordance with these requirements, and
- the accompanying aggregated management report provides a suitable understanding of the Group's position as a whole. In all material respects, this aggregated management report is consistent with the consolidated financial statements, complies with German legal requirements, and suitably presents the opportunities and risks pertaining to future development.

In accordance with § 322 (3) Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the aggregated management report.

### Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the aggregated management report in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). Our responsibility under these rules and principles is described further in the section "Auditor's responsibility for the audit of the consolidated financial statements and the aggregated management report" of our audit opinion. We are independent of the Group companies in accordance with German commercial law and professional regulations, and have fulfilled our other German professional obligations in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the aggregated management report.

## Other information

The legal representatives are responsible for other information. The other information includes the remaining parts of the annual report that are expected to be made available to us after the date of this audit opinion, albeit excluding the following: the consolidated financial statements, the management report information included in the content of the audit, our audit opinion, and the Supervisory Board Report.

The Supervisory Board is responsible for the Supervisory Board Report. Otherwise, the legal representatives are responsible for the other information.

Our audit opinion on the consolidated financial statements and the aggregated management report does not extend to the other information, and accordingly we will not express an audit opinion or any other form of audit conclusion on such matters.

In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information as it becomes available and to evaluate whether the other information

- contains material inconsistencies with the consolidated financial statements, the aggregated management report, or the knowledge gained from our audit, or
- appears to be substantially misrepresented elsewhere.

If, when reading the remaining parts of the annual report – with the exception of the audited consolidated financial statements and the aggregated management report, as well as our audit opinion and the report of the Supervisory Board – we conclude that it contains a material misstatement, we are obligated to disclose such facts to those responsible for supervision.

## Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the aggregated management report

The legal representatives are responsible for the preparation of the consolidated financial statements corresponding in all significant matters to IFRS as applicable in the EU and the supplementary German statutory regulations pursuant to § 315e (1) of the German Commercial Code (HGB), and for ensuring that the consolidated financial statements in compliance with such regulations convey a true and fair view of the Group's net assets, financial position, and performance. In addition, the legal representatives are responsible for the internal controls they deem necessary for the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters relating to the company as a going concern, if relevant. In addition, they are responsible for financial accounting under the going concern assumption unless an intention exists to liquidate the Group or to discontinue operations, or no realistic alternative exists.

Furthermore, the legal representatives are responsible for the preparation of the aggregated management report, which as a whole provides a suitable view of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks pertaining to future development. Moreover, the legal representatives are responsible

for the precautions and measures (systems) they deem necessary to enable the preparation of an aggregated management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the aggregated management report.

The Supervisory Board is responsible for monitoring the Group's accounting process relating to the preparation of the consolidated financial statements and the aggregated management report.

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

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether intentional or unintentional, and whether the aggregated management report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the findings of our audit, complies with German legal requirements, and suitably presents the opportunities and risks of future development, as well as to express an opinion that includes our audit opinion on the consolidated financial statements and the aggregated management report.

Sufficient assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the auditing of financial statements as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]) will always reveal a material misstatement. Misstatements can arise from violations or inaccuracies, and are regarded as material if it could reasonably be expected that they would individually or collectively influence the economic decisions of users made on the basis of these consolidated financial statements and the aggregated management report.

During the audit, we exercise our best judgement and maintain a critical attitude. In addition

- we identify and evaluate the risks of material misstatement, whether intentional or not, of the consolidated financial statements and the aggregated management report, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional incompleteness, misrepresentation, or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the procedures and measures relevant to the audit of the aggregated management report in order to plan audit procedures that are appropriate in the circumstances, albeit not for the purpose of expressing an opinion on the effectiveness of those systems.
- we evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by the management, as well as the reasonableness of accounting estimates and related disclosures made.
- we draw conclusions concerning the appropriateness of the accounting principles applied by the legal representatives in relation to the company as a going concern and, on the basis of the audit evidence obtained, whether a material uncertainty exists in connection with events or circumstances that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to express an opinion on the related consolidated financial statements and on the aggregated



management report, or, if the information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Group no longer being able to continue its business activities.

- we have assessed the overall presentation, the structure, and content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the Group's net assets, financial position, and performance in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) of the German Commercial Code (HGB).
- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to express an opinion on the consolidated financial statements and the aggregated management report. We are responsible for the direction, monitoring, and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the aggregated management report with the consolidated financial statements, its legal pronouncements, and the Group management report as a whole.
- we perform audit procedures on the forward-looking statements presented by the legal representatives in the aggregated management report. On the basis of sufficient and suitable audit evidence, we particularly verify the significant assumptions on which the legal representatives' forward-looking statements are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. A significant unavoidable risk exists that future events will differ materially from the forward-looking statements.

Among other matters, we discuss the planned scope with those responsible for monitoring and the timing of the audit and significant findings of the audit, including any deficiencies in the internal control system identified during our audit.

Hanover, February 28, 2020

**Ebner Stolz GmbH & Co. KG**

Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft

**Hans-Peter Möller**  
Auditor

**Steffen Südmersen**  
Auditor

# Single entity financial statements of HELMA Eigenheimbau AG

according to HGB (Condensed)\*

## Income Statement

in k€	2019	2018
<b>Revenue</b>	<b>105,051</b>	<b>101,337</b>
Changes in stocks of finished goods and work in progress	7,773	-1,392
Other operating income	1,244	762
Materials expense	-75,828	-66,975
Personnel expense	-16,513	-15,137
Depreciation and amortisation of property, plant and equipment, and intangible assets	-1,719	-1,718
Other operating expenses	-9,669	-9,556
<b>Operating earnings (EBIT)</b>	<b>10,339</b>	<b>7,321</b>
Net financial result	11,295	8,280
<b>Earnings before income tax</b>	<b>21,634</b>	<b>15,601</b>
Net income	14,815	10,656
<b>Balance sheet profit</b>	<b>14,815</b>	<b>10,656</b>

In its single-entity financial statements prepared according to the accounting principles of the German Commercial Code (HGB), HELMA Eigenheimbau AG reports unappropriated retained earnings of € 14,815,019.48 for the 2019 financial year on net income of € 14,815,019.48.

The Management and Supervisory Boards will propose to the Shareholders' General Meeting to be held on July 3, 2020, that it approves the distribution of a dividend of € 1.85 per dividend-entitled ordinary share, consequently € 7,400,000.00, and that the remaining amount of € 7,415,019.48 be carried forward to the other revenue reserves.

The total amount of dividends and the amount to be transferred to the other revenue reserves in the preceding resolution proposal for the application of unappropriated retained earnings is based on dividend-entitled share capital of € 4,000,000.00, split into 4,000,000 ordinary shares.

\*The complete annual financial statements of HELMA Eigenheimbau AG, Lehrte prepared according to the German Commercial Code (HGB), including the unqualified audit opinion, is available in German on the Internet at [www.ir.HELMA.de](http://www.ir.HELMA.de), as well as being published in the electronic Federal Gazette, and filed in the companies register.

## Balance Sheet – Assets

in k€	12/31/2019	12/31/2018
<b>Non-current assets</b>	<b>18,602</b>	<b>18,803</b>
- of which intangible assets	1,818	1,515
- of which property, plant and equipment	14,791	15,295
- of which financial investments	1,993	1,993
<b>Current assets</b>	<b>126,770</b>	<b>107,405</b>
- of which inventories	54	88
- of which receivables and other assets	117,590	98,742
- of which cash and cash equivalents	9,126	8,575
<b>Prepayments and accrued income</b>	<b>413</b>	<b>361</b>
<b>Total Assets</b>	<b>145,785</b>	<b>126,569</b>

## Balance Sheet – Equity and liabilities

in k€	12/31/2019	12/31/2018
Equity	94,681	85,066
Provisions	9,640	9,089
Liabilities	41,464	32,414
<b>Total equity and liabilities</b>	<b>145,785</b>	<b>126,569</b>

## Editorial

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### **Publisher**

HELMA Eigenheimbau AG  
Zum Meersefeld 4  
D-31275 Lehrte  
Registration: Local Court Hildesheim, HRB 201182

### **General concept and editor**

HELMA Eigenheimbau AG, Lehrte

### **Layout**

HELMA Eigenheimbau AG, Lehrte

### **Photographs**

HELMA Eigenheimbau AG, Lehrte

### **Comment on forward-looking statements**

The information published in this report relating to the future development of HELMA Eigenheimbau AG refers only to forecasts and estimates and thus not to given historic facts. This merely serves for information purposes and may contain words such as "intend", "aim", "expect", "plan", "forecast", "assume" or "appraise". These forward-looking statements rely on the information, facts and expectations available to us at present, and therefore only apply at the point in time of their publishing.

Forward-looking statements are generally prone to uncertainties and risk factors difficult to estimate in their impact. The actual results and development of the company could therefore materially deviate from the forecasts. HELMA Eigenheimbau AG intends to monitor and update the published data at all times. Nevertheless, the company is not responsible for adapting the forward-looking statements to later events and developments. As a result, it is neither expressly nor actually liable for and does not assume any guarantee for the timeliness, accuracy and completeness of this data and information.

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**Daniel Weseloh**  
Investor Relations

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## Financial Calendar 2020

March 04, 2020	Preliminary figures for the 2019 financial year
March 23, 2020	Publication Annual Report 2019
April 28–29, 2020	Munich Capital Market Conference (Munich)
July 03, 2020	Annual General Meeting (Lehrte)
August 18, 2020	Publication Half-Year Report 2020
August 20, 2020	5th Hamburg Investors' Day - HIT (Hamburg)
September 22, 2020	Berenberg and Goldman Sachs German Corporate Conference (Munich)
October 05–07, 2020	Expo Real (Munich)
November 16–18, 2020	German Equity Forum (Frankfurt am Main)

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# HELMA code of values

In our code of values – which guides us in our daily ideas and activities – we summarise the values that are particularly important to us in how we interact with each other, and with our customers and partners.



## Transparency

Honesty and forward-looking communication are important to us. We ensure that our customers, employees, business partners, investors and other stakeholder groups are informed comprehensively. This also includes stating openly where we have made errors.

## Sustainability

We take responsibility: A balanced approach to economic, ecological, social, cultural and social resources forms the basis of our business activity.



## Quality

We offer high-quality services to our customers. Our projects are generated together with our customers and business partners within a positive working environment. This, too, comprises quality for us.



# values

## Customer

The customer stands at the centre of our activity. Our customers' satisfaction is what matters to us, and it informs our vision: „We love to build for your life!“



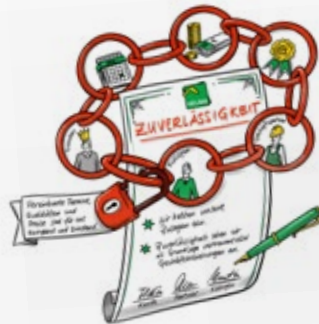
## Team

We are HELMA: our expert teams make recourse to a well-founded base of knowledge, and work together constructively – because we aim always to achieve the best results for our customers.

## Safety

Safety comes first.

For this reason, we offer our customers an extensive range of additional safety measures. We also invest in occupational safety: with us, our employees enjoy a working environment that offers above-average safety.



## Reliability

We keep our promises. Our customers, business partners and colleagues can rely on the fact that the deadlines, qualities and prices to which we agree are mandatory and binding for us. We regard reliability as the basis of our trusting business relationships.

## Performance

Make (dream) homes become reality. We give our best for this – with clearly defined working structures, efficient working practices, and in close coordination with our customers and internal partners.



## Expertise

Our staff comprise our capital. Their knowledge and ability to engage with our customers and business partners on a personal basis is what drives our business forward. We ensure they always have sufficient opportunities to develop themselves further professionally.

We love to build for your life.



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