



Annual Financial statements 2023
Bakkegruppen

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Directors' Report

Highlights

Bakkegruppen has during 2023 been through a financial restructuring process. Bakkegruppen observed both risk related to the market situation as well as risk related to its working capital needs during last part of 2022 and hence initiated a process to a deinvest certain assets, the group was close to reaching an agreement with its counterparty during June 23 but as a consequence of the rapidly deteriorating market the proposed deal fell through.

Bakkegruppen negotiated a stand-still agreement with its creditors (banks and bond holders) in December 2023 which gives the Group a three year runway with amortization holiday and interest payments to be payment-in-kind. The Group has as a part of the process sold assets including the subsidiary MittEgetLokale AS (closing in February 2024. The subsidiary contributed with a positive operating result of 16.5 MNOK in the consolidated result of 2023) and the hotel in Rømskog (closing in December 2023. The hotel contributed with a negative operating result of around 10 MNOK in the consolidated result of 2023.). Bakkegruppen has under the Mittegetlokale AS sales agreement retained and option to buy back the shares within year end 2025.

Based on the agreement reached, Bakkegruppen has secured its financing and working capital need going forward and is well positioned to exploit an upturn in the residential real estate market going forward.

The group's core business is housing development which is focused on two main segments: detached houses and apartments. In total apartments account for 30% of group revenues compared to 36% for rowhouses. The divested subsidiary MRB accounts for 34% of group revenues. The market for newbuildings have for the last 2 years been under pressure and sales have been subdued. Due the market conditions, Bakkegruppen AS has experienced a reduction in sales as well as increased pressures on margins within the group.

Total sales in 2023 came in at 1 066 MNOK which is a reduction of 335 MNOK compared to 2022. Gross revenues amounted to 1045 MNOK in 2023 (1669 MNOK in 2022). The topline reduction is a reflection of the market conditions and as a result, EBITDA margin was reduced by 6% from 4% in 2022 to -2% in 2023.

Bakke AS (subsidiary focused on development of terraced housing) has its own project management in all its construction activities. Bakke AS owns and manages the entire value chain from acquisition and construction to the marketing of rowhouses. The houses are built in our in-house production facility at Aurskog and assembled on-site, giving Bakkegruppen an effective platform for this line of business.

Bakke Leiligheter AS (subsidiary focused on development of apartment buildings) has established its own construction company that will deliver construction and services to group companies. This then replicates the highly successful business model adopted in the terraced housing division.

For an overview of Bakkegruppen group companies and investments with ownership less than 50%, see annual accounts note 11 and 12.

Operating Revenue

Bakkegruppen's total revenue for 2023 was 1045 MNOK (1669 MNOK in 2022) where the decrease is mainly due reduced demand. Total revenues of 82 MNOK (202 MNOK) is related to partially owned entities (joint ventures) which in the financial statements are consolidated on a line-by-line basis showing the pro-rata share of revenues, expenses, and balance sheet items. Revenues from noncore entities amounted to 73 MNOK (80 MNOK). These revenues are related to, scaffolding services, real estate, and revenues related to Rømskog Resort & Spa.

Operating costs

Operating costs totalled 1089 MNOK (1620 MNOK), with project expenses accounting for 813 MNOK (1340 MNOK). This cost is mainly related to construction costs for homes sold in the period. Payroll costs accounted for 156 MNOK (172 MNOK) of the total. The overall decrease in costs, are mainly related to reduced activity and a reduction of personnel. Other operating costs came to 95 MNOK (87 MNOK) due to increased cost related to the restructuring process.

Operating Profit

The group made an operating loss of -44 MNOK (48 MNOK). EBITDA for 2023 was -20 MNOK (68 MNOK) equating to an EBITDA margin of -1,9 % (4.1%). Adjusted for non-core activities the EBITDA margin came in at -0.8% (5.9%).

Financial Items and Tax

Net financial items totalled - 87 MNOK (-64 MNOK) and are mainly related to the bond facility, as well as financing of the group's facilities at Aurskog, the hotel property at Rømskog, and several rolling credit facilities within the group. The increase in interest cost is mainly related the increase in the general interest rates.

Total tax cost for the year amounted to MNOK -26,4 (0.3 MNOK), and group result after tax totalled -105 MNOK (16 MNOK).

Cash Flow

Net cash flow from operational activities was -314 MNOK in 2023 (-30 MNOK in 2022). The group accounts use the percentage-of-completion method for the main part of its activities, which is the main reason for the deviation between the cash flow from operational activities and operating profit.

Due to activity level and market conditions, investment activity in 2023 was below 2022. Net cash flow from investment activities totalled -86 MNOK (-127 MNOK) and cash flow from financing activities was positive with 316 MNOK (124 MNOK).

The total cash position for the group at year-end was 62,9 MNOK, a reduction of 85 MNOK (147,9 MNOK in 2022). For the parent company Bakkegruppen AS the cash position was 1.9 MNOK at year-end a reduction of 2,3 MNOK from last year.

Balance Sheet

Assets in Bakkegruppen at 31 December totalled MNOK 2633 (2974 MNOK). Inventories (land, housing under construction, and sold/completed houses) at 31 December totalled 1897 MNOK (1668 MNOK). Equity at 31 December totalled 292 MNOK (383 MNOK), which equals an equity ratio of 11.1% (12.9%). The board has proposed zero dividends for the year 2023 (15 MNOK in 2022).

The group hold cash and cash equivalents of 63 MNOK (148 MNOK) at 31 December 2023. Corresponding numbers for the parent company were 1.9 MNOK (4.2 MNOK). At 31 December total interest-bearing debt equalled 1856 MNOK (1918 MNOK). 1067 MNOK was classified as long-term interest-bearing debt (741 MNOK). Current debt was at 31 December 1073 MNOK (1623 MNOK). Current interest-bearing debt is mainly related to construction loans connected to ongoing projects. Non-interest-bearing debt is accounts payable, advance payments from customers, and public duties payable.

Risk and risk management

Bakkegruppen as a substantial housing developer is exposed to numerous risks. Through internal controls and processes risk is mitigated to reduce the potential impact on the financial performance of the group and to keep it at an acceptable level.

The main risk factors are financial and market risks.

Financial risks

Credit risk

The group's credit risk is mainly related to settlement from customers. Customers are, for a large part, Norwegian households. Normally a deposit is paid upfront when customers enter into a contractual agreement with the group. Furthermore, after entering into a contract the customer has a legal obligation to cover the group's losses if the customer forfeits the contract. Customer payments are paid to a client account before an apartment or house is delivered to the buyer.

Liquidity risk

For the risk for the group, not meeting its financial obligations at maturity and the financing sources are not available for the group companies. The risk is effectively reduced by financing known obligations as early as is practically possible. Bakkegruppen, as other property developers, depend on continuous project financing from financing institutions as well as other sources. Availability of project financing will also depend on the general financing market. The group also focuses on long-term liquidity planning and spread credit risk on several counterparties.

Interest rate risk

Interest rate risk is the risk related to the loan portfolio's exposure to the general interest level in Norway (Nibor) and the development of market terms (margin) of banks in general. This risk is relatively limited within the group. The group has a policy not to enter into fixed interest contracts, combined with the fact that the main part of the debt is relatively short-term. Construction loans limited risk in total. The group also has several lenders that compete to provide financing in line with the market at all times. The group has an implicit exposure to interest rates because there is a correlation between the pricing of housing and interest rates.

Risk related to suppliers

The group has established risk reduction measures related to large suppliers to the group. Every material supplier has to satisfy a certain set of criteria, such as equity ratio and the lifetime of the supplier. As mentioned above the group is exposed to several banks, hence risk related to banks are diversified. Solidity risk related to financial partners considered to be minimal.

The group has no or very limited currency exposure and risk.

Research and development activities

The group has no R&D activities and has had no such activities during 2023 (or 2022).

Work environment and employees

The group has a total of 173 (183) employees. Of total employees, 70% (76%) are men and 30% (24%) are women. The sickness absence was 8,7 per cent for the group in 2023, and 2,8% for the parent company. The group has recorded 24 minor work related injuries during 2023, two of which led to absence.

The board consists of two men and one woman. The board has implemented a non-discrimination policy within the group. It has been signed an insurance policy for one member of the Board of Directors, for potential liability towards the company and third-parties. The group is currently working on establishing a board liability insurance for the whole board.

Environment

The group activities have an impact on the environment. Bakkegruppen has implemented procedures to minimize the environmental footprint of the group. Waste is recycled as far as possible at building sites, through sorting into waste streams.

Measures are taken to reduce construction waste in collaboration with producers of return systems. Excess wood from production is used for heating our facilities at Aurskog. The group uses to large extent electric vans and trucks.

Due diligence assessments

The Group are carrying out due diligence assessments according to the Transparency Act and will publish the results of these assessments within 30 June 2024 on the company's website.

Going Concern

Under §3-3 of the Norwegian Accounting Act the board confirms that the group and parent company accounts are prepared on a going concern assumption. This assumption is based on profit forecasts coming years as well as the Group's long-term strategic forecasts. The Group's economic and financial position is acceptable.

Market conditions has continued to be weak after year end, weak sales during the last two quarters of 2023 as well as a continued weak market during the first months of 2024, the reduction in sales are more or less in line with the general trends in the market. Furthermore sales has been impacted by the fact that few project have been launched to marked during 2023 and first months of 2024.

We expect low activity in 2024 and continued weak results for 2024 and continued weak market conditions will also impact results for 2025. Bakkegruppen has during 2023 experienced a demanding situation where its working capital reserved were depleted. In august a restructuring process was initiated with its main creditors (banks and bond holders) and an agreement was reached just before year end. Banks and bondholders have been supportive and the main points in the agreement are as follows;

- Implementation of measures which will secure new liquidity in the aggregate amount of NOK 120m
- The liquidity will be strengthened by extending maturity of bank loans and the NOK 500m bond loan to end of Q1 2027, where interest and amortization will only be serviced upon sufficient liquidity and debt service capacity and if not sufficient capacity, interest will be accumulated (PIKed)
- The exiting 500m bond loan will include a mechanism whereby up to NOK 250m of the bond loan can be converted to a convertible hybrid instrument, to secure adequate equity upon any required write-downs and/or to absorb applicable losses going forward
- Certain banks will provide new construction loans and existing construction loans will remain available to ensure adequate project activity within the group
- The board will be further strengthened by new/additional board members with adequate expertise to assist the group in a more challenging market environment going forward.

Based on the agreement reached Bakkegruppen has secured its working capital need going forward and is well positioned to exploit an expected upturn in the residential real estate market going forward. Bakkegruppen will off course continue its relentless work on bringing new projects to market, our land bank is mature meaning that most projects are either sales ready or have obtained building permits or zoning plans from local authorities. As part of our efforts to bring projects to market and obtain financing we are also on several projects working to obtain an insurance that in effect insures the topline in the projects and normally this would mitigate risks related to financing. Even though mitigating measures have been implemented on cost side these will not fully offset the effects of reduced activity and hence we expect a weak topline and EBITDA for 2024 and going into 204. Furthermore we also expect continued pressure on margins due to increased costs. We do however observe as slight reduction in costs within some areas.

Bakkegruppen currently owns a substantial land bank as well as a real estate portfolio with substantial values and value potential. With the current land bank Bakkegruppen is well positioned for a rebound in the market and based on the currents prognosis on future prices on housing we assume that the current land bank will increase its value over the coming years.

Bakkegruppen banks have been committed to provide new construction loans for new projects with satisfactory presales as well as profitability, Bakkegruppen has therefore commenced construction and / or decided to commence construction during Q1 and Q2 as follows;

- Sentrumshagen Aurskog - 49 apartments (construction started)
- Skogmo Park – Jessheim – 59 apartments (construction started)
- Sentrumshagen – Aurskog – 23 townhouses/multi-family homes (construction started)
- Fredheimkvartalet – Ås - 141 apartments
- Høgåskollen – Enebakk – 18 multi-family homes
- Strandlia – Nesodden – 5 – townhouses (construction started)

Furthermore, a number of new sales starts for both townhouse and apartment projects are planned for 2024, and the company is continuously working to adapt housing models and projects to the market situation. Bakke AS (small houses) has particularly succeeded well with smaller units in multi-family homes, where the housing price matches well with the buyers' borrowing capacity regulated by the mortgage regulations.

There is little change in the general market situation, but it appears that the decline in new home sales is slowing and leveling out in the company's market area. To maintain sales and activity, the adaptation of housing size is important, but also somewhat challenging as several municipalities do not wish for market-adapted homes and maintain requirements in the zoning plan or outdated apartment standards that are not suited to today's market with high construction costs and higher interest rates.

Events after the balance sheet date

Market conditions has continued to be weak after year end, but the reduction in sales are in line with the general trends in the market. Sales has been negatively impacted by the fact that few newbuilding project have been launched to marked during 2023 and the first months of 2024. Even though mitigating measures have been implemented on the cost side, these will not fully offset the effects of reduced activity and hence we expect a weak topline and EBITDA for 2024

We expect subdued activity in 2024 and continued weak results for 2024. A continued weak market will eventually impact results for 2025. That being said, Bakkegruppen currently owns a substantial land bank as well as a real estate portfolio with substantial values and value potential. With the current land bank Bakkegruppen is well positioned for a rebound in the market.

Accounting effects of divested assets and projects*Mittegetlokale AS:*

The sale of Mittegetlokale AS and relevant subsidiaries was completed on february 28th 2024. Based on preliminary estimates we expect the sale to generate a profit in group accounts in the range of NOK 15 mill - NOK 17 mill, the profit will be booked in Q1-24. Balance sheet effects are estimated to be in total NOK 275 mill and reduction in bank debt is estimated in total to be NOK 160 mill.

Bjørkåsen Eiendom AS:

The sale of shares in Bjørkåsen Eiendom AS was completed in january 2024. Based on preliminary estimates the sale will generate a profit in group accounts in the range on NOK 1 mill - NOK 2 mill., the profit will be booked in Q1-24. Balance sheet effects are estimated to be in total NOK 85 mill and reduction in bank debt is estimated in total to be NOK 70 mill.

Moerveien Utvikling AS:

10% of the shares in Moerveien Utvikling AS was in April 2024 sold to IK Gruppen AS reducing the ownership shared from 50% to 40%, the transaction will not have material impact on group accounts, The investment will be reclassified in the group accounts from a joint venture to an associated company and booked on accordance with the equity method.

Bakkegruppen AS (parent company)

Total revenues in the parent company Bakkegruppen was in 2023 29 MNOK (28), the operating result was -48 MNOK (-30 NOK). Net loss / profit after tax was -0.3 MNOK (34 MNOK).

The parent company's equity amounted to 42 MNOK (23 MNOK) as at 31 December.

Allocation of net income

The Board of Directors has proposed the net income of Bakkegruppen AS to be attributed to:

Retained Earnings	- 315 400,-
Net income allocated	- 315 400,-

The Board of Bakkegruppen AS, Aurskog, May 31st, 2024

Morthen Bakke
Chair

Randi Bakke
Director

Tor Erlend Framstad
Director

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Framstad, Tor Erlend

Styremedlem

På vegne av: Bakkegruppen AS

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2024-05-31 12:36:09 UTC



Bakke, Morthen Roar

Styreleder

På vegne av: Bakkegruppen AS

Serienummer: no_bankid:9578-5995-4-3160254

IP: 178.250.xxx.xxx

2024-05-31 12:36:45 UTC



Bakke, Randi Solvang

Styremedlem

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Annual Financial statements Bakkegruppen

Income statement 1.1.- 31.12.

Bakkegruppen AS				Bakkegruppen consolidated		
2023	2022	Note	NOK 1000	Note	2023	2022
29 427	27 916	4	Sales revenues	2,3	1 013 813	1 628 984
375	0		Other operating revenues	2,3	31 108	39 943
29 802	27 916		Total operating revenues		1 044 921	1 668 927
0	0		Project expenses	2	812 919	1 340 493
33 691	27 934	6	Pay and personnel expenses		156 020	172 425
3 584	3 021	9,10	Depreciation, amortisation and impairment		24 543	19 411
40 861	27 477	7	Other operating expenses		95 801	87 427
78 136	58 432		Total operating expenses		1 089 282	1 619 755
0	0		Share of income/(loss) from associated companies		270	-752
-48 334	-30 516		Total operating profit (loss)		-44 091	48 420
51 336	74 035		Income from investments in subsidiaries		0	0
69 263	47 525		Interest income		3 142	1 643
174	176		Other financial income		4 356	1 243
70 180	54 496	16	Interest costs	4	86 332	64 556
2 662	2 662		Other financial costs		8 815	2 676
47 931	64 578		Net financial items		-87 649	-64 347
-403	34 062		Profit (loss) before income taxes		-131 741	-15 926
88	-66	8	Income tax (expense) income		26 438	-317
-315	33 996		Profit (loss) for the year		-105 303	-16 243
			Allocation			
	15 000		Proposed dividends		-	15 000
-315	18 996		Transferred to/from other equity		-105 303	-31 243
-315	33 996		Total allocation		-105 303	-16 243

Balance sheet

Bakkegruppen AS				Bakkegruppen consolidated	
31.12.2023	31.12.2022	Note	NOK 1000	31.12.2023	31.12.2022
Assets					
6 900	8 628	9	Intangible Assets	6 900	12 893
21 952	22 909	10	Properties	277 213	243 569
1 306	1 651	10	Plants and Equipment	63 645	58 725
30 158	33 188		Total intangible and fixed assets	347 757	315 187
9 683	9 683	11	Shares in subsidiaries	0	0
0	0		Shares in joint ventures and associates	47 626	16 424
0	0		Other shares	709	2 829
9 683	9 683		Total non current financial assets	48 335	19 253
640 428	588 944	12	Receivables group companies	0	0
25	0		Receivables joint ventures and associates	29 209	32 351
4 720	5 491		Other long term receivables	26 648	16 226
645 173	594 434		Total non current receivables	55 857	48 577
685 014	637 305		Total non current assets	451 949	383 017
0	0		Inventory property	1 896 678	1 668 487
161	161		Inventories	7 733	11 255
10 580	5 237		Trade receivables	204 580	741 360
205 434	137 890	12	Receivables group companies	0	0
3 860	1 500		Other short term receivables	9 588	22 347
1 892	4 222	14	Cash and cash equivalents	62 913	147 905
221 926	149 009		Total current assets	2 181 492	2 591 354
906 940	786 314		TOTAL ASSETS	2 633 441	2 974 371
160	160	15	Share capital	160	160
2 501	2 501	15	Share premium	2 501	2 501
715	715		Other paid in capital	715	715
53 306	38 621		Other equity	288 822	379 125
56 683	41 998		Total equity	292 198	382 501
77	165	8	Deferred tax liabilities	139 042	162 907
500 000	500 000	16,17,18	Bonds	500 000	500 000
7 043	7 526	16,17,18	Non current interest liabilities financial institutions	567 022	240 942
148 446	116 434	12	Non current liabilities group companies	0	0
0	0		Other long term liabilities	62 559	65 171
655 566	624 125		Total non-current liabilities	1 268 623	969 020
35 529	14 974	16,17,18	Current interest-bearing liabilities	789 070	1 176 691
4 578	3 395		Trade payables	99 921	165 799
0	0	8	Current income taxes payable	6 696	10 461
1 618	2 869		Public taxes	10 720	17 206
0	15 000		Dividends	0	15 000
119 098	63 855	12	Current liabilities group companies	0	0
33 867	20 098		Other current liabilities	166 213	237 693
194 690	120 191		Total current liabilities	1 072 620	1 622 850
850 257	744 316		Total liabilities	2 341 243	2 591 870
906 939	786 314		TOTAL EQUITY AND LIABILITIES	2 633 441	2 974 371

The Board of Bakkegruppen AS, Aurskog, May 31st, 2023

Morthen Bakke
Chair

Randi Bakke
Director

Tor Erlend Framstad
Director

Changes in equity

Bakkegruppen consolidated

NOK 1000	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
Equity as at 01.01.2023	160	2 501	715	379 125	382 501
Reversed dividends				15 000	15 000
Net income/(loss) for the period				-105 303	-105 303
Equity as at 31.12.2023	160	2 501	715	288 822	292 198
Equity as at 01.01.2022	160	2 501	715	410 368	413 745
Dividends				-15 000	-15 000
Net income/(loss) for the period				-16 243	-16 243
Equity as at 31.12.2022	160	2 501	715	379 125	382 501

Bakkegruppen AS

NOK 1000	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
Equity as at 01.01.2023	160	2 501	715	38 621	41 998
Reversed dividends				15 000	15 000
Net income/(loss) for the period				-315	-315
Equity as at 31.12.2023	160	2 501	715	53 306	56 682
Equity as at 01.01.2022	160	2 501	715	19 626	23 002
Dividends				-15 000	-15 000
Net income/(loss) for the period				33 996	33 996
Equity as at 31.12.2022	160	2 501	715	38 621	41 998

Cash flow statement

Bakkegruppen AS			Bakkegruppen consolidated	
2023	2022	NOK 1000	2023	2022
Cash flow from operating activities				
-403	34 062	Profit/ (loss) before income taxes	-135 519	-15 926
0	-75	Income taxes paid	-10 540	-8 452
0	0	Loss on sale subsidiary	3 778	0
3 584	3 021	Depreciation and amortisation expenses	24 543	19 411
0	0	Changes in inventories	-215 321	-387 714
-69 905	-17 595	Changes in short term receivables	12 759	19 478
88 316	13 474	Changes in current debt incl. construction loans	-465 587	276 321
-5 343	2 231	Changes in account receivables	536 780	23 064
1 183	351	Changes in account payables	-65 878	43 395
17 433	35 469	Net cash flow from operating activities	-314 985	-30 422
Cash flow from investing activities				
-554	-1 629	Purchase of tangible non current assets	-57 112	-121 017
0	0	Net purchase and proceeds from other investments	-29 082	-6 168
-554	-1 629	Net cash flow from investing activities	-86 194	-127 185
Cash flow from financing activities				
-50 739	-140 959	Changes in non current receivables	-7 280	-10 286
-483	-909	Repayment of borrowings	-4 001	-4 858
32 012	116 434	Changes in long term debt	327 469	153 825
0	-15 000	Dividends paid	0	-15 000
-19 209	-40 435	Net cash flow from financing activities	316 187	123 681
-2 330	-6 595	Net change in cash and cash equivalents	-84 992	-33 926
4 222	10 817	Cash and cash equivalents at start of period	147 905	181 831
1 891	4 222	Cash and cash equivalents at end of period	62 913	147 905

Notes to the financial statements for Bakkegruppen

Note 1 General information

Bakkegruppen AS is a limited liability company with registered office Finstadhagan 7, 1930 Aurskog, Norway. Bakkegruppen's principal offices are located in Finstadhagan in Aurskog and in Drammensveien 165, 0277 Oslo.

Bakkegruppen AS with subsidiaries (together the Group or Bakkegruppen) is a residential developer of row houses and apartments, conducting its business in Norway, with a regional focus on the greater Oslo/Romerike area. Bakkegruppen also operates other businesses, including storage unit development (MittEgetLokale AS), scaffolding rental supplies (BG Utleie AS) and a spa and conference center (Rømskog Spa & Resort). For additional information regarding the Group, please visit www.bakke-as.no.

These consolidated financial statements were approved by the Board of Directors on 31st May 2024.

Note 2 Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Basis for consolidation

The Group's consolidated financial statements comprise Bakkegruppen AS and companies in which Bakkegruppen AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiaries.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

Participation in joint ventures, where two or more participants by agreement jointly control an economic activity, is accounted for as gross method in the consolidated accounts. Applying the gross method, the Group recognises its share of the income, expenses, assets and liabilities in the accounts. Joint ventures with insignificant activity may be held at cost in the consolidated financial statements. An associate is an entity in which the Group has a significant influence but does not exercise control the management of its finances and operations, normally when the Group owns 20%-50% of the company. The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method, from the date when a significant influence is achieved and until the date when such influence ceases. When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred.

Revenues from the sale of services and long-term manufacturing projects are recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. For housing and property projects, revenues and cost of goods sold are accounted for according to the percentage of completion method, where the degree of completion is estimated on the basis of expenses incurred relative total estimated cost multiplied by the sales rate. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

Inventory properties and inventories

Bakkegruppen's inventory property mainly comprises land and property under development and construction, as well as unsold finished units, ie assets held for sale in the ordinary course of business. Inventory comprises materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. The cost of conversion includes costs directly related to the construction of the property and an allocation of fixed and variable overheads incurred during development and construction. Other costs are included in the cost of inventories only to the extent that they are directly attributable to bringing the inventories to their present location and condition, including planning and design costs. Borrowing costs directly attributable to the acquisition, construction or production of property are added to the cost of those assets until the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs commences when the Group undertakes activities on the regulated plot/property. Capitalisation of other directly attributable costs commences when it is more likely than not that the project will be realised.

When carrying out purchase price allocations in connection with acquisition of land or properties, excess values are capitalised at the Group's cost of purchase for the land/property.

The cost of goods is correlated with the sale of the goods and accounted for on an accrual basis through changes in inventory. When properties are sold, the carrying amount is recognised as a project expense in the income statement in the period in which the related revenue is recognised.

Income tax

Income tax expense consists of the tax payable and changes in deferred tax.

Taxes payable are recognised on taxable profits at the current tax rate. Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities. The tax rates and tax rules used to calculate the amounts are those that have been adopted or substantively adopted by the end of the reporting period (the Norwegian nominal tax rate 22%).

Deferred tax/tax assets are calculated on all differences between the carrying amount of an asset or liability in the consolidated financial statements and their respective tax value, with the exception of temporary differences related to investments in subsidiaries, joint ventures or associates where the timing of reversal of temporary differences can be controlled and it is probable that temporary differences will not reverse. For the calculation of deferred tax assets and liabilities, the nominal tax rates expected to be applied when the asset is realised, or the liability is paid, will be used.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset.

Balance sheet classification

Current assets and short-term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Property, plant and equipment

Property, plant and equipment are tangible items intended for production, delivery of goods or administrative purposes and have a lasting useful life. Property, plant and equipment are stated at their cost less accumulated depreciation and impairment losses, if any. Acquisition costs include costs directly attributable to the acquisition of the asset. Subsequent costs, such as regular maintenance costs, are recognised in the profit or loss, while other costs that are expected to provide future financial benefits are capitalised.

The assets are depreciated on a linear basis over the estimated useful life of the asset. Useful life, depreciation methods and the residual value are reviewed annually. Depreciation commences when the assets are ready for their intended use. If there is any indication that the value of an asset may be impaired, the asset will be written down to the recoverable amount if the recoverable amount is lower than the carrying value. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the profit or loss.

Leases

Leases in which the Group has substantially all the risks and rewards incidental to ownership of an asset are classified as financial leases, and assets and liabilities are capitalised.

Subsidiaries and investment in associates

Subsidiaries and investments in joint ventures and associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a latter period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Short term investments

Short term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognised as other financial income.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Note 3 Segment information

The operating segments presented are the key components of the Bakkegruppen Group's business, and the main segment is defined as Property development, including rowhouses (Bakke) and apartments (Bakke Leiligheter). The Other segment consists of other business as storage unit development (MittEgetLokale AS), scaffolding rental supplies (BG Utleie AS) and a spa and conference center (Rømskog Spa & Resort), as well as holding and eliminations. Holding and eliminations consist of unallocated costs associated with the Group's corporate administration, financial management and the elimination of inter-segment sales. Note that Rømskog Spa % Resort was sold at year end.

EBITDA (earnings before interest, taxes, depreciation and amortisation) per segment is shown in the table below:

NOK 1000	2023			2022		
	Property development	Other areas	Total	Property development	Other areas	Total
Operating revenues	702 518	342 403	1 044 921	1 235 337	433 590	1 668 927
Project expenses	563 346	249 573	812 919	1 005 430	335 063	1 340 493
Other operating expenses	137 946	113 875	251 821	166 725	93 126	259 851
Share of income/(loss) from associated companies	270	-	270	-752	-	752
EBITDA	1 496	-21 045	-19 549	62 430	5 401	67 831

Note 4 Revenues and trade receivables

Norway is the geographical segment for all revenues, as the Group conducts its business in Norway. A specification of operating revenues is shown below.

NOK 1000	2023			2022		
	Sales revenues	Other operating revenues	Total	Sales revenues	Other operating revenues	Total
Property development	698 499	4 018	702 518	1 228 127	7 211	1 235 338
Mittegetlokale	263 738	4 281	268 018	369 344	1 922	371 266
Rental revenues scaffolding/equipment	50 161	1 003	51 164	42 739	2 335	45 074
Hotel related revenues		21 431	21 431		30 018	30 018
Holding/Eliminations	1 414	375	1 789	-11 226	-1 542	-12 768
Total operating revenues	1 013 813	31 108	1 044 921	1 628 984	39 944	1 668 928

The revenues in Bakkegruppen AS are related to administrative services to subsidiaries and joint ventures.

Trade receivables related to sold units under construction booked according to percentage of completion, amount to NOK 198.2 million for the Group at 31 December 2023 (NOK 729.7 million at 31 December 2022), and trade receivables related to amounts withheld from customers amounts to NOK 4.1 million at 31.12.2023. No loss-making contracts have been identified for 2023 (or 2022).

Note 5 Project expenses and inventory property

Bakkegruppen's inventory property mainly comprises land and property under development and construction, as well as unsold finished units, ie assets held for sale in the ordinary course of business.

NOK 1000	2023	2022
Carrying amount inventory property at 1 January	1 668 487	1 215 966
Additions capitalised project expenses	1 041 110	1 793 014
Inventory expenses on sold units (project expenses)	-	812 919
Impairment losses	-	-
Carrying amount inventory property at 31 December	1 896 678	1 668 487

Landbank including development costs	1 273 527
Under construction	570 464
Completed unsold units	52 687
Total	1 896 678

The cost of goods is correlated with the sale of the goods and accounted for on an accrual basis through changes in inventory. Inventories are pledged, refer to Note 18. When properties are sold, the carrying amount is recognised as a project expense in

the income statement in the period in which the related revenue is recognised. Payroll expenses are disclosed gross before capitalising project expenses, refer to Note 6.

Valuation

The properties are valued at the lower of acquisition cost and net realisable value. The Group management has determined the most significant assumptions relevant to the valuation of individual properties/projects, including size and geographic location, construction costs, project progression, and timing of sale. Based on intern valuation indicates excess values beyond the carrying amounts, however one project valuation showed values lower than historic cost and has therefor been impaired to its assessed value in group accounts.

The group's impairment assessment for inventory property is based on different indicators, including the external valuation and changes in market conditions. The Group did recognise an impairment of NOK 6 mill related to one project in 202, no losses in 2022. The impairment has been booked as a project expense in group accounts.

Purchase obligations and options for land

The group has entered into a number of agreements on the future acquisition of land through purchase obligations and options. The option premium in option contracts is recognised at acquisition cost in inventory as they are incurred and when it is probable that the project will be realised. When the agreements will mature is uncertain, depending on external planning processes not controlled by the Group.

The group has assessed whether a provision for loss needs to be made for some of these contracts at 31 December 2023, and no loss-making contracts have been identified for 2023 (or 2022).

Note 6 Employees and payroll expenses

Payroll expenses comprise all types of remuneration to personnel employed by the Group and are expensed when earned. Ordinary pay can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. Bonuses are earned and calculated on the basis of various performance target and are paid in arrears.

Bakkegruppen is obligated to follow the Act on Mandatory company pensions (OTP), and the Group's pension scheme follows the requirement as set in this Act. The pension contributions are charged to expenses as they are incurred.

Payroll expenses are disclosed gross before capitalising project expenses, refer to Note 5.

Salaries and remuneration

The table below sets out the salaries and remuneration for 2022 and 2021 and the average number of man-years, for Bakkegruppen AS and the Group consolidated, respectively.

NOK 1000	Bakkegruppen AS		Bakkegruppen consolidated	
	2023	2022	2023	2022
Salary	26 363	21 931	125 453	126 669
Social security tax on salaries, pensions, bonuses etc	4 616	3 530	21 994	22 022
Pension expenses	1 608	1 681	8 494	7 256
Other benefits	1 103	792	77	16 479
Total payroll expenses	33 691	22 247	156 018	172 425
Average number of man-years	19	15	173	180

¹⁾ Salary consists of base salary and holiday payment.

²⁾ Other benefits are the total of all other cash and non-cash related benefits received by the individual during the year presented, and includes such items as bonuses, the taxable portion of insurance premiums, company car, car allowances and electronic communication items

Remuneration to the Board of Directors and senior executives

The table below sets out the remuneration for 2022 and 2021 for the Board of Directors and senior executives in Bakkegruppen AS:

Remuneration to senior executives		Bakkegruppen AS	
NOK 1000		2023	2022
Board of Directors		796	61
Salary		4 946	5 051
Pension benefits		233	225
Other benefits		510	472
Total remuneration		6 485	5 748

The Group CEO, Chair and the members of the Board have no agreements for further compensation due to termination or changes in the position. There are no loans or share-based payments from the company to Group CEO or Board of Directors

Note 7 Fees to auditors

The amounts in the table below represent the fees for the audit of the statutory financial statements for companies with statutory audit requirements, adjusted for proportionate consolidation, in addition to the audit of the consolidated financial statement and other services.

	Bakkegruppen AS	Bakkegruppen consolidated		
NOK 1000	2023	2022	2023	2022
Statutory audit services	314	516	3 017	2 770
Tax advisory services	51	67	522	467
Other assurance services	233	2	829	428
Other non-audit services	-	1 213	198	2 022
Total fees paid to auditor (ex VAT)	598	1 798	4 566	5 688

Note 8 Taxes

Tax expense	Bakkegruppen AS		Bakkegruppen consolidated	
	2023	2022	2023	2022
NOK 1000				
Current income tax payable	0	0	6 565	10 511
Changes in deferred taxes	-88	66	-33 002	-10 194
Income taxes in profit	-88	66	-26 438	317

Reconciliation of the effective rate of tax

NOK 1000	2023	2022	2023	2022
Profit/(loss) before tax	-403	34 062	-131 741	-15 926
Expected income tax according to income tax rate 22%	-89	7 494	-28 983	-3 504
Tax effect of permanent differences	1	-7 428	-2 195	-3 641
Other	0	0	4 740	7 461
Income taxes in profit	-88	66	-26 438	317
Effective rate of tax	21,8 %	0,2 %	20,1 %	-2,0 %

Deferred tax assets and liabilities at 31 December

NOK 1000	2023	2022	2023	2022
Non-current assets and liabilities				
Intangible assets			0	0
Tangible assets	352	751	162 356	126 815
Other non-current items			-46 761	-35 327
Current assets and liabilities				
Inventory property			620 502	681 406
Receivables and inventories			3 855	-218
Provisions			-14 843	-20 603
Other current items			27	6
Tax losses carried forward			-93 127	-11 594
Net temporary differences	352	751	632 010	740 484
Net recognised deferred tax liabilities 22%	77	165	139 042	162 907

Reconciliation deferred tax assets and liabilities

Deferred tax assets and liabilities at 1 January	165	99	162 907	106 887
Changes in deferred taxes	-88	66	-33 002	-10 194
Deferred tax assets/liabilities acquisitions			-377	61 106
Other			9 515	5 109
Deferred tax assets and liabilities at 31 December	77	165	139 043	162 907

Note 9 Intangible assets

Intangible assets acquired through acquisitions are capitalised at cost and depreciated on a linear basis over their useful life. Expenditure on internally generated or customised IT systems is capitalised and presented as intangible assets.

	Bakkegruppen AS		Bakkegruppen consolidated	
NOK 1000	2023	2022	2023	2022
Cost at 1 January	17 313	15 947	26 862	28 035
Additions	554	1 366	554	1 366
Disposals	-	-	670	2 539
Cost at 31 december	17 867	17 313	26 746	26 862
Accumulated depreciations at 1 January	8 685	6 313	13 969	10 800
Depreciations	2 282	2 372	6 536	5 675
Disposals	-	-	659	2 506
Accumulated depreciations at 31 December	10 967	8 685	19 845	13 969
Carrying amount at 1 January	8 628	9 633	12 893	17 234
Carrying amount at 31 December	6 900	8 628	6 900	12 893
Estimated useful life	5-10 years	5-10 years	5-10 years	5-10 years
Depreciation method	Linear	Linear	Linear	Linear

Note 10 Property, plant, equipment and leases

2023

NOK 1000	Properties	Plants and equipment	Leases equipment	Total plant and equipment	Total
Cost at 1 January	274 765	35 041	63 362	98 403	373 168
Additions	105 526	2 505	17 388	19 893	125 419
Disposals	75 979	11 957	0	11 957	87 936
Cost at 31 december	304 312	25 589	80 750	106 339	410 651
Accumulated depreciations at 1 January	31 195	20 537	19 142	39 679	70 874
Depreciations	6 119	4 617	6 967	11 584	17 703
Disposals	10 639	8 143	-	8 143	18 782
Accumulated depreciations at 31 December	26 675	17 012	26 109	43 121	69 795
Carrying amount at 1 January	243 570	14 505	44 220	58 725	302 294
Carrying amount at 31 December	277 637	8 578	54 641	63 219	340 856
Estimated useful life	25 -50 years	3-5 years	5-8 years		
Depreciation method	Linear	Linear	Linear		

2022

NOK 1000	Properties	Plants and equipment	Leases equipment	Total plant and equipment	Total
Cost at 1 January	172 400	28 847	52 238	81 085	253 485
Additions	108 433	6 591	14 987	21 578	130 010
Disposals	6 068	397	3 863	4 260	10 328
Cost at 31 december	274 765	35 041	63 362	98 403	373 168
Accumulated depreciations at 1 January	25 946	17 144	14 048	31 192	57 138
Depreciations	5 249	3 393	5 094	8 487	13 736
Disposals	-	-	-	-	-
Accumulated depreciations at 31 December	31 195	20 537	19 142	39 679	70 874
Carrying amount at 31 December	146 454	11 704	38 190	49 893	196 347
Carrying amount at 1 January	243 569	14 505	44 220	58 725	302 294
Estimated useful life	25 -50 years	3-5 years	5-8 years		
Depreciation method	Linear	Linear	Linear		

See note 16 for specification on equipment lease, the whole amount is related to BG Utleie AS

Note 11 Subsidiaries, joint ventures and associated companies

Subsidiaries of Bakkegruppen AS	Registered office	Ownership share and voting power	Carrying value 31.12.2023	Carrying value 31.12.2022
Bakke AS	Aurskog	100 %	30	30
Bakke Leiligheter	Aurskog	100 %	3	3
MRB Holding AS	Aurskog	100 %	9 650	9 650
			9 683	9 683

The table below shows shares in subsidiaries owned through Bakke AS, Bakke Leiligheter AS and MRB Holding AS as of 31 December 2023 and specification of changes from last year:

Shares in subsidiaries owned through subsidiaries	Registered office	share and voting power	Changes from last year
Bakke AS			
Nitteberg Panorama Holding AS	Aurskog	100 %	
Nitteberg Panorama Øst AS	Aurskog	100 %	
Nitteberg Panorama Nord AS	Aurskog	100 %	
Gartnevegen Eiendom AS	Aurskog	100 %	
Romeriksåsen AS	Aurskog	100 %	
Bakke Prosjekt AS	Aurskog	100 %	
Bråtejordet Utvikling AS	Aurskog	100 %	
Østmarka Panorama Holding AS	Aurskog	100 %	
Østmarka Panorama AS	Aurskog	100 %	
P. Eiendom og Invest AS	Aurskog	100 %	Acquired June 2023
Bakke Leiligheter AS			
Linjekvartalet Bolig AS	Aurskog	100 %	
Frogner Prosjektutvikling AS	Aurskog	100 %	
Bakke Bolig Aurskog AS	Aurskog	100 %	
Bakke Bolig Jessheim AS	Aurskog	100 %	
Skogmo Eiendom AS	Aurskog	100 %	
MRB Holding AS			
Bakkegruppen Oppgjør AS	Oslo	100 %	
BG Utleie AS	Aurskog	100 %	
Finstadhagan 13 AS	Aurskog	100 %	
Bakke Boliginvest AS	Aurskog	100 %	
Bakkegruppen Ansatte Invest AS	Aurskog	100 %	Increased from 15,5 % to 100% ownership in 2023
MittEgetLokale AS	Aurskog	100 %	
MittEgetLokale Brumunddal AS	Aurskog	100 %	
MittEgetLokale Killingmo AS	Aurskog	100 %	
Bakkegruppen Eiendom AS	Aurskog	100 %	
Finstadhagan Eiendom AS	Aurskog	100 %	
Finstadhagan 25 AS	Aurskog	100 %	Acquired June 2023
MittEgetLokale Porsgrunn AS	Aurskog	100 %	
MittEgetLokale Hamar AS	Aurskog	100 %	
MittEgetLokale Heia AS	Aurskog	100 %	
MittEgetLokale Gardermoen AS	Aurskog	100 %	
MittEgetLokale Vestby AS	Aurskog	100 %	
Luftveien 4 AS	Aurskog	100 %	
MittEgetLokale Prosjekt AS	Aurskog	100 %	
MittEgetLokale Tromsø AS	Aurskog	100 %	
MittEgetLokale Asker AS	Aurskog	100 %	Acquired March 2023
MittEgetLokale Gardermoen 2 AS	Aurskog	100 %	Acquired June 2023

The entities RSR Eiendom AS and Rømskog Hotell drift AS was sold during 2023.

Specification of investments in joint ventures consolidated proportionately (according to gross method)	Registered office	Ownership share and voting power	Carrying amount 1.1.	Additions/ disposals	Share of profit	Dividends / repaid capital	Carrying amount 31.12.
Bakke AS and subsidiaries:							
Bjørkåsen Eiendom AS	Aurskog	50 %	19 364		-3 219		16 145
Tjønåsen Utvikling AS	Nordby	50 %	-791		-679		-1 470
Romsaas Boligtun AS	Kongsvinger	50 %	49		-4		45
Total Bakke AS and subsidiaries			18 622	0	-3 903	0	14 719
Bakke Leiligheter AS and subsidiaries:							
Nannestad Eiendom Utvikling AS	Aurskog	50 %	8 372		1 387	-9 500	259
SPG Bakke Bolig Gressvik AS	Oslo	49 %	2 288		-419		1 869
Dammensvika Eiendomsutvikling AS	Oslo	50 %	10 793	-10 793			0
Moerveien Utvikling AS and subsidiary Moerveien AS	Aurskog	50 %	-2 280		-1 798		-4 079
Bakke Bolig Fjordbyen AS and subsidiaries	Oslo	50 %	11 779	-11 779			0
Gilhusveien 5A AS	Aurskog	50 %					
Gilhusveien 19 AS	Aurskog	50 %					
Gilhusveien 5B, 15, 17 AS	Aurskog	50 %					
Total Bakke Leiligheter AS and subsidiaries			30 952	-22 572	-830	-9 500	-1 951
MRB Holding AS and subsidiaries:							
Slåttmyrbakken Eiendom AS	Elverum	50 %	892		-3		889
M&R Bakke Holding AS	Jessheim	50 %	310		-1		309
MittEgetLokale Vestland AS	Bergen	33 %	5 301		2 525	-6 435	1 391
MittEgetLokale Trondheim AS	Aurskog	50 %		50			50
Total MRB Holding AS and subsidiaries			6 502	50	2 521	-6 435	2 639
Total Bakkegruppen AS and subsidiaries			56 076	-22 522	-2 212	-15 935	15 407

Romerike Boligutvikling AS changed named to M&R Bakke Holding AS in 2023.

The ownership in Dammensvika Eiendomsutvikling AS (former SPG Bakke Bolig Dammensvika AS) was decreased from 50% to 40 % in September 2023, also see specification of associated compaies below.

The ownership in Bakke Bolig Fjordbyen AS and subsidiaries was decreased form 50 % to 40 % in June 2023, also see specification of associated compaies below.

MittEgetLokale Trondheim AS was founded in april 2023.

Specification of investments in associated companies consolidated according to the equity method	Registered office	Ownership share and voting power	Carrying amount 1.1.	Additions/ disposals	Share of profit	Dividends / repaid capital	Carrying amount 31.12.
Bakke Leiligheter AS and subsidiaries:							
Bakke & Malling Vestby AS	Oslo	48 %	8 848	3 600	-355		12 093
Dammensvika Eiendomsutvikling AS	Oslo	40 %	10 793	1 084	80		11 957
Bakke Bolig Fjordbyen AS and subsidiaries	Aurskog	40 %	11 779	-1 516	545		10 808
Gilhusveien 5A AS	Aurskog	40 %	0				
Gilhusveien 19 AS	Aurskog	40 %	0				
Gilhusveien 5B, 15, 17 AS	Aurskog	40 %	0				
Total investments			31 420	3 168	270	0	34 858
Specification of investments in joint ventures and associated companies held at cost							
Bakke AS and subsidiaries:							
GG3 Bolig AS	Aurskog	40 %	0				0
Holslia Eiendom AS	Aurskog	49 %	49	-49			0
Greger Gramsvei AS		50 %	12				12
Bakke Leiligheter AS and subsidiaries:							
SPG Bakke Bolig Franzefossbyen Holding A	Oslo	36 %	6 015	6 741			12 756
Aamodt Utvikling AS	Nordby	50 %	1 500	-1 500			0
Total investments			7 576	5 192	0	0	12 768
Total investments joint ventures/associates (equity method/cost)			38 996	8 360	270	0	47 626

Note 12 Receivables and liabilities group companies

Non current receivables group companies in Bakkegruppen AS

NOK 1000	2023	2022
Bakke AS	46 970	54 802
Romeriksåsen AS	2 664	6 234
Bakke Prosjekt AS	111 019	67 287
Nitteberg Panorama Holding AS	60 668	54 381
Gartnervegen Eiendom AS		1 371
Bråtejordet Utvikling AS	36 358	30 021
Nitteberg Panorama Øst AS	422	
Østmarka Panorama AS	401	
P. Eiendom og Invest AS	1	
Total Bakke AS and subsidiaries	258 502	214 096
Bakke Leiligheter AS	222 352	194 620
Linjekvartalet Bolig AS	2 609	1 239
Bakke Bolig Aurskog AS	28 091	31 028
Frogner Prosjektutvikling AS		18 204
Skogmo Eiendom AS		36 470
Bakke Bolig Jessheim AS	21 059	20 211
Total Bakke Leiligheter AS and subsidiaries	274 110	301 771
MRB Holding AS	12 855	4 740
Bakkegruppen Oppgjør AS	950	1 202
RSR Eiendom AS		4 447
Rømskog Hoteldrift AS		5 285
BG Utleie AS		53 602
MittEgetLokale AS	67 704	681
MittEgetLokale Porsgrunn AS		569
MittEgetLokale Heia AS		2 551
MittEgetLokale Gardermoen AS	19 268	5 771
Finstadhagan Eiendom AS	5 771	71
Finstadhagan 25 AS	1 196	
Total MRB Holding AS and subsidiaries	107 815	73 077
Non current receivables group companies	640 427	588 944

Current receivables group companies in Bakkegruppen AS

NOK 1000	2023	2022
Bakke Prosjekt AS		27 744
Gartnervegen AS	23 162	
Nitteberg Panorama Øst AS		70 096
Nitteberg Panorama Nord AS	11 237	
Total Bakke AS and subsidiaries	34 399	97 840
Bakke Leiligheter AS	35 000	35 000
Linjekvartalet Bolig AS		
Skogmo Eiendom AS		
Frogner prosjektutvikling AS	135 631	
Total Bakke Leiligheter AS and subsidiaries	170 631	35 000
RSR Eiendom AS		5 050
MittEgetLokale Gardermoen AS		
MittEgetLokale Hamar AS		
Finstadhagan 13 AS		
Luftveien 4 AS	404	
Total MRB Holding AS and subsidiaries	404	5 050
Current receivables group companies	205 434	137 890
Total receivables group companies	845 862	726 834

Non current liabilities group companies in Bakkegruppen AS

NOK 1000	2023	2022
Nitteberg Panorama Nord AS	44 180	104 521
Nitteberg Panorama Øst AS		2 213
Gartnervegen AS	11 848	
Bakke Boliginvest AS	354	
Østmarka Panorama Holding AS	1 340	
Total Bakke AS subsidiaries	57 723	106 734
Skogmo Eiendom AS	11 329	
Frogner Prosjektutvikling AS	11 446	
Total Bakke Leiligheter AS and subsidiaries	22 774	0
Bakkegruppen Eiendom AS	1 057	
MittEgetLokale Vestby AS	11 624	
MittEgetLokale Hamar AS	6 823	7 378
MittEgetLokale Gardermoen AS		890
MittEgetLokale Porsgrunn AS	5 587	
MittEgetLokale Heia AS	29 097	
MittEgetLokale Tromsø AS	8 966	
RSR Eiendom AS		313
Finstadhagan 13 AS	1 904	1 119
Bakkegruppen Ansatte Invest AS	2 890	
Total MRB Holding AS subsidiaries	67 949	9 700
Non current liabilities group companies	148 446	116 434

Current liabilities group companies in Bakkegruppen AS

NOK 1000	2023	2022
Bakke AS	60 291	
Romeriksåsen AS		
Bakke Prosjekt AS	2 919	3 623
Nitteberg Panorama Holding AS		
Bråtejordet Utvikling AS		5 565
Nitteberg Panorama Nord AS		
Østmarka Panorama Holding AS	194	1 313
Østmarka Panorama AS	6 939	1 438
P. Eiendom og Invest AS	86	
Total Bakke AS and subsidiaries	70 429	11 939
Bakke Leiligheter AS	42 119	35 164
Linjekvartalet Bolig AS		887
Bakke Bolig Aurskog AS	4 567	4 563
Frogner Prosjektutvikling AS		576
Skogmo Eiendom AS		
Bakke Bolig Jessheim AS	1 027	894
Total Bakke Leiligheter AS and subsidiaries	47 713	42 084
MRB Holding AS		1 175
Bakkegruppen Oppgjør AS	956	1 093
Rømskog Hoteldrift AS		4 658
BG Utleie AS		1 268
MittEgetLokale AS		
MittEgetLokale Porsgrunn AS		
MittEgetLokale Heia AS		922
MittEgetLokale Porsgrunn AS		
MittEgetLokale Vestby AS		604
MittEgetLokale Tromsø AS		112
Total MRB Holding AS subsidiaries	956	9 832
Current liabilities group companies	119 098	63 855
Total liabilities group companies	267 545	180 289

Current intra group receivables and current intra group liabilities at year end consist of Group contributions and dividends for the year.

Note 13 Related parties

Two parties are deemed to be related if one party can influence the decisions of the other. Related party relationships are a normal feature of commerce and business. All transactions with related parties must be carried out on market terms and conditions.

Receivables, liabilities and transactions between Bakkegruppen AS and its subsidiaries, which are related parties to the company, have been eliminated in the consolidated accounts and are not disclosed in the note below for Bakkegruppen consolidated. For Bakkegruppen AS, transactions with related parties are mainly related to administrative services to its subsidiaries and are included in the table.

For the Group sale of services involving Bakkegruppen and its related parties mainly relate to administrative services and are based on market terms. Sales to related parties also include sale of residential properties to joint ventures, shareholders or leading executives, also based on market terms.

The Group has the following significant transactions with joint ventures and associates, shareholders or leading executives:

NOK 1000	Bakkegruppen AS		Bakkegruppen consolidated	
	2023	2022	2023	2022
Profit and loss				
Sales to related parties	29 427	27 916	43 796	106 623
Statement of financial position				
Loans to joint ventures	25	0	29 209	32 351

Shareholder Morthen Bakke has provided security up to NOK 8 million for RSR Eiendom AS, and up to NOK 6 million for Gartnerveien Eiendom AS and Bakke Bolig Aurskog AS, in favour of Høland & Setskog Sparebank.

For guarantees provided to joint ventures refer to Note 18.

Note 14 Cash and cash equivalents

NOK 1000	2023	2022	2023	2022
Restricted bank accounts and deposits	1 567	1 201	21 790	58 902
Non-restricted cash	325	3 020	41 123	89 003
Total cash and cash equivalents	1 892	4 222	62 913	147 905

Cash includes cash at bank and in hand. Restricted bank accounts includes employee tax payable to Norwegian authorities and restricted bank deposits related to funds reserved for the construction of a bypass road in Ullensaker kommune (Skogmo) of NOK 49 million.

Note 15 Share capital

The share capital of Bakkegruppen AS on 31 December consists of the following shares and shareholders:

Shareholder	NOK 1000			
	Number of A-shares	Number of B-shares	Share capital	Share premium
Morthen Roar Bakke	128 000	8 000	14	
Randi Solvang Bakke	128 000	8 000	14	
Snorre Bakke Holding AS		664 000	66	
Sondre Bakke Holding AS		664 000	66	
Total	256 000	1 344 000	2 501	

Two classes of shares (A and B) are established in Bakkegruppen AS. The share capital of NOK 160 thousand in Bakkegruppen AS as of 31 December 2022 consists of 256 000 class A shares and 1 344 000 class B shares, in total 1 600 000 shares, with nominal value of NOK 0.10 per share.

Class A shares are preferred stock and have 70% of the votes in Bakkegruppen AS. Class B shares have a voting share of 30%.

Class A shares will receive 70% of dividends up to NOK 30 mill million. Dividends above NOK 30 million are allocated pro rata per Class A shares and Class B shares

Note 16 Interest-bearing liabilities

The Group has the following non-current and current interest-bearing liabilities to credit institutions:

NOK 1000			2023				2022		
					Total interest-bearing liabilities			Total interest-bearing liabilities	
Company	Loan instrument	Lender	Non-current	Current		Non-current	Current		Maturity date
Bakkegruppen AS	Bond	Bondholders	500 000		500 000	500 000		500 000	February 2025
Bakkegruppen AS	Property loans	Aurskog Sparebank	7 043		7 043	7 526		7 526	> 5 years
Bakkegruppen AS	RCF	Høland Sparebank		15 529	15 529		14 974	14 974	Annual renewal
Bakkegruppen AS	Property loan	Pareto Bank		20 000	20 000				22.12.2023
Total Bakkegruppen AS			507 043	35 529	542 572	507 526	14 974	522 500	
Bakke AS	Property loans	SP1 - Østlandet	25 025		25 025	25 935		25 935	> 5 years
Bakke AS	Share purchase	SP1 - Østlandet		-	-		30 000	30 000	31.12.2026
Bakke AS	Share purchase	SP1 - Østlandet		-	-				31.12.2026
Bakke AS	Share purchase	SP1 - Østlandet			-				31.12.2026
Bakke AS	Share purchase	SP1 - Østlandet	134 741		134 741				Upon completion of project
Bakke AS	RCF	SP1 - Østlandet		10 002	10 002		9 623	9 623	Annual renewal
Østmarka Panorama AS	Share purchase	SP1 - Østlandet	78 200		78 200				31.12.2026
Bakke Prosjekt AS	Construction loans	SP1 - Østlandet		226 985	226 985		173 970	173 970	Upon completion of project
Bakke Prosjekt AS	Construction loan	Pareto Bank		50 800	50 800		50 800	50 800	Upon completion of project
Bakke Prosjekt AS	Constrution loan	Aurskog Sparebank		6 868	6 868				Upon completion of project
Bakke Prosjekt AS	Constrution loan	Høland Sparebank		4 574	4 574				Upon completion of project
Romeriksåsen AS	Construction loan	Pareto Bank		9 106	9 106		10 748	10 748	Upon completion of project
Gartnervegen Eiendom AS	Construction loan	Pareto Bank		26 365	26 365			-	Upon completion of project
Gartnervegen Eiendom AS	Construction loan	Høland Sparebank		10 694	10 694			-	Upon completion of project
Bjørkeåsen Eiendom AS	Construction loan	SP1 - Østlandet		69 861	69 861		88 978	88 978	Upon completion of project
Total Bakke sub group			237 966	415 256	653 222	25 935	364 119	390 054	
Moerveien AS	Construction loan	SP1 - Østlandet		45 000	45 000		45 000	45 000	Upon completion of project
Frogner Prosjektutvikling AS	Construction loans	DnB		8 486	8 486		314 552	314 552	Upon completion of project
Bakke Bolig Jessheim AS	Construction loans	Nordea	-	-	-		14 800	14 800	Upon completion of project
Skogmo AS	Construction loans	Nordea	-	30	30		108 985	108 985	Upon completion of project
Skogmo AS	Property loan	SP1 - Østlandet	149 754		149 754				
Bakke Leiligheter AS	Construction loans	Romerike Sparebank		50 985	50 985		50 000	50 000	Upon completion of project
Bakke Bolig Aurskog AS	Construction loan	Aurskog Sparebank	8 100		8 100				27.06.2028
Nannestad Eiendom Utvikling AS	Construction loans	SP1 - Østlandet		15	15		41 334	41 334	Upon completion of project
Total Bakke Leiligheter sub group			157 854	104 456	262 310	97 500	574 671	672 171	
MRB Holding AS	Property loan	Høland Sparebank	11 265		11 265	11 404		11 404	> 5 years
MittEgetLokale AS	Construction loans	Aurskog Sparebank		84 433	84 433		67 916	67 916	Upon completion of project
MittEgetLokale Vestland AS	Construction loan	SP1 - Vestlandet		7 648	7 648		12 429	12 429	Upon completion of project
MittEgetLokale Gardermoen 2 AS	Construction loan	Aurskog Sparebank		63 253	63 253				Upon completion of project
MittEgetLokale Asker AS	Construction loan	Aurskog Sparebank		19 512	19 512		8 681	28 547	Upon completion of project
MittEgetLokale Tromsø AS	Construction loan	Aurskog Sparebank		3 326	3 326			8 681	Upon completion of project
MittEgetLokale Killingmo AS	Construction loan	Pareto Bank		55 657	55 657		17 877	17 877	Oct 2023
Luftveien 4 AS	Property loan	Nordea	20 010		20 010	20 700		20 700	30.06.2025
BG Utleie AS	Property loan	Aurskog Sparebank	9 217		9 217	9 155		9 155	> 5 years
BG Utleie AS	Share purchase	Aurskog Sparebank	1 476		1 476	2 330		2 330	> 5 years
BG Utleie AS	Equipment lease	Nordea	33 751		33 751	32 202		32 202	> 5 years
BG Utleie AS	Equipment lease	SP1 - Østlandet	3 701		3 701	3 125		3 125	> 5 years
BG Utleie AS	Equipment lease	Brage Finans	9 301		9 301			3 125	> 5 years
Bakkegruppen Eiendom AS	Share purchase	Høland Sparebank	23 123		23 123				> 5 years
Finstadhagan 25 AS	Property loan	Høland Sparebank	41 122		41 122				> 5 years
Finstadhagan 13 AS	Property loan	Eiendoms kreditt	7 190		7 190	7 174		7 174	> 5 years
Finstadhagan 13 AS	Property loan	Høland Sparebank	4 003		4 003				> 5 years
RSR Eiendom AS	Construction loan	Høland Sparebank			-	17 045		17 045	> 5 years
RSR Eiendom AS	Construction loan	Nordea			-	6 847		6 847	> 5 years
RSR Eiendom AS	RCF	Høland Sparebank			-		4 838	4 838	Annual renewal
Total MRB sub group			164 159	233 829	397 988	109 982	222 927	253 395	
Total group			1 067 022	789 069	1 856 091	740 942	1 176 691	1 917 633	

The duration of construction loans follows the completion rate of each specific project. The loan is paid back in full upon completion of project. Interest rates are based on three month Nibor + margin.

As part of the group's long-term financing, Bakkegruppen placed a 500 MNOK bond at market terms in February 2021. The proceeds from the placement were partly used to settle several rolling credit facilities, and the main part of the bond placement is used for further development of Bakkegruppen's land bank. The bond has an interest rate of NIBOR + 700 bps. The interest costs are recognised as an expense in the period in which it incurs. Bakkegruppen has no detailed information on value and trading volumes on the bond, it is however known to the group that some minor transactions in the bond has been made significantly below par value.

Bakkegruppen is compliant with the financial covenant related to the bond at year end 2023 (minimum liquidity of NOK 30 mill)

Security and pledge

See Note 18 'Guarantees and pledged assets' regarding security and pledge.

Note 17 Financial risk management

Bakkegruppen is exposed to financial risks originated from the operations and from the financing of the Group. Financial risks are monitored and managed on a consolidated level by Bakkegruppen's Group Management. The Group's overall risk management activities seek to minimise potential adverse effects on its financial performance.

Credit risk

The group's credit risk is mainly related to settlement from customers. Customers are, for a large part, Norwegian households. Normally a deposit is paid upfront when customers enter into a contractual agreement with the group. Furthermore, after entering into a contract the customer has a legal obligation to cover the group's losses if the customer forfeits the contract. Customer payments are paid to a client account before an apartment or house is delivered to the buyer.

Liquidity risk

For the risk for the group, not meeting its financial obligations at maturity and the financing sources are not available for the group companies. The risk is effectively reduced by financing known obligations as early as is practically possible. Bakkegruppen, as other property developers, depend on continuous project financing from financing institutions as well as other sources. Availability of project financing will also depend on the general financing market. The group also focuses on long-term liquidity planning and spread credit risk on several counterparties. Under current market conditions it is harder to obtain financing than previous years and a continued weak market may influence the groups possibilities to obtain new financing and may therefor influence the availability of working capital liquidity going forward.

Interest rate risk

Interest rate risk is the risk related to the loan portfolio's exposure to the general interest level in Norway (Nibor) and the development of market terms (margin) of banks in general. This risk is relatively limited within the group. The group has a policy not to enter into fixed interest contracts, combined with the fact that the main part of the debt is relatively short-term. Construction loans, limited risk in total. The group also has several lenders that compete to provide financing online with the market at all times.

The group also has an implicit exposure to interest rates because there is a correlation between the pricing of housing and interest rates.

Risk related to suppliers

The group has established risk reduction measures related to large suppliers to the group. Every material supplier has to satisfy a certain set of criteria, such as equity ratio and the lifetime of the supplier. As mentioned above the group is exposed to several banks, hence risk related to banks are diversified. Solidity risk related to financial partners considered to be minimal.

The group has no or very limited currency exposure and risk.

Capital risk

Bakkegruppen Group's capital management secures funding for ongoing and planned projects. The overriding goal is to provide financial capacity to perform operational activities uninterrupted and to support Bakkegruppen's business strategy, while providing returns for shareholders and benefits for other stakeholders as well as maintaining an optimum capital structure. In achieving the objectives, the Group maintains a secure liquidity through the year and a robust equity level through focus on the profitability of the various projects. The Group management evaluates all available funding sources on an on-going basis. Ongoing projects are mainly financed through construction loans which mature at project completion.

Note 18 Guarantees and pledged assets

Guarantees

Guarantee obligations for the Group are mainly payment guarantees provided by Bakkegruppen AS for subsidiaries and joint ventures, related to the entities' pledged properties, amounting to NOK 299 million at year end 2022 (NOK 1.338 million at year end 2022). The large reduction is related to the restructuring agreement where most creditors agreed to terminate existing guarantees given by Bakkegruppen AS.

In connection with development projects Bakkegruppen AS or subsidiaries issue guarantees related to "Bustadoppføringslova" § 12 (guarantee for fulfilment of agreement) and Bustadoppføringslova § 47 (guarantee for prepayment by customer). The guarantees are issued through financial institutions with value up to NOK 340 million at year end 2022, whereof NOK 41 million was used.

In addition, Bakkegruppen AS has given a guarantee related to the construction of a bypass road in Ullensaker kommune (Skogmo). The allocation of cost for the road is based on an agreement between local landowners, Skogmo projects share of guarantee for costs for the road is estimated to approx. NOK 29 million.

Security

Shares in the following Group entities are pledged as security:

Company name		
Bakke AS	Bakke Leiligheter AS	MRB Holding AS
Bråtejordet Utvikling AS	Frogner Prosjektutvikling AS	MittEgetLokale AS
Østmarka Panorama	Bakke Bolig Jessheim AS	MittEgetLokale Tromsø AS
	Gilhusveien 5A AS	
	Gilhusveien 19 AS	
	Gilhusveien 5B, 15, 17 AS	

Bakke AS, Bakke Leiligheter AS and MRB Holding AS, the subsidiaries of Bakkegruppen AS, have acceded the Bond Agreement (refer to Note 16) as Guarantors, and the shares are pledged as security in favour of the Bond holders.

The Group's property, inventory and trade receivables are pledged in favour of each lender, with the following total book value of the pledged assets:

NOK 1000	31.12.2023	31.12.2022
Properties	277 213	243 569
Plants and Equipment	63 645	58 725
Inventory property	1 896 678	1 668 487
Inventories	7 733	11 255
Trade receivables	204 580	741 360
Total	2 449 848	2 723 396

Some Group entities also have given cross guarantee or cross security to each other's obligations.

Note 19 Going concern and events after the balance sheet date

Under §3-3 of the Norwegian Accounting Act the board confirms that the group and parent company accounts are prepared on a going concern assumption. This assumption is based on profit forecasts coming years as well as the Group's long-term strategic forecasts. The Group's economic and financial position is acceptable.

Market conditions has continued to be weak after year end, weak sales during the last two quarters of 2023 as well as a continued weak marked during the first months of 2024, the reduction in sales are more or less in line with the general trends in the market. Furthermore sales has been impacted by the fact that few project have been launched to marked during 2023 and first months of 2024.

We expect low activity in 2024 and continued weak results for 2024 and continued weak market conditions will also impact results for 2025. Bakkegruppen has during 2023 experienced a demanding situation where its working capital reserved were depleted. In august a restructuring process was initiated with its main creditors (banks and bond holders) and an agreement was reached just before year end. Banks and bondholders has been supportive and the main points in the agreement are as follows;

- Implementation of measures which will secure new liquidity in the aggregate amount of NOK 120m
- The liquidity will be strengthened by extending maturity of bank loans and the NOK 500m bond loan to end of Q1 2027, where interest and amortization will only be serviced upon sufficient liquidity and debt service capacity and if not sufficient capacity, interest will be accumulated (PIKed)
- The exiting 500m bond loan will include a mechanism whereby up to NOK 250m of the bond loan can be converted to a convertible hybrid instrument, to secure adequate equity upon any required write-downs and/or to absorb applicable losses going forward
- Certain banks will provide new construction loans and existing construction loans will remain available to ensure adequate project activity within the group
- The board will be further strengthened by new/additional board members with adequate expertise to assist the group in a more challenging market environment going forward.

Based on the agreement reached Bakkegruppen has secured its working capital need going forward and is well positioned to exploit an expected upturn in the residential real estate market going forward. Bakkegruppen will off course continue its relentless work on bringing new projects to market, our land bank is mature meaning that most projects are either sales ready or have obtained building permits or zoning plans from local authorities. As part of our efforts to bring projects to marked and obtain financing we are also on several projects working to obtain an insurance that in effect insures the topline in the projects and normally this would mitigate risks related to financing. Even though mitigating measures have been implemented on cost side these will not fully offset the effects of reduced activity and hence we expect a weak topline and EBITDA for 2024 and going into 204. Furthermore we also expect continued pressure on margins due to increased costs. We do however observe as slight reduction in costs within some areas.

Bakkegruppen currently owns a substantial land bank as well as a real estate portfolio with substantial values and value potential. With the current land bank Bakkegruppen is well positioned for a rebound in the market and based on the currents prognosis on future prices on housing we assume that the current land bank will increase its value over the coming years.

Bakkegruppen banks have been committed to provide new construction loans for new projects with satisfactory presales as well as profitability, Bakkegruppen has therefore commenced construction and / or decided to commence construction during Q1 and Q2 as follows;

- Sentrumshagen Aurskog - 49 apartments (construction started)
- Skogmo Park – Jessheim – 59 apartments
- Sentrumshagen – Aurskog – 23 townhouses/multi-family homes (construction started)
- Fredheimkvartalet – Ås - 141 apartments
- Høgåskollen – Enebakk – 18 multi-family homes
- Strandlia – Nesodden – 5 – townhouses (construction started)

Furthermore, a number of new sales starts for both townhouse and apartment projects are planned for 2024, and the company is continuously working to adapt housing models and projects to the market situation. Bakke AS (small houses) has particularly succeeded well with smaller units in multi-family homes, where the housing price matches well with the buyers' borrowing capacity regulated by the mortgage regulations.

Mittegetlokale AS:

The sale of Mittegetlokale AS and relevant subsidiaries was completed on february 28th 2024. Based on preliminary estimates we expect the sale to generate a profit in group accounts in the range of NOK 15 mill - NOK 17 mill, the profit will be booked in Q1-24. Balance sheet effects are estimated to be in total NOK 275 mill and reduction in bank debt is estimated in total to be NOK 160 mill.

Bjørkåsen Eiendom AS:

The sale of shares in Bjørkåsen Eiendom AS was completed in january 2024. Based on preliminary estimates the sale will generate a profit in group accounts in the range on NOK 1 mill - NOK 2 mill., the profit will be booked in Q1-24. Balance sheet effects are estimated to be in total NOK 85 mill and reduction in bank debt is estimated in total to be NOK 70 mill.

Moerveien Utvikling AS:

10% of the shares in Moerveien Utvikling AS was in April 2024 sold to IK Gruppen AS reducing the ownership shared from 50% to 40%, the transaction will not have material impact on group accounts, The investment will be reclassified in the group accounts from a joint venture to an associated company and booked on accordance with the equity method.

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Framstad, Tor Erlend

Styremedlem

På vegne av: Bakkegruppen AS

Serienummer: no_bankid:9578-5999-4-1493276

IP: 195.139.xxx.xxx

2024-05-31 12:36:09 UTC



Bakke, Morthen Roar

Styreleder

På vegne av: Bakkegruppen AS

Serienummer: no_bankid:9578-5995-4-3160254

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Bakke, Randi Solvang

Styremedlem

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Independent Auditor's Report

To the General meeting of Bakkegruppen AS

Opinion

We have audited the financial statements of Bakkegruppen AS.

The financial statements comprise:

- The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable statutory requirements.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors (management) is responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears

to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Social Responsibility.

Responsibilities of the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Henning Dalsegg

State Authorised Public Accountant

(This document is signed electronically)

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Dalsegg, Henning Arne

Partner

På vegne av: BDO AS

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