



Quarterly Financial Statements  
Q1 2024 Bakkegruppen

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## Highlights of the first quarter 2024

(Figures in brackets relate to the corresponding period of 2024. The figures are unaudited.)

- Operating revenues NOK 178 million (NOK 276 million)<sup>1</sup>
- Operating loss NOK 12 million (loss NOK 7 million)
- Group sales in Q1 NOK 121 million (NOK 134 million)<sup>2</sup>
- Group sales as of June 25<sup>th</sup> 532 million (NOK 613 million)
- Restructuring related cost in Q1 of 10 million

<sup>1</sup> Operating revenues recognised in the income statement (NGAAP), according to the percentage of completion method

<sup>2</sup> Sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act (Bustadsoppføringslova)

## Financial review

Bakkegruppen has during the first quarter of 2024 is still influenced by the downturn in the market as well as the groups financial difficulties in 2023 which has reduced the capacity to bring new projects to market. During the last six months og 2023 the company was in at restructuring process which led to limited activity in terms of bringing new projects to market, combined with the current market conditions this has impacted and will impact results in the group going forward. Activity level is reduced, and results are weaker than previous years. Costs are on the operational level reduced both in terms of payroll expenses and other operating expenses, however cost related to the ongoing restructuring is still a significant part of total cost and are the sole explanation factor for increased operational costs compared to 2023. Restructuring related costs in Q1 equals MNOK 10. Adjusted for restructuring costs, operational costs are reduced significantly from previous years and close to a minimum.

The main explanation factor for the relatively weak results is a combination og lower activity combined with a cost level that is not sustainable with the current activity level. Furthermore, Mittegetlokale AS was sold at end of February and does not anymore contribute to group results. BG Utile AS has also impacted results negatively this quarter.

As reported earlier Bakkegruppen has taken several steps to mitigate the situation:

- Reached agreement with banks and other creditors
- Continued cost saving
- Several new projects has started sales and are expected to go into production in the coming year
- Shares in Bjørkåsen Eiendom AS, Mittegetlokale AS and Bakke Bolig Dammensvika AS has been sold

It is critical to deliver sales and new projects to market in order to realize the values on our land bank.

In line with previously communicated the contribution to the Group's result from Bakkegruppen's apartment division Bakke Leiligheter is still at a limited level since a substantial part of its projects are currently in development. However to projects started production in Q1 and will continue to deliver top line revenues over the coming years. In addition Bakke Leiligheter started sales on two new projects in Q2 (Skogmo new stage and Mølllestrøket Vestby) with sales indication and improved marked. We expect these two projects to be in production within a 12 month period. The project at Ås (Fredhemkvarteret) will start production in Q3.

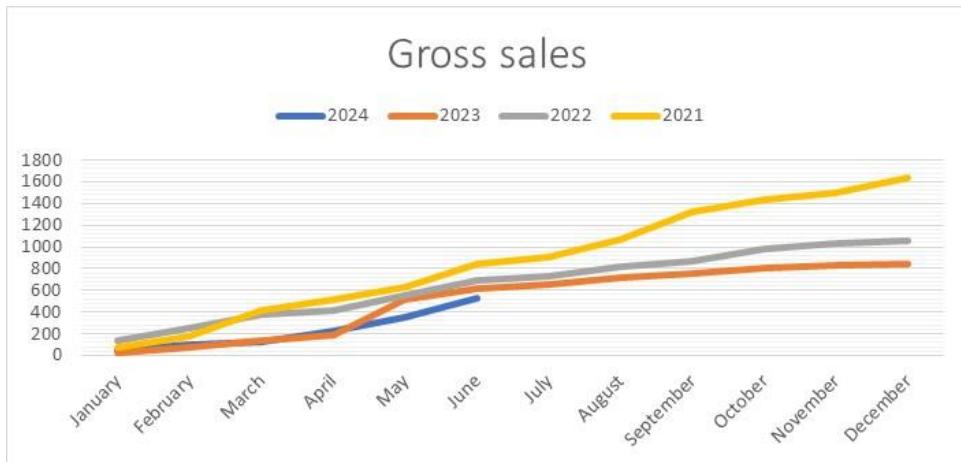
Bakke AS (small houses) is still significantly weaker than previous years, the market for family housing has been severely hit by the increased interest rates and sales of more expensive (> 6 mill) is slow. Currently Bakke AS is producing housing on Strandlia (Nesoddan), Lørenfallet (Lillestrøm), Fabeltunet (Lillestrøm) and Aurskog We expect to start building at Høgåsen during summer of 2024.

Mittegetlokale AS was sold on 28<sup>th</sup> February 2024 and has comtributed in group results with revenues of 25 MNOK as well as an Net operation result of 7 MNOK.

On Group level a total of 13 units were delivered to customers during the 1<sup>st</sup> quarter and a total of 1 storage unit from Mittegetlokale.

The Group's sales from its housing division have during the first three months of 2024 been lower than in 2023. During the 1<sup>st</sup> quarter we observed a continued weak marked and total sales equalled MNOK 121. However, we have seen a significant increase in sales during the 2<sup>nd</sup> quarter and total sales as of end of June equals MNOK 532 which means that sales so far in 2024 is slightly lower than in 2023. Sales from April – June equals 77% of totals sales in 2024 which indicates an improved market and we believe that sales are improving and are favourable considering the current market.

The graph below shows the sales in terms of sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act , not adjusted for ownership in JVs Sales as of end May has been included. Note that current sales as of end May has been included in graph. **Note:** that to make numbers comparable Mittegetlokale has been removed from comparable numbers in 2023 and earlier.



In total, Bakkegruppen delivered an operating loss of NOK 22 million in Q1 2024 vs a loss of NOK 7 million in Q1 2023. EBITDA for Q1 2024 was NOK -18 million vs EBITDA NOK - 2 million for Q1 2023.

Assets in Bakkegruppen on 31 March 2024 totalled NOK 2 325 million, compared to NOK 3 003 million on 31 March 2023. The total cash position on 31 March 2024 was NOK 44 million, corresponding to a increase of NOK 14 million relative to 31 December 2023.

Bakkegruppen is compliant with the financial covenants related to the bond at 31 March 2024.

## Outlook and risk factors

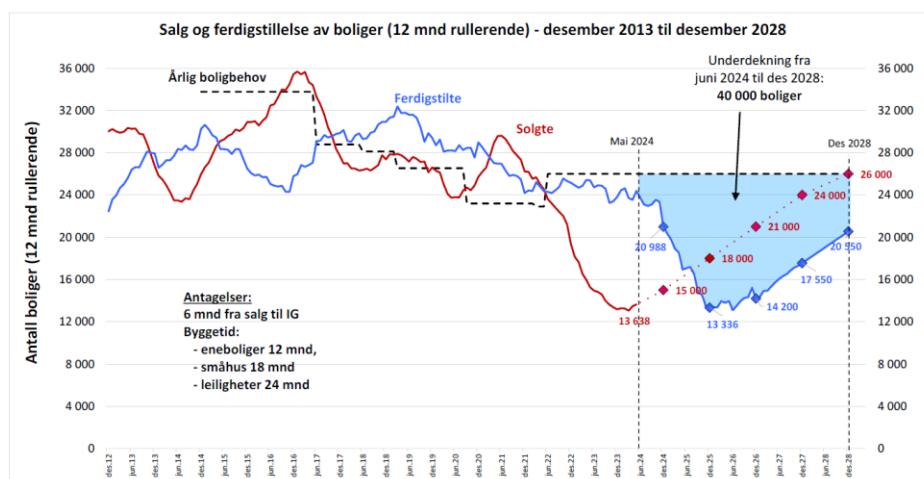
The general market outlook for newbuildings in 2024 is still weak, although the market seems to have stabilized and somewhat improved during the first months of 2024. Factors outside of Bakkegruppens control such as cost inflation, a weak NOK currency, interest rate level and challenging market for debt financing continues to pose a risk to the group's business.

Despite challenging market conditions, the underlying demand for new housing is still present and slowly recovering. Volumes are still subdued, but Bakkegruppen are confident that the market will gradually improve during the next years. We have in 2023 and into 2024 worked to redesign our products to better fit the current market conditions and are of the opinion that affordable housing will be key to bring new projects to market. During 2024 the company has made the decision to start building 280 new units that will give cashflows in 2026 and 2027. Sales in the last months have proved that our landbank is capable of producing sellable housing also in a difficult market. Our landbank is on average quite mature and we have several projects with short time to market if the general conditions improve.

In the current market environment, BakkeGruppen expects lower activity in 2024 compared with 2023 with corresponding lower top line and weak margins. This is due to fewer projects being started due to lack of sale and higher financing cost, but also the fact that Mittegetlokale has been sold affecting activity negatively.

Boligprodusentene estimate a significant undersupply of housing over the coming years, and expect a sharp increase in pricing on newbuilds as a consequence.

## Nye boliger - underdekning kommende år



Source: Boligprodusentene

Bakkegruppen is also considering changing its accounting policies regarding loans given to projects where the capital originates from the bond. Current all interest on the bond is expensed in the group accounts and are treated as equity in various projects. Hence it is being evaluated if including these costs as project costs gives a better reflection of the actual activity and performance of projects. A decision on the potential change has not been made but will if implemented reduce booked finance cost and will going forward increase project expenses and as a result reduce EBITDA in the company. It's Bakkegruppens assessment that the change will not have material impact on projects (cost per sqm housing) and will better reflect the underlying business model.

## Consolidated statement of profit and loss (unaudited)

NOK 1000	Note	Bakkegruppen consolidated			2022
		Q1 2024	Q1 2023	2023	
Sales revenues	2,3	177 086	268 870	1 013 813	1 628 984
Other operating revenues	2,3	1 871	6 864	31 108	39 943
<b>Total operating revenues</b>		<b>178 957</b>	<b>275 734</b>	<b>1 044 921</b>	<b>1 668 927</b>
Project expenses	2	139 573	214 039	812 919	1 340 493
Pay and personnel expenses		30 709	44 658	156 020	172 425
Depreciation, amortisation and impairment		4 287	5 117	24 543	19 411
Other operating expenses		24 922	18 605	95 801	87 427
<b>Total operating expenses</b>		<b>199 491</b>	<b>282 419</b>	<b>1 089 282</b>	<b>1 619 755</b>
Share of income/(loss) from associated companies		-1 280	-	55	270
<b>Total operating profit (loss)</b>		<b>-21 815</b>	<b>-6 740</b>	<b>-44 091</b>	<b>48 420</b>
Income from investments in subsidiaries		0	0	0	0
Interest income		1 545	1 063	3 142	1 643
Other financial income		43	46	4 356	1 243
Interest costs	4	24 314	19 673	86 332	64 556
Other financial costs		2 627	669	8 815	2 676
<b>Net financial items</b>		<b>-25 353</b>	<b>-19 232</b>	<b>-87 649</b>	<b>-64 347</b>
<b>Profit (loss) before income taxes</b>		<b>-47 168</b>	<b>-25 972</b>	<b>-131 741</b>	<b>-15 926</b>
Income tax (expense) income		10 377	5 714	26 438	-317
<b>Profit (loss) for the year</b>		<b>-36 791</b>	<b>-20 258</b>	<b>-105 303</b>	<b>-16 243</b>
<b>Allocation</b>					
Proposed dividends		-	-	-	15 000
Transferred to/from other equity		-36 791	-20 258	-105 303	-31 243
<b>Total allocation</b>		<b>-36 791</b>	<b>-20 258</b>	<b>-105 303</b>	<b>-16 243</b>

## Consolidated statement of financial position (unaudited)

NOK 1000	Note	31.03.2024	31.03.2023	31.12.2023
<b>Assets</b>				
Intangible Assets		6 412	12 476	6 900
Properties		274 705	262 406	277 213
Plants and Equipment		61 088	62 524	63 645
<b>Total intangible and fixed assets</b>		<b>342 205</b>	<b>337 406</b>	347 757
Shares in subsidiaries		0	0	0
Shares in joint ventures and associates		46 345	18 769	47 626
Other shares		709	2 829	709
<b>Total non current financial assets</b>		<b>47 055</b>	<b>21 598</b>	48 335
Receivables group companies		0	0	0
Receivables joint ventures and associates		25 887	36 151	29 209
Other long term receivables		25 191	15 526	26 648
<b>Total non current receivables</b>		<b>51 078</b>	<b>51 677</b>	55 857
<b>Total non current assets</b>		<b>440 337</b>	<b>410 681</b>	451 949
Inventory property		1 626 318	1 787 929	1 896 678
Inventories		7 818	9 547	7 733
Trade receivables		157 301	651 247	204 580
Receivables group companies		0	0	0
Other short term receivables		17 050	18 541	9 588
Cash and cash equivalents		76 683	125 134	62 913
<b>Total current assets</b>		<b>1 885 170</b>	<b>2 592 398</b>	2 181 492
<b>TOTAL ASSETS</b>		<b>2 325 507</b>	<b>3 003 079</b>	2 633 441
Share capital		160	160	160
Share premium		2 501	2 501	2 501
Other paid in capital		715	715	715
Other equity		252 031	358 866	288 822
<b>Total equity</b>		<b>255 407</b>	<b>362 243</b>	292 198
Deferred tax liabilities		111 034	160 419	139 042
Bonds	4	500 000	500 000	500 000
Non current interest liabilities financial institutions	4	556 105	242 836	567 022
Non current liabilities group companies		0	0	0
Other long term liabilities		87 023	69 109	62 559
<b>Total non-current liabilities</b>		<b>1 254 162</b>	<b>972 365</b>	1 268 623
Current interest-bearing liabilities	4	563 837	1 220 683	789 070
Trade payables		46 437	113 809	99 921
Current income taxes payable		1 638	9 779	6 696
Public taxes		11 033	10 350	10 720
Dividends		0	15 000	0
Current liabilities group companies		0	0	0
Other current liabilities		192 992	298 850	166 213
<b>Total current liabilities</b>		<b>815 938</b>	<b>1 668 471</b>	1 072 620
<b>Total liabilities</b>		<b>2 070 100</b>	<b>2 640 836</b>	2 341 243
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 325 507</b>	<b>3 003 079</b>	2 633 441

## Consolidated statement of changes in equity (unaudited)

NOK 1000	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
<b>Equity as at 01.01.2024</b>	<b>160</b>	<b>2 501</b>	<b>715</b>	<b>288 822</b>	<b>292 198</b>
Net income/(loss) for the period				-36 791	-36 791
<b>Equity as at 31.03.2024</b>	<b>160</b>	<b>2 501</b>	<b>715</b>	<b>252 031</b>	<b>255 407</b>
<b>Equity as at 01.01.2023</b>	<b>160</b>	<b>2 501</b>	<b>715</b>	<b>379 125</b>	<b>382 501</b>
Dividends				0	0
Reversed dividends				15 000	15 000
Net income/(loss) for the period				-105 303	-105 303
<b>Equity as at 31.12.2023</b>	<b>160</b>	<b>2 501</b>	<b>715</b>	<b>288 822</b>	<b>292 198</b>

## Consolidated cash flow statement (unaudited)

NOK 1000	Year to date		Full year
	Q1 2024	Q1 2023	2023
<b>Cash flow from operating activities</b>			
Profit/ (loss) before income taxes	-48 335	-25 972	-135 519
Income taxes paid	-5 049	-413	-10 330
Loss on sale subsidiary	1 168	0	3 778
Depreciation and amortisation expenses	24 543	5 117	24 543
Changes in inventories	252 635	-114 776	-215 531
Changes in short term receivables	-7 462	3 806	12 759
Changes in current debt incl. construction loans	-198 140	98 293	-465 587
Changes in account receivables	47 279	90 113	536 780
Changes in account payables	-53 484	-51 990	-65 878
<b>Net cash flow from operating activities</b>	<b>13 153</b>	<b>4 178</b>	<b>-314 985</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible non current assets	-18 990	-27 336	-57 112
Net purchase and proceeds from other investments	1 280	-2 345	-29 082
<b>Net cash flow from investing activities</b>	<b>-17 710</b>	<b>-29 681</b>	<b>-86 194</b>
<b>Cash flow from financing activities</b>			
Changes in non current receivables	4 779	-3 100	-7 280
Repayment of borrowings	-14 148	-1 877	-4 001
Changes in long term debt	27 695	7 709	327 469
Dividends paid	0	0	0
<b>Net cash flow from financing activities</b>	<b>18 326</b>	<b>2 732</b>	<b>316 187</b>
<b>Net change in cash and cash equivalents</b>	<b>13 769</b>	<b>-22 771</b>	<b>-84 992</b>
<b>Cash and cash equivalents at start of period</b>	<b>62 913</b>	<b>147 905</b>	<b>147 905</b>
<b>Cash and cash equivalents at end of period</b>	<b>76 683</b>	<b>125 134</b>	<b>62 913</b>

## Selected notes to the quarterly financial statements

### Note 1 General information and accounting policies

Bakkegruppen AS is a limited liability company with registered office Finstadhagan 7, 1930 Aurskog, Norway. Bakkegruppen's principal offices are located in Finstadhagen 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 Utileie AS) and a spa and conference center (Rømskog Spa & Resort). For additional information regarding the Group, please visit [www.bakke-as.no](http://www.bakke-as.no).

The group's consolidated financial information has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The quarterly report is a condensed interim report prepared in accordance with 'NRS 11 Delårsregnskap'. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2022. The accounting policies applied in preparing these interim condensed consolidated financial statements are otherwise consistent with those applied in the group's consolidated financial statements for the year ended 31.12.2022.

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.

### Note 2 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 MittEgetLokale AS, BG Utileie AS and Rømskog Spa & Resort, as well as holding and eliminations.

NOK 1000	Q1 2024			Q1 2023		
	Property development	Other areas	Total	Property development	Other areas	Total
Operating revenues	141 941	37 015	178 957	186 981	88 752	275 734
Project expenses	122 616	16 957	139 573	141 549	72 490	214 039
Other operating expenses	35 389	20 242	55 631	40 047	23 216	63 263
Share of income/(loss) from associated companies	-1 280	-	-1 280	-55	-	55
<b>EBITDA</b>	<b>-17 344</b>	<b>-184</b>	<b>-17 528</b>	<b>5 331</b>	<b>-6 954</b>	<b>-1 623</b>

### Note 3 Revenues

The table below shows a specification of operating revenues.

NOK 1000	Q1 2024			Q1 2023		
	Sales revenues	Other operating revenues	Total	Sales revenues	Other operating revenues	Total
Property development	140 259	1 683	141 941	185 283	1 699	186 981
Mittegetlokale	25 460	0	25 460	72 226	917	73 143
Rental revenues scaffolding/equipment	8 975	188	9 163	13 118	267	13 385
Hotel related revenues	0	0	0	4 408	4 408	4 408
Holding/Eliminations	2 392	0	2 392	-1 757	-427	-2 183
<b>Total operating revenues</b>	<b>177 086</b>	<b>1 871</b>	<b>178 957</b>	<b>268 870</b>	<b>6 864</b>	<b>275 734</b>

Other operating revenues consist of rental revenues on properties, besides the Hotel related revenues.

## Note 4 Interest-bearing liabilities

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

Company	Loan instrument	Lender	Non-current	Current	Total interest-bearing liabilities	Maturity date
Bakkegruppen AS	Bond	Bondholders	500 000		500 000	February 2025
Bakkegruppen AS	Property loans	Aurskog Sparebank	7 204		7 204	> 5 years
Bakkegruppen AS	RCF	Høland Sparebank	-	49	49	Annual renewal
Bakkegruppen AS	Property loan	Pareto Bank		20 000	20 000	22.12.2023
<b>Total Bakkegruppen AS</b>			<b>507 204</b>	<b>19 951</b>	<b>527 155</b>	
Bakke AS	Property loans	SP1 - Østlandet	25 025		25 025	> 5 years
Bakke AS	Share purchase	SP1 - Østlandet	134 741		134 741	Upon completion of project
Bakke AS	RCF	SP1 - Østlandet		1 819	1 819	Annual renewal
Østmarka Panorama AS	Share purchase	SP1 - Østlandet	78 200		78 200	31.12.2026
Bakke Prospekt AS	Construction loans	SP1 - Østlandet		234 884	234 884	Upon completion of project
Bakke Prospekt AS	Construction loan	Pareto Bank		38 467	38 467	Upon completion of project
Bakke Prospekt AS	Construction loan	Aurskog Sparebank		24 033	24 033	Upon completion of project
Bakke Prospekt AS	Construction loan	Høland Sparebank		27 418	27 418	Upon completion of project
Gartnervegen Eiendom AS	Construction loan	Pareto Bank		45 227	45 227	Upon completion of project
Gartnervegen Eiendom AS	Construction loan	Høland Sparebank		6 037	6 037	Upon completion of project
Bråtejordet Utvikling AS	Construction loan	SP1 - Østlandet		1 653	1 653	Upon completion of project
<b>Total Bakke sub group</b>			<b>237 966</b>	<b>379 539</b>	<b>617 505</b>	
Moerveien AS	Construction loan	SP1 - Østlandet		45 000	45 000	Upon completion of project
Frogner Prospektutvikling AS	Construction loans	DnB	-	2 328	2 328	Upon completion of project
Skogmo AS	Construction loans	Nordea	-	30	30	Upon completion of project
Skogmo AS	Property loan	SP1 - Østlandet	139 708		139 708	Upon completion of project
Bakke Leiligheter AS	Construction loans	Romerike Sparebank		50 985	50 985	Upon completion of project
Bakke Bolig Aurskog AS	Construction loans	Pareto Bank		11 173	11 173	Upon completion of project
Bakke Bolig Aurskog AS	Construction loan	Aurskog Sparebank	8 100		8 100	27.06.2028
<b>Total Bakke Leiligheter sub group</b>			<b>147 808</b>	<b>104 800</b>	<b>252 607</b>	
MRB Holding AS	Property loan	Høland Sparebank	11 709		11 709	> 5 years
MittEgetLokale Killingmo AS	Construction loan	Pareto Bank		59 548	59 548	Oct 2023
Luftveien 4 AS	Property loan	Nordea	20 010		20 010	30.06.2025
BG Utleie AS	Property loan	Aurskog Sparebank	9 209		9 209	> 5 years
BG Utleie AS	Equipment lease	Nordea	31 642		31 642	> 5 years
BG Utleie AS	Equipment lease	SP1 - Østlandet	3 482		3 482	> 5 years
BG Utleie AS	Equipment lease	Brage Finans	9 011		9 011	> 5 years
Bakkegruppen Eiendom AS	Share purchase	Høland Sparebank	23 893		23 893	> 5 years
Finstadhagan 25 AS	Property loan	Høland Sparebank	42 680		42 680	> 5 years
Finstadhagan 13 AS	Property loan	Eiendomskredit	7 345		7 345	> 5 years
Finstadhagan 13 AS	Property loan	Høland Sparebank	4 146		4 146	> 5 years
<b>Total MRB sub group</b>			<b>163 127</b>	<b>59 548</b>	<b>222 675</b>	
<b>Total group</b>			<b>1 056 105</b>	<b>563 837</b>	<b>1 619 942</b>	

The duration of construction loans follows completion rate of each specific project. The loan is paid back in full upon completion of project. Interest rates are bases 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 is compliant with the financial covenants related to the bond at 31 March 2024.