



Quarterly Financial Statements  
Q2 2024 Bakkegruppen

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## Highlights of the second quarter and the first half year 2024

(Figures in brackets relate to the corresponding period of 2023. The figures are unaudited.)

### Second quarter 2024

- Operating revenues NOK 146 million (NOK 248 million) <sup>1</sup>
- Operating loss NOK 12 million (profit NOK 3 million)
- Group sales in Q2 NOK 442 million (NOK 538 million) <sup>2</sup>

### First half year 2024

- Operating revenues NOK 325 million (NOK 523 million) <sup>1</sup>
- Operating loss NOK 33 million (loss NOK 4 million)
- Group sales in Q1/Q2 NOK 561 million (NOK 794 million)
- Accumulated sale as of mid September NOK 729 million
- Accumulated restructuring costs (2024) as of end Q2 NOK 12 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

The continued downturn in the housing market has impacted Bakkegruppen's financial results in the second quarter and first half year of 2024. Furthermore, the restructuring process that was initiated in the second half of 2023 and was concluded in July 2024 has limited the company's capacity of bringing new projects to the market. The combined effect is a lower activity level and weaker financial results than in previous years. Measures have been implemented to reduce both personnel expenses and other operating expenses, which will continue to give effect throughout the year. Despite this, other operating expenses in the first half of 2024 were higher than in the first half of 2023, due to costs related to the restructuring process. Expenses directly related to this process are estimated at a total of NOK 12 million in the period, and adjusted for these one-time costs, other operating expenses have been significantly reduced and are at a minimum level.

The main explanation for the group's relatively weak results is a combination of lower activity, reducing the contribution from ongoing projects, combined with overhead costs that are higher than warranted by the current low activity levels. The subsidiary BG Utleie AS has also impacted results negatively.

As reported earlier Bakkegruppen has taken several steps to address the current situation and improve the company's financial position:

- Reached agreement with banks and other creditors
- Continued cost saving measures
- Several new projects have 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 have been sold

It is critical for the Group to maintain activity in terms of selling, constructing and delivering new housing projects in order to realize the values and liquidity tied up in our land bank.

As previously communicated, the contribution to the Group's result from our apartment division Bakke Leiligheter is still at a limited level since a substantial part of its projects are currently in development. However, two projects (Skogmo BT2 and Sentrumshagen) started production during 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 BT3 and Møllestrøket Vestby) with both projects showing satisfactory sales. We expect these two projects to be in production within a 12 month period. The project at Ås (Fredheimkvartalet) will start production in Q3.

Results in the house division (Bakke AS) are also significantly weaker than in previous years, as the market for family housing has been severely hit by increased interest rates and sales of more expensive units (> 6 mill) is slow. Currently, Bakke AS is producing housing units for the Strandlia (Nesodden), Lørenfallet (Lillestrøm), Fabeltunet (Lillestrøm) and Sentrumshagen (Aurskog) projects. Sale of multifamily housing (4-6 units in one house) has been good under the current market conditions and sales of these units have been made in Aurskog, Høgåsen (Rælingen) and Månetoppen (Enebakk).

Mittegetlokale AS was sold on 28<sup>th</sup> February 2024 and are included in the group accounts up until this date with revenues of NOK 25 million and an operating profit of NOK 7 million. In Q2 there are no revenues or costs related to Mittegetlokale AS in the

group accounts, hence the activity level in the MRB sub-group is reduced substantially since both Mittegetlokale AS and the hotel at Rømskog have been sold.

In total, the group delivered a total of 13 housing units to customers in Q1 and 14 in Q2, for a total of 27 deliveries during the first six months of 2024.

The Group's reported revenues from its housing segment have during the first six months of 2024 been lower than in 2023, we have however seen a significant increase in new sales during Q2 with sales in this quarter of NOK 443 million and accumulated sales as of mid September of NOK 729 million, which means that sales so far in 2024 is in line with last year.

The chart below shows sales in terms of sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act, not adjusted for ownership in JVs. Please note that to in order to make numbers comparable, sales in Mittegetlokale have been removed from comparable numbers in 2023 and earlier.



In total, Bakkegruppen reports an operating loss of NOK 33 million in first half year 2024 compared with an operating loss of NOK 4 million in first half year 2023. EBITDA for first half year 2024 was negative NOK 25 million vs positive NOK 7 million for first half year 2023.

Assets in Bakkegruppen on 30 June 2024 totalled NOK 2 324 million, compared to NOK 3 181 million on 30 June 2023. The total cash position on 30 June 2024 was NOK 82 million, an increase of NOK 19 million from 31 December 2023.

Bakkegruppen is in compliance with the financial covenants related to the amended bond agreement on 30 June 2024.

## Outlook and risk factors

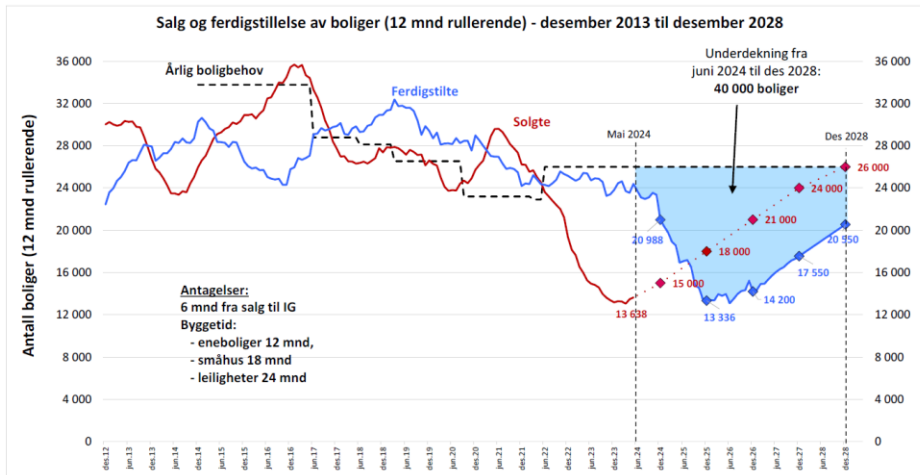
The general market outlook for newbuildings in 2024 is still weak, although the market seems to have stabilized and somewhat improved during the first months of 2024. Factors outside Bakkegruppen's control such as cost inflation, a weak NOK currency, interest rate level and challenging market for debt 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 is confident that the market will gradually improve during the next years. We have in 2023 and into 2024 worked to redesign our newbuilding projects to better fit the current market conditions and are of the opinion that being able to offer affordable housing will be key going forward. 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 weaker 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. Currently, all interest on the bond is expensed in the group accounts and treated as equity in various projects at the subsidiary level.

Including all finance costs related to a project as part of project cost will better reflect the actual activity and performance of the projects, thus improving the information value of project and managerial accounts. A decision on the potential change has not been made, but will if implemented reduce the Group's reported finance cost, while increasing current and future project-related expenses (and as a result reduce reported EBITDA). It is Bakkegruppen's assessment that the change will not have material impact on projects (cost per sqm housing) and will better reflect the Group's underlying business model.

## Consolidated statement of profit and loss (unaudited)

NOK 1000	Note	Second quarter		First half year	
		Q2 2024	Q2 2023	H1 2024	H1 2023
Sales revenues	2,3	144 204	240 203	321 290	509 073
Other operating revenues	2,3	2 058	7 542	3 929	14 405
<b>Total operating revenues</b>		<b>146 262</b>	<b>247 744</b>	<b>325 219</b>	<b>523 478</b>
Project expenses	2	110 414	185 484	249 987	399 523
Pay and personnel expenses		25 336	33 017	56 045	77 675
Depreciation, amortisation and impairment		4 142	5 443	8 429	10 560
Other operating expenses		16 647	20 980	41 569	39 584
<b>Total operating expenses</b>		<b>156 538</b>	<b>244 924</b>	<b>356 030</b>	<b>527 343</b>
Share of income/(loss) from associated companies		-1 302	-135	-2 582	-190
<b>Total operating profit (loss)</b>		<b>-11 578</b>	<b>2 686</b>	<b>-33 393</b>	<b>-4 054</b>
Income from investments in subsidiaries		0	0	0	0
Interest income		708	290	2 254	1 353
Other financial income		1 560	386	1 603	432
Interest costs	4	30 579	21 498	54 893	41 172
Other financial costs		665	669	3 292	1 337
<b>Net financial items</b>		<b>-28 976</b>	<b>-21 492</b>	<b>-54 329</b>	<b>-40 724</b>
<b>Profit (loss) before income taxes</b>		<b>-40 554</b>	<b>-18 806</b>	<b>-87 722</b>	<b>-44 778</b>
Income tax (expense) income		8 922	4 137	19 299	9 851
<b>Profit (loss) for the year</b>		<b>-31 632</b>	<b>-14 668</b>	<b>-68 423</b>	<b>-34 927</b>
<b>Allocation</b>					
Proposed dividends		-	-	-	-
Transferred to/from other equity		-31 632	-14 668	-68 423	-34 927
<b>Total allocation</b>		<b>-31 632</b>	<b>-14 668</b>	<b>-68 423</b>	<b>-34 927</b>

## Consolidated statement of financial position (unaudited)

NOK 1000	Note	30.06.2024	30.06.2023	31.12.2023
<b>Assets</b>				
Intangible Assets		5 942	11 417	6 900
Properties		275 550	339 481	277 213
Plants and Equipment		59 023	66 865	63 645
<b>Total intangible and fixed assets</b>		<b>340 515</b>	<b>417 763</b>	<b>347 757</b>
Shares in joint ventures and associates		32 848	25 375	47 626
Other shares		709	3 809	709
<b>Total non current financial assets</b>		<b>33 557</b>	<b>29 184</b>	<b>48 335</b>
Receivables joint ventures and associates		40 275	30 211	29 209
Other long term receivables		25 155	14 782	26 648
<b>Total non current receivables</b>		<b>65 430</b>	<b>44 993</b>	<b>55 857</b>
<b>Total non current assets</b>		<b>439 502</b>	<b>491 940</b>	<b>451 949</b>
Inventory property		1 561 632	2 002 835	1 896 678
Inventories		8 802	8 984	7 733
Trade receivables		204 238	543 504	204 580
Other short term receivables		28 527	8 461	9 588
Cash and cash equivalents		81 744	125 715	62 913
<b>Total current assets</b>		<b>1 884 944</b>	<b>2 689 499</b>	<b>2 181 492</b>
<b>TOTAL ASSETS</b>		<b>2 324 445</b>	<b>3 181 440</b>	<b>2 633 441</b>
Share capital		160	160	160
Share premium		2 501	2 501	2 501
Other paid in capital		715	715	715
Other equity		220 399	344 198	288 822
<b>Total equity</b>		<b>223 775</b>	<b>347 574</b>	<b>292 198</b>
Deferred tax liabilities		100 645	189 599	139 042
Bonds	4	545 887	500 000	500 000
Non current interest liabilities financial institutions	4	565 008	470 785	567 022
Other long term liabilities		112 772	64 639	62 559
<b>Total non-current liabilities</b>		<b>1 324 311</b>	<b>1 225 023</b>	<b>1 268 623</b>
Current interest-bearing liabilities	4	552 859	1 281 347	789 070
Trade payables		54 276	108 828	99 921
Current income taxes payable		1 638	9 779	6 696
Public taxes		13 590	12 940	10 720
Dividends		0	15 000	0
Other current liabilities		153 995	180 949	166 213
<b>Total current liabilities</b>		<b>776 359</b>	<b>1 608 843</b>	<b>1 072 620</b>
<b>Total liabilities</b>		<b>2 100 670</b>	<b>2 833 865</b>	<b>2 341 243</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 324 445</b>	<b>3 181 440</b>	<b>2 633 441</b>

## 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				-68 423	-68 423
<b>Equity as at 30.06.2024</b>	<b>160</b>	<b>2 501</b>	<b>715</b>	<b>220 399</b>	<b>223 775</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>
Net income/(loss) for the period				-34 927	-34 927
<b>Equity as at 30.06.2023</b>	<b>160</b>	<b>2 501</b>	<b>715</b>	<b>344 199</b>	<b>347 575</b>
Reversed dividends				15 000	15 000
Net income/(loss) for the period				-70 376	-70 376
<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	<i>First half year</i>		<i>Full year</i>
	<b>H1 2024</b>	H1 2023	2023
<b>Cash flow from operating activities</b>			
Profit/ (loss) before income taxes	-87 983	-44 778	-135 519
Income taxes paid	-5 049	-413	-10 330
Loss on sale subsidiary	261	0	3 778
Depreciation and amortisation expenses	8 429	10 560	24 543
Changes in inventories	314 869	-295 802	-215 531
Changes in short term receivables	-18 939	13 887	12 759
Changes in current debt incl. construction loans	-245 559	43 646	-465 587
Changes in account receivables	342	197 855	536 780
Changes in account payables	-45 644	-56 971	-65 878
<b>Net cash flow from operating activities</b>	<b>-79 274</b>	<b>-132 016</b>	<b>-314 985</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible non current assets	-1 187	-113 136	-57 112
Net purchase and proceeds from other investments	14 778	-9 932	-29 082
<b>Net cash flow from investing activities</b>	<b>13 591</b>	<b>-123 067</b>	<b>-86 194</b>
<b>Cash flow from financing activities</b>			
Changes in non current receivables	-9 573	3 584	-7 280
Repayment of borrowings	-19 985	-3 733	-4 001
Changes in long term debt	68 426	233 043	327 469
Payment-in-kind interest on Bonds	45 644	0	0
Dividends paid	0	0	0
<b>Net cash flow from financing activities</b>	<b>84 513</b>	<b>232 893</b>	<b>316 187</b>
<b>Net change in cash and cash equivalents</b>	<b>18 831</b>	<b>-22 190</b>	<b>-84 992</b>
<b>Cash and cash equivalents at start of period</b>	<b>62 913</b>	147 905	147 905
<b>Cash and cash equivalents at end of period</b>	<b>81 744</b>	125 134	62 913

## 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 commercial real estate and scaffolding rental supplies (BG Utleie AS). 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 2023. 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 31.12.2023.

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 including BG Utleie AS, other holdings and eliminations.

NOK 1000	H1 2024			H1 2023		
	Property development	Other areas	Total	Property development	Other areas	Total
Operating revenues	270 307	54 912	325 219	392 854	130 624	523 478
Project expenses	229 255	20 731	249 987	299 561	99 962	399 523
Other operating expenses	56 106	41 508	97 614	73 429	43 830	117 259
Share of income/(loss) from associated companies	-2 582	-	-2 582	-190	0 -	190
<b>EBITDA</b>	<b>-17 636</b>	<b>-7 328</b>	<b>-24 964</b>	<b>19 674</b>	<b>-13 168</b>	<b>6 506</b>

### Note 3 Revenues

The table below shows a specification of operating revenues.

NOK 1000	H1 2024			H1 2023		
	Sales revenues	Other operating revenues	Total	Sales revenues	Other operating revenues	Total
Property development	267 547	2 760	270 307	389 474	3 380	392 854
Mittegetlokale	25 460	0	25 460	96 252	1 935	98 187
Rental revenues scaffolding/equipment	22 799	376	23 175	27 084	534	27 618
Hotel related revenues		0	0		9 395	9 395
Holding/Eliminations	5 484	793	6 277	-3 736	-839	-4 575
<b>Total operating revenues</b>	<b>321 290</b>	<b>3 929</b>	<b>325 219</b>	<b>509 074</b>	<b>14 405</b>	<b>523 479</b>

## Note 4 Interest-bearing liabilities

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

NOK 1000				30.06.2024		
Company	Loan instrument	Lender	Non-current	Current	Total interest-bearing liabilities	Maturity date
Bakkegruppen AS	Bond	Bondholders	545 887		545 887	March 2027
Bakkegruppen AS	Property loans	Aurskog Sparebank	7 079		7 079	> 5 years
Bakkegruppen AS	RCF	Høland Sparebank		14 719	14 719	Annual renewal
Bakkegruppen AS	Property loan	Pareto Bank		14 115	14 115	22.12.2023
<b>Total Bakkegruppen AS</b>			<b>552 966</b>	<b>28 834</b>	<b>581 800</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			-	Annual renewal
Østmarka Panorama AS	Share purchase	SP1 - Østlandet	78 200		78 200	31.12.2026
Østmarka Panorama AS	Construction loan	SP1 - Østlandet	2 094		2 094	Upon completion of project
Bakke Prosjekt AS	Construction loans	SP1 - Østlandet		240 278	240 278	Upon completion of project
Bakke Prosjekt AS	Construction loan	Pareto Bank		38 467	38 467	Upon completion of project
Bakke Prosjekt AS	Construction loan	Aurskog Sparebank		29 127	29 127	Upon completion of project
Bakke Prosjekt AS	Construction loan	Høland Sparebank		31 189	31 189	Upon completion of project
Gartnervegen Eiendom AS	Construction loan	Pareto Bank		26 988	26 988	Upon completion of project
Gartnervegen Eiendom AS	Construction loan	Høland Sparebank		1 157	1 157	Upon completion of project
Bråtejordet Utvikling AS	Construction loan	SP1 - Østlandet		2 652	2 652	Upon completion of project
<b>Total Bakke sub group</b>			<b>240 061</b>	<b>369 858</b>	<b>609 918</b>	
Skogmo AS	Property loan	SP1 - Østlandet	136 838		136 838	Upon completion of project
Bakke Leiligheter AS	Construction loans	Romerike Sparebank		52 250	52 250	Upon completion of project
Bakke Bolig Aurskog AS	Construction loans	Pareto Bank		42 229	42 229	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>144 938</b>	<b>94 480</b>	<b>239 418</b>	
MRB Holding AS	Share purchase	Høland Sparebank	11 937		11 937	> 5 years
MittEgetLokale Killingmo AS	Construction loan	Pareto Bank		59 688	59 688	Oct 2023
Luftveien 4 AS	Property loan	Nordea	19 780		19 780	30.06.2025
BG Utleie AS	Property loan	Aurskog Sparebank	9 147		9 147	> 5 years
BG Utleie AS	Equipment lease	Nordea	29 484		29 484	> 5 years
BG Utleie AS	Equipment lease	SP1 - Østlandet	3 264		3 264	> 5 years
BG Utleie AS	Equipment lease	Brage Finans	8 713		8 713	> 5 years
Bakkegruppen Eiendom AS	Share purchase	Høland Sparebank	24 286		24 286	> 5 years
Bakkegruppen Eiendom AS	Share purchase	Aurskog Sparebank	11 267		11 267	> 5 years
Finstadhagan 25 AS	Property loan	Høland Sparebank	43 372		43 372	> 5 years
Finstadhagan 13 AS	Property loan	Eiendomskreditt	7 468		7 468	> 5 years
Finstadhagan 13 AS	Property loan	Høland Sparebank	4 211		4 211	> 5 years
<b>Total MRB sub group</b>			<b>172 930</b>	<b>59 688</b>	<b>232 618</b>	
<b>Total group</b>			<b>1 110 895</b>	<b>552 859</b>	<b>1 663 754</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 issued a NOK 500 million bond at market terms in February 2021 with maturity date in February 2025. The proceeds from the bond issue were partly used to settle several rolling credit facilities, and the main part of the bond proceeds were used for further development of Bakkegruppen's land bank. In July 2024, parts of the outstanding bonds, with a total face value including accrued interest of approximately NOK 250 million, were converted into a new security with separate ISIN that if requested by the company can be converted to a new hybrid instrument. Further, the maturity date of the bond was postponed to March 2027.

Bakkegruppen was in compliance with the financial covenants under the amended bond agreement at 30 June 2024.