



Quarterly Financial Statements
Q3 2024 Bakkegruppen

Contents

HIGHLIGHTS OF THE THIRD QUARTER AND THE FIRST NINE MONTHS 2024.....	3
FINANCIAL AND OPERATIONAL REVIEW.....	3
OUTLOOK AND RISK FACTORS.....	4
CONSOLIDATED STATEMENT OF PROFIT AND LOSS (UNAUDITED).....	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED).....	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED).....	7
CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED).....	8
SELECTED NOTES TO THE QUARTERLY FINANCIAL STATEMENTS.....	9
NOTE 1 GENERAL INFORMATION AND ACCOUNTING POLICIES.....	9
NOTE 2 SEGMENT INFORMATION.....	9
NOTE 3 REVENUES.....	9
NOTE 4 INTEREST-BEARING LIABILITIES.....	10

Highlights of the third quarter and the first nine months 2024

(Figures in brackets relate to the corresponding period of 2023, where available. The figures are unaudited. Please note that Bakkegruppen did not prepare financial statements for the third quarter and first nine months of 2023, and it has not been practically possible to prepare these retrospectively. As a consequence, the Group's Profit and Loss Statement, Statement of financial Position, and Cash flow Statement, are presented without figures for the corresponding period in 2023.)

Third quarter 2024

- Operating revenues NOK 133 million¹
- Operating loss of NOK 15 million
- Gross sales of NOK 195 million (NOK 142 million)²

First nine months 2024

- Operating revenues NOK 458 million¹
- Operating loss of NOK 48 million
- Gross sales of NOK 761 million (NOK 696 million)²

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

² Sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act (Bustadsoppføringslova). Excludes sales of storage sections by MittEgetLokale, which was part of the Group until 28 February 2024. Sales in jointly controlled entities are reported gross and not adjusted for ownership.

Financial and operational review

The Norwegian market for new residential remains weak, with both sales and building starts at historically low levels. The challenging market conditions have a significant effect on the Group's revenues and results. Bakkegruppen has implemented several measures in order to adapt its operations to the prevailing market conditions, including a significant reduction in the number of employees and the sale of projects, subsidiaries and ownership interests to strengthen the Group's liquidity and capitalization.

The Group's operating model is based on a relatively high share of vertical integration, with both in-house production of houses, sales, marketing and after-sale service of our housing projects, as well as settlement. The Group also operates as contractor for our own projects, where physical construction is purchased from subcontractors. This model enables us to reduce costs per housing unit, but also increases fixed costs and breakeven activity levels compared to an operating model based on a higher share of purchased services. Given the current activity level, revenues from ongoing projects are not sufficient to fully cover fixed costs. Further, project margins in housing developments have come under pressure also as a result of higher interest rates on construction loans.

Our main focus is therefore to increase activity levels by bringing new market-adapted projects to market, i.e. attractively priced housing units that our customers can afford, thus enabling us to realize capital and values tied up in our land bank.

Within our apartment division, Bakke Leiligheter, we currently have two wholly-owned projects under construction, Skogmo BT2 at Jessheim and Sentrumshagen at Aurskog. In total, the projects contain 118 housing units, of which 108 apartments and 10 row houses. Both projects will be completed in 2H 2025. Furthermore, construction has started at Fredheimkvartalet at Ås, where the Group has a 40% ownership. We have also started sales of the next building phase at Skogmo and at Møllestrøket in Vestby where we have a 48% ownership. Sales have been satisfactory for both these projects.

Within the house division (Bakke AS), construction is ongoing at Sentrumshagen (Aurskog), Lørenfallet (Lillestrøm), Høgåskollen (Enebakk) and Strandlia (Nesodden). In total, these projects count 35 housing units, with a mix of multifamily houses with 4-8 apartments and row houses. We have also started sales at Steindansen (Jessheim), and re-started sales at Bakkedalen (Kløfta).

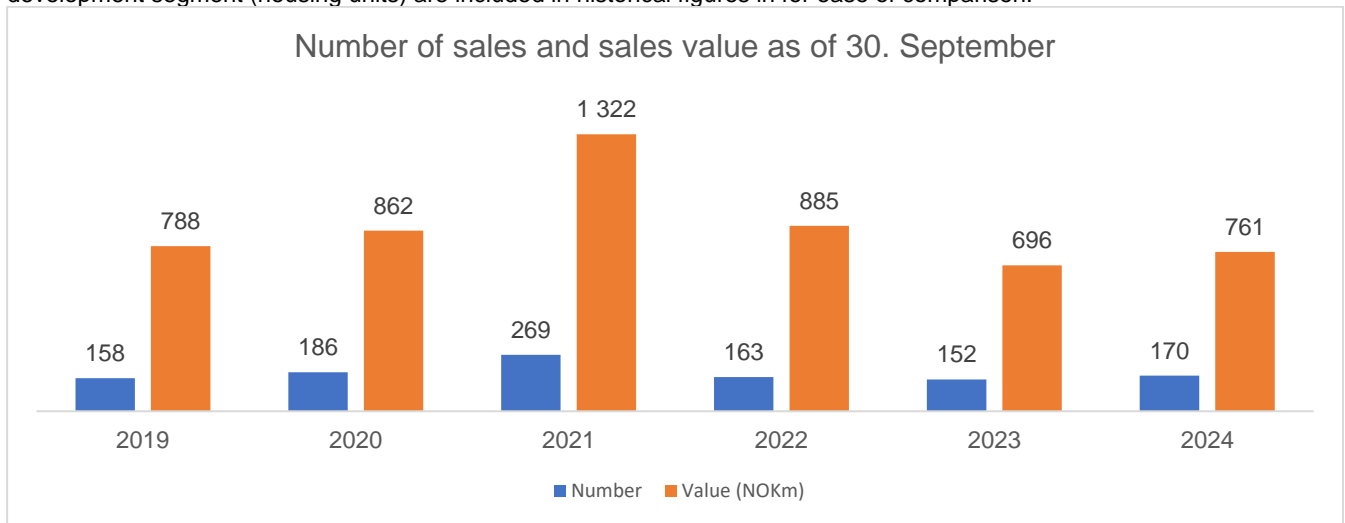
Mittegetlokale AS was sold on 28th February 2024 and are included in the group accounts up until this date with revenues of NOK 25 million and an operating profit of NOK 7 million. From Q2 2024 and onwards, no revenues or costs related to Mittegetlokale AS are included in the group accounts. As a consequence, the activity level in the MRB sub-group is substantially reduced from previous years.

Sales

Reported revenues from Property development totalled NOK 382 million as of 30. September 2024. This compares with NOK 702 million for the full year 2023. In terms of new sale contracts entered into, number of housing units and total sales value has increased from the corresponding period in 2023. Accumulated sales (gross, including JVs) as of 30. September was 170 housing units with a total value of NOK 761 million. This compares to 152 units and NOK 696 million at 30. September 2023.

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, as of 30. September. Please note that only sales in the Property development segment (housing units) are included in historical figures in for ease of comparison.



New building starts

During the first nine months of 2024, the Group commenced construction on a total of 143 housing units in its fully owned projects. Furthermore, building of 141 apartments started at Fredheimkvartalet in Ås, where the Group has a 40% ownership interest. During the first nine months of 2023, the number of building starts were 39, all in the house division.

Deliveries

In total, the Group delivered of 41 housing units to customers, with a total sales value of NOK 249.8 million during the first nine months of 2024. Out of these, 13 units with a sales value of 76.4 million were delivered in Q3. The corresponding figures for 2023 were 123 housing units with a sales value of NOK 623.4 million delivered during the first nine months, and 25 housing units / NOK 163.3 million in sales value during Q3. All figures are gross, i.e. also includes deliveries from companies where the Group does not have a controlling interest.

Financial highlights

In total, Bakkegruppen reports an operating loss of NOK 48.0 million during the first nine months of 2024 compared with an operating loss of NOK 44.1 million for the full year 2023. Operating loss in the third quarter 2024 was NOK 14.6 million. This compares to an operating loss of NOK 11.6 million in Q2 2024, and an operating loss of NOK 40.6 million for the first half of 2024.

Assets in Bakkegruppen on 30 September 2024 totalled NOK 2 394 million, compared to NOK 2 633 million on 31 December 2023. The total cash position on 30 September 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 September 2024.

Outlook and risk factors

The general market outlook for newbuildings in 2024 remains weak, although the market appears to have stabilized and improved somewhat so far in 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.

In the current market environment, Bakkegruppen expects lower activity in 2024 compared with 2023 with corresponding lower sales revenue 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 the subsidiary Mittegetlokale has been sold affecting activity negatively.

Consolidated statement of profit and loss (unaudited)

NOK 1000	Note	Third quarter	Year to date	Full year	
		Q3 2024	Q3 2024	2023	2022
Sales revenues	2,3	132 106	453 395	1 013 813	1 628 984
Other operating revenues	2,3	962	4 891	31 108	39 943
Total operating revenues		133 068	458 287	1 044 921	1 668 927
Project expenses	2	106 505	356 492	812 919	1 340 493
Pay and personnel expenses		25 690	81 735	156 020	172 425
Depreciation, amortisation and impairment		4 427	12 856	24 543	19 411
Other operating expenses		10 564	52 133	95 801	87 427
Total operating expenses		147 186	503 216	1 089 282	1 619 755
Share of income/(loss) from associated companies		-474	-3 056	270	-752
Total operating profit (loss)		-14 592	-47 985	-44 091	48 420
Interest income		919	3 173	3 142	1 643
Other financial income		3 691	5 294	4 356	1 243
Interest costs	4	27 628	82 521	86 332	64 556
Other financial costs		1 175	4 468	8 815	2 676
Net financial items	-	24 193	-78 522	-87 649	-64 347
Profit (loss) before income taxes	-	38 785	-126 507	-131 741	-15 926
Income tax (expense) income		8 533	27 832	26 438	-317
Profit (loss) for the year	-	30 253	-98 676	-105 303	-16 243
Allocation					
Proposed dividends		-	-	-	15 000
Transferred to/from other equity	-	30 253	-98 676	-105 303	-31 243
Total allocation	-	30 253	-98 676	-105 303	-16 243

Consolidated statement of financial position (unaudited)

NOK 1000	Note	30.09.2024	31.12.2023
Assets			
Intangible Assets		5 482	6 900
Properties		274 137	277 213
Plants and Equipment		56 778	63 645
Total intangible and fixed assets		336 396	347 757
Shares in subsidiaries		0	0
Shares in joint ventures and associates		36 022	47 626
Other shares		709	709
Total non current financial assets		36 731	48 335
Receivables group companies		0	0
Receivables joint ventures and associates		46 279	29 209
Other long term receivables		26 140	26 648
Total non current receivables		72 419	55 857
Total non current assets		445 547	451 949
Inventory property		1 575 444	1 896 678
Inventories		3 114	7 733
Trade receivables		249 276	204 580
Receivables group companies		0	0
Other short term receivables		38 076	9 588
Cash and cash equivalents		82 395	62 913
Total current assets		1 948 305	2 181 492
TOTAL ASSETS		2 393 852	2 633 441
Share capital		160	160
Share premium		2 501	2 501
Other paid in capital		715	715
Other equity		190 146	288 822
Total equity		193 522	292 198
Deferred tax liabilities		92 112	139 042
Bonds	4	562 118	500 000
Non current interest liabilities financial institutions	4	621 320	567 022
Non current liabilities group companies		0	0
Other long term liabilities		37 577	62 559
Total non-current liabilities		1 313 127	1 268 623
Current interest-bearing liabilities	4	649 884	789 070
Trade payables		43 656	99 921
Current income taxes payable		1 638	6 696
Public taxes		12 111	10 720
Dividends		0	0
Current liabilities group companies		0	0
Other current liabilities		179 914	166 213
Total current liabilities		887 202	1 072 620
Total liabilities		2 200 329	2 341 243
TOTAL EQUITY AND LIABILITIES		2 393 852	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
Equity as at 01.01.2024	160	2 501	715	288 822	292 198
Dividends				0	0
Reversed dividends				0	0
Net income/(loss) for the period				-98 676	-98 676
Equity as at 30.09.2024	160	2 501	715	190 147	193 523

Consolidated cash flow statement (unaudited)

	<i>Year to date</i>	<i>Full year</i>
NOK 1000	Q3 2024	2023
Cash flow from operating activities		
Profit/ (loss) before income taxes	-126 507	-135 519
Income taxes paid	-5 049	-10 330
Profit on sale subsidiary, non-cash effects	3 940	3 778
Depreciation and amortisation expenses	12 856	24 543
Changes in inventories	306 745	-215 531
Changes in short term receivables	-28 488	12 759
Changes in current debt incl. construction loans	-124 094	-465 587
Changes in account receivables	-44 696	536 780
Changes in account payables	-56 265	-65 878
Net cash flow from operating activities	-61 558	-314 985
Cash flow from investing activities		
Purchase of tangible non current assets	-1 495	-57 112
Net purchase and proceeds from other investments	7 663	-29 082
Net cash flow from investing activities	6 168	-86 194
Cash flow from financing activities		
Changes in non current receivables	-16 562	-7 280
Repayment of borrowings	-22 988	-4 001
Changes in long term debt	52 304	327 469
Payment-in-kind interest on Bonds	62 118	0
Dividends paid	0	0
Net cash flow from financing activities	74 872	316 187
Net change in cash and cash equivalents	19 481	-84 992
Cash and cash equivalents at start of period	62 913	147 905
Cash and cash equivalents at end of period	82 394	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.

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', with the exception that figures for the corresponding period in the previous financial year are not presented. The obligation to publish the report for Q3 2023 was waived by the company's bondholders. 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.

	Q3 2024			Year to date Q3 2024		
	Property development	Other areas	Total	Property development	Other areas	Total
NOK 1000						
Operating revenues	115 453	17 615	133 068	385 760	72 527	458 287
Project expenses	100 819	5 686	106 505	330 074	26 417	356 492
Other operating expenses	24 689	11 565	36 254	80 795	53 073	133 868
Share of income/(loss) from associated companies	-474	0	-474	-3 056	0	-3 056
EBITDA	-10 529	364	-10 165	-28 165	-6 964	-35 129

Note 3 Revenues

The table below shows a specification of operating revenues.

	Q3 2024			Year to date Q3 2024		
	Sales revenues	Other operating revenues	Total	Sales revenues	Other operating revenues	Total
NOK 1000						
Property development	113 981	1 472	115 453	381 528	4 232	385 760
Mittegetlokale	0	0	0	25 460	0	25 460
Rental revenues scaffolding/equipment	17 310	189	17 499	40 109	566	40 674
Holding/Eliminations	815	-699	116	6 299	94	6 393
Total operating revenues	132 106	962	133 068	453 395	4 891	458 287

Note 4 Interest-bearing liabilities

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

NOK 1000					30.09.2024
Company	Loan instrument	Lender	Non-current	Current	Total interest-bearing liabilities
Bakkegruppen AS	Bond	Bondholders	562 118		562 118
Bakkegruppen AS	Property loans	Aurskog Sparebank	6 841		6 841
Bakkegruppen AS	RCF	Høland Sparebank		15 078	15 078
Bakkegruppen AS	Property loan	Pareto Bank		14 115	14 115
Total Bakkegruppen AS			568 959	29 193	598 152
Bakke AS	Property loans	SP1 - Østlandet	25 025		25 025
Bakke AS	Share purchase	SP1 - Østlandet	134 741		134 741
Bakke AS	RCF	SP1 - Østlandet		8 985	8 985
Østmarka Panorama AS	Share purchase	SP1 - Østlandet	78 200		78 200
Østmarka Panorama AS	Construction loan	SP1 - Østlandet		2 745	2 745
Bakke Prosjekt AS	Construction loans	SP1 - Østlandet		95 197	95 197
Bakke Prosjekt AS	Land financing	SP1 - Østlandet		140 000	140 000
Bakke Prosjekt AS	Land financing	Pareto Bank		38 467	38 467
Bakke Prosjekt AS	Construction loan	Aurskog Sparebank		29 769	29 769
Bakke Prosjekt AS	Construction loan	Høland Sparebank		37 133	37 133
Gartnervegen Eiendom AS	Construction loan	Pareto Bank		32 362	32 362
Gartnervegen Eiendom AS	Construction loan	Høland Sparebank		2 258	2 258
Bråtejordet Utvikling AS	Construction loan	SP1 - Østlandet		4 316	4 316
Total Bakke sub group			237 966	391 232	629 198
Skogmo AS	Construction loans	SP1 - Østlandet		103 796	103 796
Skogmo AS	Land financing	SP1 - Østlandet	136 838		136 838
Bakke Leiligheter AS	Land financing	Romerike Sparebank		50 985	50 985
Bakke Leiligheter AS	Construction loans	Romerike Sparebank		2 650	2 650
Bakke Bolig Aurskog AS	Construction loans	Pareto Bank		71 700	71 700
Bakke Bolig Aurskog AS	Construction loan	Aurskog Sparebank	8 100		8 100
Total Bakke Leiligheter sub group			144 938	229 131	374 069
MRB Holding AS	Share purchase	Høland Sparebank	12 170		12 170
MittEgetLokale Killingmo AS	Property loan	Pareto Bank	60 000	-	60 000
Luftveien 4 AS	Property loan	Nordea	19 550		19 550
BG Utleie AS	Property loan	Aurskog Sparebank	9 035		9 035
BG Utleie AS	Equipment lease	Nordea	27 540		27 540
BG Utleie AS	Equipment lease	SP1 - Østlandet	3 046		3 046
BG Utleie AS	Equipment lease	Brage Finans	8 414		8 414
Bakkegruppen Eiendom AS	Share purchase	Høland Sparebank	24 686		24 686
Bakkegruppen Eiendom AS	Share purchase	Aurskog Sparebank	11 167		11 167
Finstadhagan 25 AS	Property loan	Høland Sparebank	44 076		44 076
Finstadhagan 13 AS	Property loan	Eiendomskreditt	7 613		7 613
Finstadhagan 13 AS	Property loan	Høland Sparebank	4 277		4 277
Total MRB sub group			231 575	0	231 575
Total group			1 183 438	649 555	1 832 993

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 based 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 revolving 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 on 30 September 2024.