

QUAR TIERS

P R O P E R T I E S

**QUARTERLY REPORT JANUARY THROUGH MARCH
2023**

Quartiers Properties AB (publ)

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JANUARY–MARCH 2023

Net sales totalled SEK 58,151 (34,927) thousand, an increase of 66% compared to Q1 2022.

EBITDA adjusted for previous value adjustments on sold apartments in the company's apartment hotels was SEK 6,491 thousand (4,027).

Revenue from operator activities was SEK 13,581 (12,907) thousand, corresponding to 5,2% growth. Proceeds from the divestment of properties during the period totalled SEK 44,570 (22,020) thousand and relate to the sale of land and apartments in Hacienda Collection.

The company's cash flow from operating activities including divestment of operating properties totalled SEK 28,370 thousand (-13,942).

Gross profit fell by SEK -371 thousand compared to the first quarter of 2022 and totalled SEK -6,682 (-6,311) thousand. Operating profit before depreciation and amortisation totalled SEK -8,737 (-6,127) thousand.

Income after tax for the period was SEK -13,437 (-20,804) thousand.

Earnings per share for 1 January–31 March 2023 were SEK -0.23 (-0.39).

Shareholders' equity at 31 March 2023 was SEK 225,448 (240,698) thousand.

The company's net asset value at 31 March 2023 was SEK 303,319 (294,918) thousand, which equates to SEK 5.26 (5.38) per ordinary share. The net asset value has been adjusted for preference shareholders' share of equity, corresponding to SEK 81,328 thousand, and accumulated unpaid dividends, as well as default interest on unpaid dividends totalling SEK 22,904 thousand.

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF THE YEAR

During the quarter, a total of eight apartments in Hacienda Collection were divested at a net selling price in line with the carrying amount.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

In April, 10 new bungalows were opened at the Boho Club. Demand has been good, with a total occupancy at the hotel of 82% in April.

Also in April, a new external valuation of the company's Boho Club property was obtained. The valuation resulted in a 3,9% increase in the property value in local currency.

QUARTIERS *in brief*

Quartiers Properties is a Swedish-owned real estate development company listed on Nasdaq First North in Stockholm. The company's business is geographically focused on Spain. Quartiers mainly invests in properties aimed at an affluent international target group.

Quartiers is the only publicly listed property company in Sweden whose entire business is geographically focused on Spain. The company is active in two main segments: property development and operator activities.

The company draws on its Nordic background, with expertise in design and customer service that generates value in its property portfolio. Its products are created with a focus on a discerning Scandinavian target group. This helps to ensure the high quality of the company's projects, as well as an attractiveness that also appeals to numerous nationalities, including the local Spanish population.

In property development, the company invests in property projects in the premium segment. The company aims to maintain a well-balanced project portfolio with a continual return and cash flows in the form of realised sales.

Operator activities, which consist of hotel and restaurant management, generate current revenue while

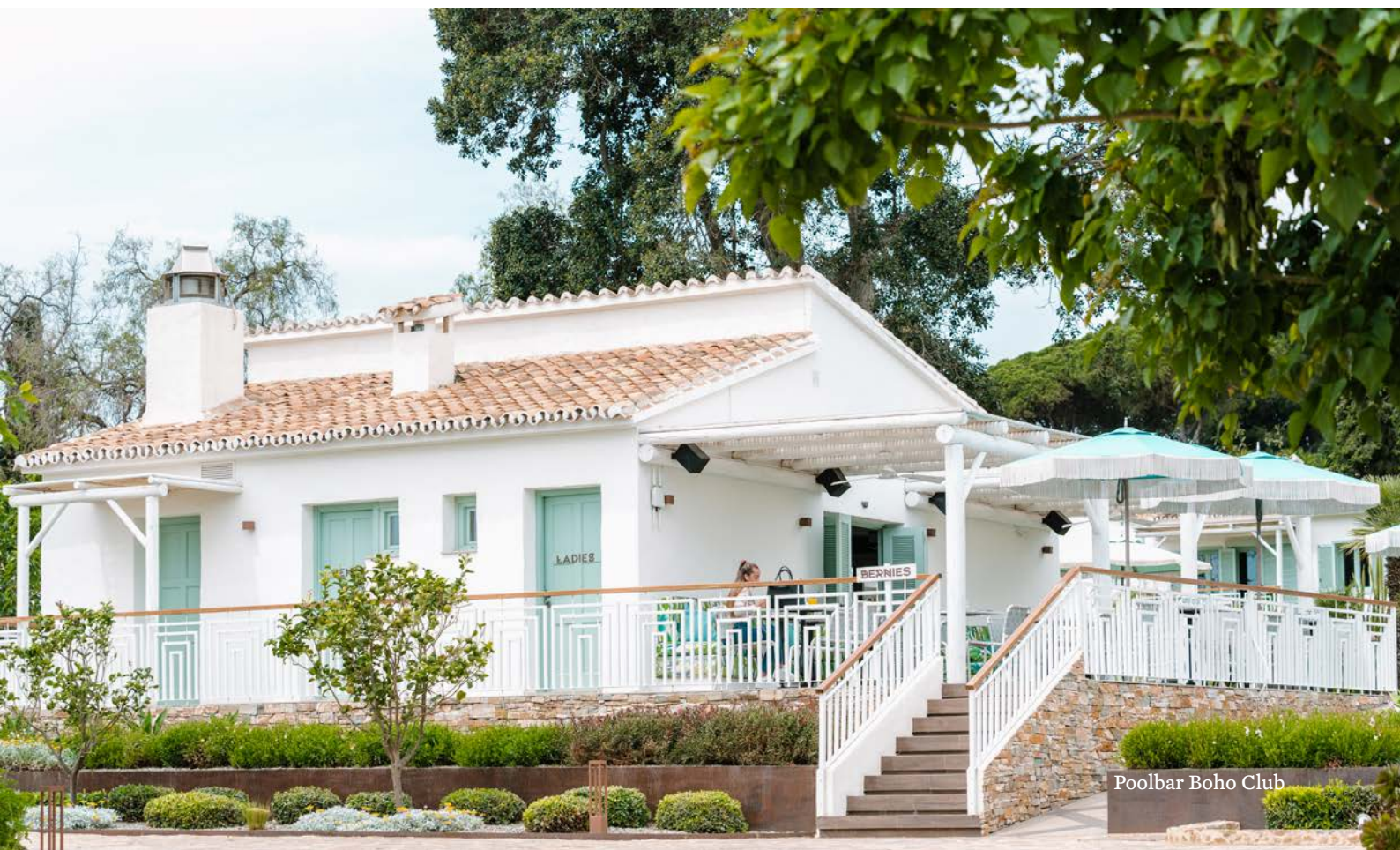
contributing to the creation of value in those of the company's projects in which operational management is an important part of property development.

For example, the Boho Club concept, which the company created, is already in use at one of the company's properties and is contributing to improved net operating income, resulting in increases in value. The company intends to replicate this model at more properties.

In 2022, revenue from operator activities grew by 38%.

In the autumn, we noted a general decline in the tourism market, which can be linked to the macroeconomic situation. This situation has continued in the first quarter of 2023. The first quarter of 2022 was also characterised by the lifting of Covid restrictions, which created some demand pressure. Despite these circumstances, we grew by just over 5% in the first quarter of 2023, compared to the first quarter of 2022.

The second quarter is off to a good start, and we expect higher growth in both the second and the seasonally strong third quarter. In April, ten new bungalows were completed and now incorporated into Boho Club's hotel operations, further contributing to increased revenues.



Poolbar Boho Club

GROUP *Key figures in* SUMMARY

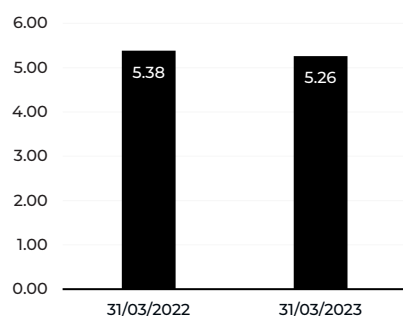
SUMMARY OF KEY PERFORMANCE INDICATORS

Net sales increased by 66% compared to Q1 2022. The net asset value per ordinary share was SEK 5.26, which was in line with the latest market price per ordinary share.

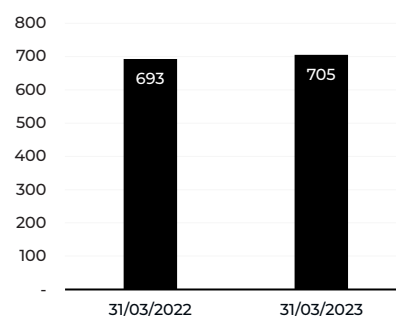
Based on an external valuation by Savills Aguirre Newman conducted in April 2023, the value of the Boho Club property has increased by 3.9% compared to December 2022.

At the same time, apartments in Hacienda Collection have been divested at net realisable values in line with carrying values. The value of Boho Club does not include any new building rights in a new local development plan or the value of the operations themselves. These values are therefore also not included in the company's net asset value per ordinary share.

NET ASSET VALUE PER ORDINARY SHARE SEK 5.26



PROPERTY VALUE SEK 705 MILLION



Key performance indicators (SEK thousand)	31/3/2023 (Q1 2023)	31/3/2022 (Q1 2022)	31/12/2022 (Full year)
Sales revenue	58,151	34,927	203,387
Operating profit/loss, EBITDA	-8,737	-6,127	-7,208
Cash flow from operations and property sales*	28,370	-13,942	30,592
Property values**	704,828	693,230	721,549
Interest-bearing liabilities***	272,415	290,828	271,896
Loan-to-value (LTV)	34.55%	38.34%	36.41%
Equity/assets ratio, carrying amount	44%	42%	44%
Equity/assets ratio, property market value	79%	76%	76%
Number of employees (Group)	91	80	104
Net asset value per ordinary share****	5.26	5.38	5.47
Equity per share	3.91	4.39	4.17
Share price per ordinary share	5.38	4.15	5.50
Market capitalisation, ordinary shares	310,410	227,357	317,334

*Cash flow from operating activities plus cash flow from divestment of commercial properties.

** Most recent external valuation conducted in April 2023 by Savills Aguirre Newman in accordance with RICS (Royal Institution of Chartered Surveyors).

*** Interest-bearing liabilities are recognised in the balance sheet less capitalised financing costs, which are accrued over the term of the loan. See additional disclosures on interest-bearing liabilities.

****Equity adjusted for market valuation of the property portfolio after tax, taking into account preference shareholders' share of equity and unpaid dividends, as well as default interest on unpaid dividends.

Message from the CEO

We are making progress in all areas. Sales are up 66% compared to the same quarter in 2022. EBITDA, adjusted for previous value increases, is positive for the quarter (SEK 6.4 million), despite the macroeconomic challenges of the first quarter. During the quarter, we also generated cash flow of SEK 28.4 million from operations and property sales. According to plan, we also opened ten new bungalows at Boho Club just before Easter, which were also fully booked in the first week. The second quarter has also begun strongly, especially for Boho Club, which from April onwards has outperformed all previous years. This bodes well for the upcoming peak season.

As apartments in the Hacienda Collection project are being sold, preparation of the launch of the 60 new apartments in the same area is going well. The project was previously known as Ocean View, but was renamed Altura160. In order to price both projects optimally, we estimate that the offering in Hacienda Collection should be reduced by another 10–15 apartments before the launch of Altura160.

Sales and investments in recent years have increased our focus on hotel properties. A second hotel is in the planning stage and will be built next to the Boho Club on the Centro Forestal Sueco property as soon as the municipality gives the go-ahead in the zoning process currently underway. The schedule for this work is currently difficult to estimate, but the process is moving forward.

The fact that we own and operate our properties ourselves has built up a broad and significant expertise in the company. We have chosen to focus on smaller, personal hotel properties in the luxury segment, such as Boho Club, and in this segment we are actively looking for new projects where we can create value. It is a very interesting segment with fewer competitors than traditional property management or development. Correctly implemented, the business area is also very profitable and with the expertise the company possesses today, we intend to invest and grow in this segment in the coming years.

In order to realise this growth, enable future bank/debt financing on attractive terms and take responsibility for the company in a changing world, we continue to focus on constantly improving the business and striving for good profitability and responsible planning of the company's cash.



Marcus Johansson Prakt
CEO, Quarters Properties

OPERATOR ACTIVITIES

The company currently has two operator businesses that are run independently of one another but with a number of functions shared between facilities to increase cost efficiency. These are Quartiers Marbella Apartments and Boho Club Marbella. The latter is the company's flagship and is a unique concept with strong profitability potential.



BOHO CLUB

Award-winning and exclusive hotel and restaurant project on Marbella's Golden Mile. The restaurant has been recommended in the Michelin Guide, and the hotel has received several awards for its distinctive design. It also won the award for Spain's best luxury boutique hotel 2021. With the completion of an additional 10 rooms in the form of detached bungalows in April 2023, the hotel now has a total of 40 rooms with 2–4 beds per room.

During the period, the business generated sales of SEK 12.6 million (10.9) corresponding to growth of 7%. EBITDA totalled SEK -2.1 million (-1.2). The negative earnings trend can mainly be attributed to a changed strategy regarding staffing, with less fluctuation between low and high season. The negative result is expected to be recovered from the second quarter onwards.

Work is underway on a new development plan, which is expected to significantly increase the number of construction rights on the property and enable further development. Quartiers' plan to expand the property with more hotel rooms and restaurants is in the interest of both the municipality and Quartiers, and the prospects of obtaining more building permits are therefore deemed good.



QUARTIERS MARBELLA APARTMENTS

Spacious and tastefully furnished apartments for short-term and long-term rentals.

During the period, the business generated sales of SEK 1.9 million (2.1) with an EBITDA of SEK -0.5 million (-0.9). Compared to the same quarter of 2022, the facility has had fewer apartments for rent, and operating costs have increased due to higher electricity prices and other inflationary cost increases. This has been compensated by optimising pricing and operations, resulting in a minor improvement in earnings compared to the second quarter of 2022.

PROJECT PORTFOLIO

The company's project portfolio currently consists of three different projects at different phases. From Hacienda Collection, which has been in the company's portfolio since its inception, to Centro Forestal Sueco, which has the potential to be the company's most important project to date. This balance in the portfolio enables continual realisation of the value created.

All new projects are focused on the premium segment, which means projects have to be executed to high standards. Quartiers has gradually built up a high level of in-house expertise in all aspects of implementation through the projects it has carried out. From legal issues relating to acquisition and building permits to the implementation of construction, to the presentation and execution of sales to a specific target group.



HACIENDA COLLECTION BY QUARTIERS

Apartments for sale in Hacienda Collection, a gated community situated at the foot of the Sierra de Las Nieves mountain range. Eight apartments were sold in the first quarter. As of 31 March 2023, there were 38 apartments remaining with unrealised appreciation of SEK 72 million.



CENTRO FORESTAL SUECO

This 13,730 square-metre property is located next to Boho Club and is less than two minutes' walk from the beach in Marbella. Quartiers is evaluating the possibility of developing a new hotel property on the site and is in the process of a new local development plan, with the aim of multiplying the number of building rights on the property, as well as making it possible to obtain the relevant building permit.



ALTURA160

Apartment project in Benahavís, with construction permits to develop 60 new apartments. The area where the project is located continues to be consolidated with two new luxury residential projects nearby. The procurement of builders and the start of sales activities are currently underway.



LOS FLAMINGOS

The project was finalised with the sale of the remaining plot in the first quarter of 2023. The divestment was in line with the carrying amount.

COMMENTS *on the period*

This report has been prepared in accordance with IAS 34 – Interim Financial Reporting. See the 2021 Annual Report for complete details of the accounting policies.

EARNINGS JANUARY– MARCH

Net sales for the first quarter totalled SEK 58,151 (34,927) thousand.

Sales revenue from the divestment of properties amounted to SEK 44,570 (22,020) thousand and related to eight apartments in Hacienda Collection. Revenue from operator activities totalled SEK 13,581 (12,097) thousand.

Gross profit totalled SEK -6,682 (-6,311) thousand.

CASH FLOW AND FINANCIAL POSITION

The equity/assets ratio at the end of the period was 44% (42%). The Group's interest-bearing liabilities were SEK 262,793 (290,828) thousand. Interest-bearing liabilities are recognised less capitalised financing costs of SEK 5,410 (4,731) thousand. The loan-to-value ratio was 35% (38%). The Group's cash and cash equivalents on 31 March totalled SEK 19,310 (25,022) thousand.

Cash flow from operating activities including property sales was SEK 28,370 (-13,942) thousand during the first quarter. Cash flow from investing activities amounted to SEK -16,713 (-978) thousand. Cash flow from financing activities was SEK -11,490 (-9,003) thousand. No dividend has been paid on the preference shares. Accumulated unpaid dividends, outstanding amount, amounted to SEK 22,904 thousand as of 31 March 2023, including accrual of interest at a rate of 12% per annum on the unpaid amount.

PROPERTIES

Operating properties consist of a hotel property and apartments in an apartment complex that are rented out under the company's own management. Investments in operating properties during the period totalled SEK 15,674 (978) thousand and primarily concerned the construction of new bungalows at Boho Club.

Project properties include ongoing property development projects and apartments pending sale.

Investments in project properties in the period totalled SEK 1,339 (503) thousand.

SHARES

Quartiers Properties has two classes of shares outstanding, in the form of ordinary shares and a series of preference shares. The ordinary and preference shares in Quartiers Properties have been traded on Nasdaq First North Stockholm since 21 June 2017. The market value of the company's ordinary shares at 31 March 2023 totalled SEK 310,410 million, based on a closing price of SEK 5.38 per share.

Preference shares take precedence over ordinary shares for an annual dividend corresponding to SEK 0.96 per share, with payment being made quarterly. The most recent dividend was paid in connection with the first quarter of 2020. Until the refinancing of the company's loan in June 2022, the company was prevented from paying dividends as part of the terms with external lenders.

WARRANTS

There were no outstanding warrants on 31 March.

PARENT COMPANY

The Parent Company's net sales in the first quarter totalled SEK 432 thousand (2,363). The profit/loss after financial items was SEK -2,091 (-10,017) thousand. The Parent Company's net financial debt was SEK 3,987 (204,980) thousand at 31 March. Equity totalled SEK 275,455 (277,956) thousand.

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF THE YEAR

A total of eight apartments in Hacienda Collections were sold during the quarter at a net selling price in line with the carrying amount.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

In April, ten new bungalows opened at Boho Clubs hotel operations. Demand has been good, with a total occupancy of 82% at the hotel in April.

Also in April, a new external valuation of the company's Boho Club property was obtained. The valuation resulted in a 3.9% increase in the property value in local currency.

RELATED-PARTY TRANSACTIONS

No related-party transactions took place during the period.

COMMENTS *on the period*

RISKS AND UNCERTAINTIES

Quartiers Properties is exposed to risks and uncertainties through its business operations. For information about the Group's risks and uncertainties, please see the 2021 Annual Report. The description contained in that report remains relevant.

AUDITOR

PwC is the company's auditor. Henrik Boman is the lead auditor. This report has not been subject to examination by the company's auditor.

NEXT REPORTING DATE AND FINANCIAL CALENDAR

- Annual Report: 18 May
- Annual General Meeting: 15 June
- Quarterly report for April–June 2023: 14 July
- Quarterly report for July–September 2023: 9 November
- Year-end report 2023: 22 February 2024

CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and Chief Executive Officer certify that this quarterly report provides a true and fair overview of the Parent Company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 11 May 2023

Jörgen Cederholm, Chairman of the Board
Jimmie Hall, Board member
Sten Andersen, Board member
Andreas Bonnier, Board member
Marcus Johansson Prakt, Chief Executive Officer

TEN LARGEST SHAREHOLDERS, 31 MARCH 2023

#	Owner	Ordinary shares	Preference shares	Capital	Votes
1	Fastighets Aktiebolag Bränneröd	7,284,000	100,000	11.45%	12.50%
2	House of K Holding Limited	6,810,180	-	10.56%	11.67%
3	Egonomics AB	6,050,000	-	9.38%	10.36%
4	Rocet AB	5,590,922	-	8.67%	9.58%
5	Bosmac Invest AB	5,224,669	-	8.10%	8.95%
6	LMK companies & Foundation	4,575,000	1,079,000	8.77%	8.02%
7	SIX SIS AG	4,154,070	-	6.44%	7.12%
8	Bernt Lundberg Fastigheter Lund AB	2,680,228	-	4.16%	4.59%
9	Avanza Pension	1,860,171	616,419	3.84%	3.29%
10	CS Client Omnibus ACC	1,451,705	10,000	2.27%	2.49%
	Other	12,016,060	4,967,449	26.36%	21.43%
	Total	57,697,005	6,769,868	100.00%	100.00%

Source: Euroclear



FINANCIAL INFORMATION

Summary CONSOLIDATED INCOME STATEMENT

Amounts are stated in SEK thousand	Q1 2023	Q1 2022	Full year 2022
Divestment of properties	44,570	22,020	114,271
Revenue, operator activities	13,581	12,907	89,116
Total net sales	58,151	34,927	203,387
Cost of properties sold	-43,985	-22,912	-111,958
Operating costs	-20,848	-18,326	-92,858
Total operating expenses	-64,833	-41,238	-204,816
Gross profit	-6,682	-6,311	-1,429
Central administration	-4,934	-2,887	-16,448
Operating profit/loss	-11,616	-9,198	-17,820
- of which EBITDA	-8,737	-6,127	-7,208
Other operating income and expenses	20	0	57
Profit/loss from financial items	-5,641	-14,197	-32,020
Profit/loss before tax	-17,237	-23,395	-49,840
Income tax	3,800	2,591	7,917
PROFIT/LOSS FOR THE PERIOD	-13,437	-20,804	-41,923
Earnings per ordinary share, before and after dilution, SEK	-0.23	-0.39	-0.79

CONSOLIDATED STATEMENT *of* COMPREHENSIVE INCOME

Amounts are stated in SEK thousand	Q1 2023	Q1 2022	Full year 2022
Profit/loss for the period	-13,437	-20,804	-41,923
Other comprehensive income			
Translation differences regarding foreign operations	-1,495	3,913	24,716
Comprehensive income for the period	-14,932	-16,891	-17,208

Summary CONSOLIDATED BALANCE SHEET

Amounts are stated in SEK thousand	31/03/2023	31/03/2022	31/12/2022
ASSETS			
Operating properties	316,461	355,423	328,782
Right-of-use assets, equipment, tools and installations	19,966	14,622	20,315
Project properties	146,608	143,158	156,863
Financial assets measured at fair value	2	37	2
Current assets	12,662	36,552	23,035
Cash and cash equivalents	19,310	25,022	18,905
TOTAL ASSETS	515,009	574,814	547,902
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	225,448	240,698	240,380
Deferred tax liabilities	17,822	29,641	21,343
Interest-bearing liabilities	262,793	290,828	271,896
Trade payables	4,875	3,823	6,161
Other liabilities	2,518	9,439	6,971
Accrued expenses and deferred income	1,553	385	1,151
TOTAL EQUITY AND LIABILITIES	515,009	574,814	547,902

CONSOLIDATED CHANGES IN EQUITY

Amounts are stated in SEK thousand	Shareholders' equity attributable to Parent Company owners
Opening balance at 01/01/2022	246,783
Profit/loss for the period	-41,924
Translation differences	24,716
New share issue	10,805
Closing balance at 31/12/2022	240,380
Opening balance at 01/01/2023	240,380
Profit/loss for the period	-13,437
Translation differences	-1,495
New share issue	0
Closing balance at 31/03/2023	225,448

CONSOLIDATED *cash flow statement*

Amounts are stated in SEK thousand	Q1 2023	Q1 2022	Full year 2022
Cash flow from operating activities			
Operating profit/loss	-11,577	-9,198	-17,820
Of which profit/loss from divestment of properties	-585	892	-2,313
Depreciation, amortisation and impairment	2,860	3,084	10,612
Other non-cash items	0	-13	0
Interest income and similar profit/loss items	0	0	-35
Interest paid (attributable to financing activities)	-5,521	-6,586	-23,551
Tax paid	0	0	-3,669
Cash flow from operating activities before changes in working capital	-14,823	-11,821	-36,720
Changes in working capital			
Investments in project properties	-1,339	-503	-13,923
Sale of project properties	18,214	20,054	35,947
Change in operating receivables and liabilities	2,908	-21,672	-28,226
Total change in working capital	19,783	-2,121	-6,202
Cash flow from operating activities	4,960	-13,942	-42,921
Divestment of operating properties	23,410	0	73,513
Cash flow from operating activities, including the divestment of commercial properties	28,370	-13,942	30,592
Cash flow from other investing activities			
Acquisitions and investments in operating properties	-15,674	-978	-18,534
Investments in machines and equipment	-1,039	0	-3,267
Cash flow from investing activities	-16,713	-978	-21,801
Cash flow from financing activities			
New share issue	0	0	10,805
Loans raised	0	0	189,674
Loan repayments	-11,490	-9,003	-230,668
Other capitalised financing costs	0	0	-10,528
Cash flow from financing activities	-11,490	-9,003	-40,717
Cash flow for the period	167	-23,923	-31,926
Cash and cash equivalents at start of period	18,905	48,736	48,736
Exchange rate differences in cash and cash equivalents	238	209	2,095
Cash and cash equivalents at end of period	19,310	25,022	18,905

Summary OF PARENT COMPANY FIGURES

Income statement (amounts are stated in SEK thousand)	Q1 2023	Q1 2022	Full year 2022
Operating revenue	432	2,363	7,256
Operating expenses	-1,300	-3,119	-9,712
Operating profit/loss	-868	-756	-2,457
Profit/loss from financial items	-1,222	-9,261	-13,417
Profit/loss before tax	-2,091	-10,017	-15,874
Profit/loss for the period	-2,091	-10,017	-15,874

Comments on the income statement

The Parent Company's statement of comprehensive income is consistent with the profit/loss for the period. The Parent Company's operations mainly consist of managing the Parent Company's investments in subsidiaries, as well as financing activities. Operating revenue relates for the most part to the invoicing of services to subsidiaries, and, to a lesser extent, to the invoicing of services to external companies.

Balance sheet (Amounts are stated in SEK thousand)	31/03/2023	31/03/2022	31/12/2022
ASSETS			
Property, plant and equipment	2,286	0	2,286
Investments in Group companies	284,980	299,245	291,475
Non-current receivables from Group companies	0	173,457	0
Other non-current receivables and investments	2	37	370
Current assets	6,757	11,189	1,940
Cash and cash equivalents	3,340	1,666	193
Total assets	297,365	485,594	296,264
EQUITY AND LIABILITIES			
Shareholders' equity	275,455	277,956	279,481
Non-current liabilities to group companies	12,237	0	3,431
Non-current liabilities	7,327	206,646	7,129
Current liabilities	2,346	992	6,223
Total shareholders' equity and liabilities	297,365	485,594	296,264

SUPPLEMENTARY DISCLOSURES


SEGMENT REPORTING

Since 1 January 2021, the company's earnings have been separately measured for operator activities, currently consisting of Boho Club and Quartiers Marbella Apartments, and property development. Central administration and business development costs related to new projects are reported together under 'other'.

	Operator activities	Property divestment	Other	Total	Operator activities	Property divestment	Other	Total
	Q1 2023				Q1 2022			
Revenue	13,581	44,570	0	58,151	12,907	22,020	0	34,927
Operating expenses	-17,988	-43,985	-4,914	-66,887	-14,953	-22,912	-3,189	-41,054
EBITDA	-4,407	585	-4,914	-8,736	-2,046	-892	-3,189	-6,127
Depreciation, amortisation and impairment	-2,860	0	0	-2,860	-3,071	0	0	-3,071
Operating profit/loss	-7,267	585	-4,914	-11,596	-5,117	-892	-3,189	-9,198

INTEREST-BEARING LIABILITIES

	31/03/2023	31/03/2022	31/12/2022
Non-current			
Property loans	48,071	76,456	58,885
Lease liabilities	195	655	192
Investment loans	208,689	200,111	205,753
Capitalised financing costs	-5,410	-2,026	-5,533
Total non-current interest-bearing liabilities	251,545	275,196	259,297
Current			
Property loans	7,613	10,513	8,817
Lease liabilities	520	1,289	865
Investment loans	7,327	6,535	7,129
Capitalised financing costs	-4,212	-2,705	-4,212
Total current interest-bearing liabilities	11,248	15,632	12,599
Total interest-bearing liabilities	262,793	290,828	271,896



QUARTIERS TIERS

P R O P E R T I E S

CONTACT

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