



INTERIM REPORT
JANUARY-SEPTEMBER

2023

 **TITANIA**

Interim report January–September 2023

The quarter July–September 2023

- Income amounted to SEK 16,819 [155,634] thousand, with the property sale in Malibu, USA, having an impact of SEK 143,358 thousand on income for the comparative period
- Rental income was SEK 8,709 [7,997] thousand
- Net operating income was SEK 7,109 [5,715] thousand
- Profit/loss before tax totalled SEK 11,990 [-52,213] thousand
- Profit/loss for the quarter totalled SEK 2,728 [-35,068] thousand
- Earnings per share before and after dilution amounted to SEK 0.04 [-0.49]

The period January–September 2023

- Income amounted to SEK 48,888 [194,868] thousand, with the property sale in Malibu, USA, having an impact of SEK 143,358 thousand on income for the comparative period
- Rental income was SEK 25,280 [22,413] thousand
- Net operating income was SEK 20,574 [17,223] thousand
- Profit/loss before tax totalled SEK -52,333 [-36,145] thousand
- Profit/loss for the period totalled SEK -64,453 [-26,305] thousand
- Earnings per share before and after dilution amounted to SEK -0.90 [-0.37]
- The total number of residential units under own management at the end of the period was 300 [266]

‘The industry is in the midst of a crisis, but at the same time, if we, as housing developers, look at supply and demand, the situation is better than it has been in more than a decade. It is a challenging environment that entails both risks and opportunities’.

Einar Janson, CEO and founder



Key figures	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Income, SEK thousand	16,819	155,634	48,888	194,868	206,765
Net operating income, SEK thousand	7,109	5,715	20,574	17,223	23,840
Profit/loss before tax, SEK thousand	11,990	-52,213	-52,333	-36,145	-171,555
Earnings per share before and after dilution, SEK	0.04	-0.49	-0.90	-0.37	-1.86
Total assets, SEK thousand	2,038,157	1,789,998	2,038,157	1,789,998	1,671,140
Return on equity, %	0.4	-4.0	-8.8	-3.0	-16.2
Equity/assets ratio, %	34.4	48.1	34.4	48.1	45.7
Loan-to-value ratio, %	54.3	26.3	54.3	26.3	34.7
Interest coverage ratio, times	neg	neg	neg	neg	neg
Net asset value per ordinary share, SEK	9.98	12.63	9.98	12.63	10.67

SIGNIFICANT EVENTS DURING THE PERIOD JANUARY–SEPTEMBER 2023

After the end of the period

- Titania signed 10-year agreements with the restaurant operators Högdala Invest AB (owner of the Norra Bryggan Italian restaurant) and Caliente Tapas Bar. The agreements include conducting restaurant operations on the ground floor of Titania's newly built property at Boulevarden 40B, near Robert Killicks torg in Täby.

Third quarter

- Titania's detailed development plan for Ösmo phase 1 in Nynäshamn was released for consultation. The proposed plan comprises some 700 residential units of various sizes with different forms of tenure, as well as shops and public-service premises.

Second quarter

- Titania signed a letter of intent to enter into a collaboration agreement with K-Fastigheter regarding the development of the 'Rickebyhöjd Part 2' project, which comprises the development rights for 74 rental apartments in Vallentuna Centrum.
- Titania and Danske Bank jointly prepared a combined framework for social and green financing, which was externally assessed by the third-party verifier, ISS Corporate Solutions (ICS).
- Titania's detailed development plan for 'Rickebyhöjd Part 2' next to Vallentuna Centrum, which comprises 74 residential units in multi-dwelling blocks, was approved.
- Titania acquired its own bonds, with a maturity date of March 2024, for a total nominal amount of SEK 40 million.
- Titania signed an agreement with Swedbank on the conditional upgrade of existing loans that are deemed to fulfil social criteria in accordance with the bank's framework for sustainable borrowing and financing.

First quarter

- The detailed development plan for Titania's unique public-sector property in Högsåtra on Lidingö island was released for review.
- Titania's detailed development plan for 'Rickebyhöjd Part 2' next to the Vallentuna Centrum, which comprises 74 residential units in multi-dwelling blocks, was adopted.
- Titania acquired the Hallängen 5 property in the centre of Ösmo, in Nynäshamn Municipality, through a corporate acquisition financed by equity.
- Titania acquired the housing-module producer and property developer New Living (formerly Junior Living) through an equity-financed transaction.
- Titania acquired land earmarked for more than 200 residential units adjacent to Rågsved Centrum in Stockholm. Construction is expected to commence during 2023. The acquisitions of the company and land were financed by equity.
- The Land and Environment Court annulled the detailed development plan for Prästviken adopted by Botkyrka Municipality. The decision has been appealed, and the Land and Environment Court of Appeal has granted leave to appeal.



CEO COMMENTS

In early 2024, the number of completed residential units will begin to fall sharply. At the same time, the population of the Stockholm region is forecast to grow at an accelerating rate. The industry is in the midst of a crisis, but at the same time, if we, as housing developers, look at supply and demand, the situation is better than it has been in more than a decade. It is a challenging environment that entails both risks and opportunities.

Two years have passed since the fourth quarter of 2021, when the number of construction projects starting in Sweden was at a peak. By the following quarter, the number of construction projects starting began to fall sharply as a consequence of inflation, interest-rate hikes and production-cost increases, as well as the war in Ukraine. From our perspective as property developers, it is remarkable that only two years have passed. Two years is the normal turnaround time for housing projects and the number of completed residential units will begin to fall at an ever-faster rate, while the population in the Stockholm region is forecast to increase rapidly too. Residential units constitute a must-have product. People cannot do without them unless they choose to move from the region, which, historically speaking, relatively few have proven ready to do. It is highly likely that exacerbated shortages in the next few years will result in real price increases for housing. Whether this will manifest as an increase in rent levels or an increase in tenant-owner property prices, or both, will be determined by macroeconomic factors and financial regulatory decisions. Titania, with its selection of projects that also feature flexible forms of tenure, stands ready to supply the market with its most in-demand product.

Titania's business concept is to engage in the development of underpriced locations in the Stockholm region.

With our background as a profitable construction-contractor company operating in a competitive market, we have in-house expertise that covers the entire production process. We know the value of meticulous project planning and about guiding architects and technical consultants toward the creation of space-efficient, easy-to-build and attractive products. We are knowledgeable about the procurement and construction phases, as well as their challenges, such as scheduling, cost and quality controls. Our familiarity with the construction process also affords us a technical knowledge of the buildings, which allows for us to manage and maintain them efficiently. Furthermore, our in-house teams are always intimately involved in the process of renting out our flats and selling our tenant-owner properties, which gives us important insights into our customers. We do not delegate any vital construction and management processes to external experts.

Nevertheless, none of the above points have historically constituted our main success factor. A property developer may do everything right, but will still fail if they build at the wrong location at the wrong time. Our trump card has been our selection of locations to develop. We embarked on projects when levels are low, several years before rents and tenant-owner property prices are forecast to rise. We did not choose our locations based on any unique intuitive abilities, but on publicly available data about income levels, the number of completed residential units and on demographic projections regarding population growth. What we deduced, based on the

data of more than a decade ago when we began pursuing large-scale property development, was that development rights in Stockholm's outer suburbs were underpriced relative to solvency and growth forecasts. There was, and continues to be, a widespread misconception among many players in the property sector and finance industries, that the capacity to pay decreases dramatically just a couple of stations away from central Stockholm. This assumption is generally only true for the premium market for large or luxurious residential units, where the number of potential buyers or tenants falls sharply beyond central Stockholm and a few high-priced suburbs. However, for more average products, there is considerable payment potential throughout the region, relative to the offering.

How does Titania's business concept work in the current market?

Yield requirements on income from properties have increased, as an effect of rising interest rates. In part, this is due to pure costs – if it costs more to borrow money for a purchase, the price for utilising the same cash flow will be lower. In part, this is due to how the market's invisible hand allocates capital where it yields the best return at the moment. If investors can find good yields to invest in other safe cash flows, such as government bonds, then it becomes less attractive to buy the same cash flows from, for example, rental housing. Consequently, it is the pricing of the cash flow itself that has changed. For properties where higher yield requirements can be offset with increased cash flow, and which can be expected to continue to do so in line with inflation over time, a higher yield requirement does not necessarily entail a reduction in property value.

Higher yield requirements have entailed impairment losses on the values of numerous rental properties. Above all, this has been true for situations where there is little potential to raise the rent now and in the future. This may sometimes be due to prevailing regulations, but in most cases, it is ultimately determined by local market conditions. During the period of investment grants, numerous rental properties were built in locations where the market prerequisites were virtually non-existent.

Titania has previously confirmed that its projects have passed the stress test with respect to the prevailing new market conditions. Titania has three projects in progress in 2023, in the suburbs of Stockholm: Vallentuna Prästgård, which is now fully let; Tåby Boulevard, where letting is underway and occupancy is planned for December 2023; and Vallentuna Rickeby, which is under construction and planned for implementation as a joint venture with K-Fastigheter.

Do these projects still have the same yield valuation as when we launched the projects several years ago? No, the yield

requirements are higher today. If we look at the average yield requirement of major valuation companies, the Stockholm region is 50–100 points higher today than at the peak in autumn 2021. Depending on the level you start from, this will impact the values differently, but most rental properties are within the range of a 10–25 percent loss in value, based on the same cash flow.

Does this mean that we have the same cash flow as forecast when we joined the project? No. It has been adjusted upward several times. Our rents for Tåby Boulevard are 25 percent higher than our projections of autumn 2021. If we go back to 2016, when we launched the project, current rent levels are more than 50 percent higher than what we had forecast.

With these high levels, how has letting worked out in Tåby? Excellently. After only a couple of weeks of letting activities, more than half of the contracts were signed. We do not anticipate any slowdowns in the future, but rather, increased pressure. We are also seeing such increased pressure and higher rents in other sections of our portfolio and, given the projections going forward, this will only intensify. Due to these and other effects, Titania's net operating income during the quarter rose by more than 24 percent, compared with the third quarter of 2022. With the completion of the Tåby project in December alone, annual rental income will increase by more than SEK 35 million.

Why doesn't Titania further depreciate the value of its properties?

There is currently a notion that property companies should routinely write down the values of their properties on a quarterly basis, as long as the market situation is perceived as unfavourable. We cannot speak for anyone else, but for our part, we have already written down the value of our development rights and existing properties significantly, due to the changed market situation. We will make further write-downs in the future if there is a reason to do so, but the impairment will have to correspond to real changes in the conditions of the bid-ask spread. In principle, the higher yield requirements were already factored in several quarters ago and, during this quarter, we have not seen any evidence of the further devaluation of rental properties in Stockholm. The consensus has been that, as consequence of interest-rate hikes, residential properties would be on sale, even in prime locations. However, this has not really materialised. That we, as a property-development company in particular, occasionally report positive unrealised changes in the overall value of our

properties, even in this market environment, does not mean that we have raised the values of our existing properties, but that we have come closer to completing the projects.

Having stated this, Titania's properties are always measured at fair value, which may involve write-downs or write-ups. For example, there is no guarantee that Titania's properties will not be written down in the future, should actual sales of rental properties indicate higher yield requirements than those of today and such a development not be matched by higher net operating income. If property values were to decline, this would also lower the potential volume of loans we can take out, and properties may need to be sold in order to finance new projects. Going forward, this could potentially be the greatest challenge for us, as a residential property developer.

Summary

Our historical decisions on the location and timing of construction projects have been guided by data on the number of completed residential units and on demographic trends. This has worked out well so far. The following is the forecast ahead.

Citing the Swedish National Board of Housing, Building and Planning: 'The number of completed residential units will peak during the year, with the completion of more than 60,000 residential units. However, this figure will fall sharply thereafter, to barely 40,000 units in 2024 and about 25,000 units in 2025'.

Citing Stockholm City:

'Population increases are expected to peak in the years 2024 to 2026'.

Based on findings from the high rental pressure we are experiencing in projects currently undergoing letting, and in a situation where the completion of residential units is at a peak, we believe that with the above forecasts, it is reasonable to assume that market prospects for raising the price of the product, 'housing in the Stockholm region', are at their best in many years. And this is not merely in nominal terms but in real terms. We do not know how production costs, future capital costs and the most advantageous form of tenure will collectively interact with these developments, but the market economy has always shown an amazing ability to generate profit for those who are able to provide a supply-strapped necessity product on flexible terms. We believe that this will continue to be the case as we move forward, and that in the long run, the capital market will also regain its confidence in these matters.

Einar Janson, CEO



1,590,428

PROPERTY VALUE INVESTMENT
PROPERTIES, SEK THOUSAND
30 SEP 2023

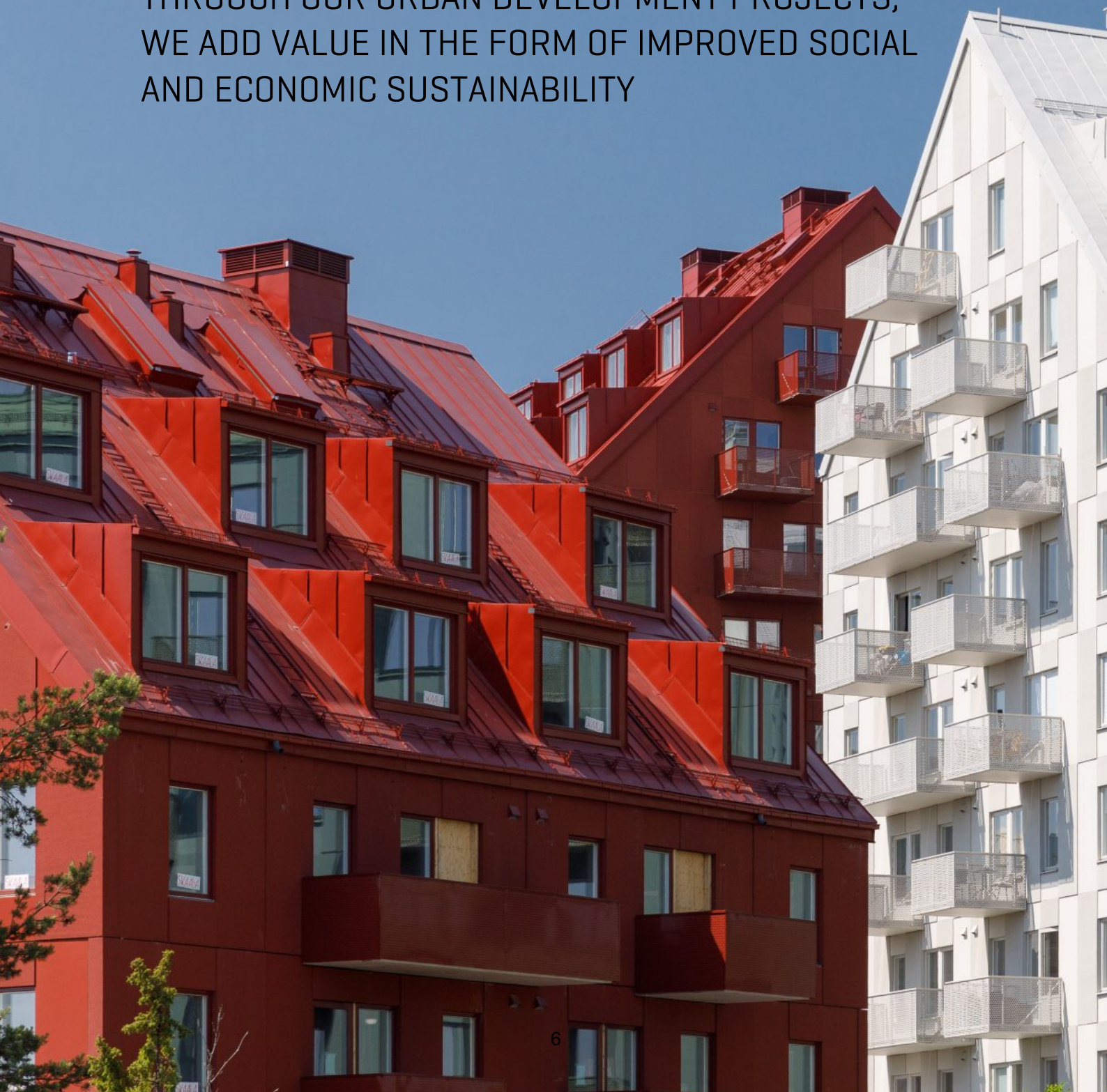
300

NUMBER OF RESIDENTIAL UNITS
30 SEP 2023

25,280

RENTAL INCOME, SEK THOUSAND
JAN-SEP 2023

THROUGH OUR URBAN DEVELOPMENT PROJECTS,
WE ADD VALUE IN THE FORM OF IMPROVED SOCIAL
AND ECONOMIC SUSTAINABILITY



TITANIA'S BUSINESS MODEL

Our business model is based on assuming responsibility, from the beginning of every project to its end:

- Total control of the entire value chain, from initial project development to construction phase to property management.
- A project manager allows for a total overview of the process and optimised profitability, from start to finish.
- Considerable time and resources at the initial project phase to minimise any irreparable defects later in the process.
- Agreements with all stakeholders on a shared vision and implementation.
- Close cooperation in design and architecture.



OPERATIONAL OBJECTIVES

Production of residential units

The Group should, over time, start the construction of a minimum of 500 residential units annually.

Production of development rights

The Group should, by means of agreements with landowners or a combination of proprietary land acquisition and municipal land allocations, or municipal planning permission, ensure the creation of at least 500 new development rights for residential units annually.

Proportion of residential units under own management

Long-term rental income from residential units should constitute at least 70 percent of the Group's total rental income.

Property value

Property value should amount to a minimum of SEK 8 billion by 2027.

SUSTAINABILITY GOALS

Environmentally sustainable materials

In the long term, the majority of the company's residential units are to be produced with wooden frames.

Environmental certification

Properties developed by Titania and retained for proprietary management should, in the long term, achieve Swan eco-labelling or the equivalent environmental certification

FINANCIAL TARGETS

Net asset value

Annual growth in net asset value per ordinary share in the long term should be at least 20 percent over a business cycle.

FINANCIAL RISK LIMITATIONS

Loan-to-value ratio

The loan-to-value ratio must not exceed 70 percent relative to the market value of the Group's assets in the long term.

Equity/assets ratio

The Group's equity/assets ratio must not fall below 25 percent in the long term.

Interest coverage ratio

The Group's interest coverage ratio must not exceed 1.5 times in the long term.

DIVIDEND POLICY

Titania's overall objective is to generate the best total long-term yield for shareholders. Therefore, Titania does not intend to pay any dividends in the next few years, as operational surpluses will go towards the launch of additional production projects, as well as to acquiring more properties and projects.

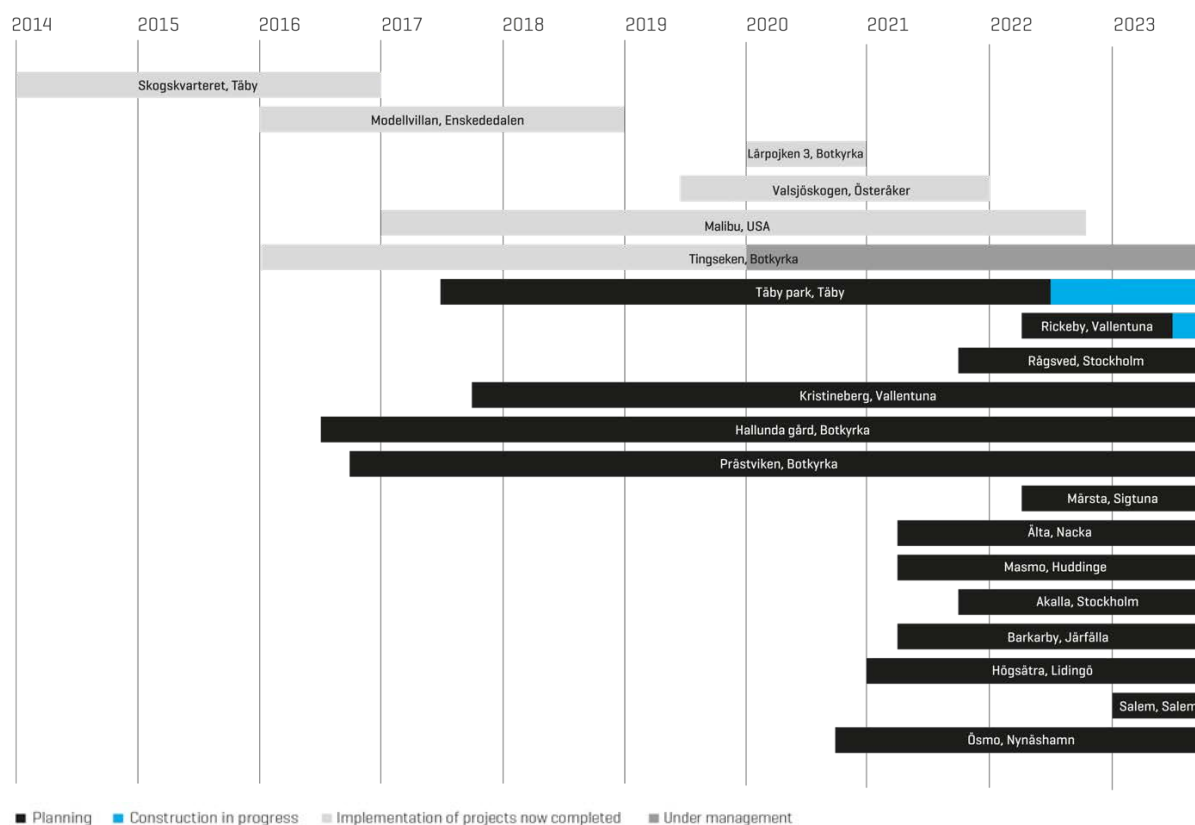
OUR PROPERTIES AND DEVELOPMENT PROJECTS

Our properties and development projects are in areas with lower market prices where we can genuinely improve urban development. With our holistic approach and close cooperation with architects and developers, and on all aspects of proprietary management, we take on projects where we can break the negative trend in vulnerable areas, in order to create value for ourselves and society as a whole.

Properties and development projects

Property/project	Status	Address	Municipality	Estimated compl. date/ completed	No. of residential units	RFA/CFA
Akalla	Initial phase	Hanstavågen	Stockholm	2027	200	8,200
Barkarby	Initial phase	Barkabyfältet	Järfälla	2027	353	18,400
Hallunda gård	Initial phase	Hallunda gårdsväg	Botkyrka	2025-2028	718	47,290
Hallången	Acquisition	Hallången	Nynäshamn	1972	-	1,199
Herräng	Acquisition	Herrängsvågen	Norrålsjö	1953	27	1,472
Högsåtra	Initial phase	Högsåtravågen	Lidingö	2027	-	5,000
Kristineberg	Initial phase	Arningevågen	Vallentuna	2025-2026	117	14,436
Masmo	Initial phase	Varvsvågen	Huddinge	2026-2027	312	20,148
Mårsta	Initial phase	Central Mårsta	Sigtuna	2026	91	5,436
Prästviken	Initial phase	Sankt Botvids väg	Botkyrka	2025-2028	701	39,392
Rickeby	Ongoing	Mörbyvågen	Vallentuna	2026	74	2,300
Rågsved	Initial phase	Central Rågsved	Stockholm	2025	200	7,827
Salem	Initial phase	Skyttorpsvågen	Salem	2027	100	5,950
Tingseken	Completed	Lagmansbacken	Botkyrka	2019	246	10,289
Tåby park	Ongoing	Galoppfältet	Tåby	2024	226	9,182
Vallentuna Prästgård	Completed	Vallentuna Centrum	Vallentuna	2023	27	1,269
Ålta	Initial phase	Central Ålta	Nacka	2026	178	7,298
Ösmo	Initial phase	Nyblevågen	Nynäshamn	2027	270	9,375
Total					3,840	214,463

Project portfolio



Notes on the Group's projects

Titania's business concept is to engage in project development, construction and property management in the Greater Stockholm area. The company's growth is primarily achieved through the proprietary development of new residential districts and the control of the value chain in its entirety, from the creation of new detailed development plans to construction and, ultimately, the long-term management of the properties. Most of Titania's projects are in their initial phases, which means that projects will achieve profitability in the longer term. Consequently, Titania's net profits may be lower for now, compared with when its projects are completed and the gains from projects are calculated. In addition to project profitability, Titania's cash flow from investment properties is also expected to increase as we build up a larger rental portfolio over time. Earnings could also be affected by unrealised changes in the value of investment properties.

Titania has numerous projects at various phases of progress and holds about 3,300 building rights. Further information is available under the heading, 'Our properties and development projects'.

Titania's property portfolio remained fully let at the close of the period. The number of residential units under management was 300 [266].

During the quarter, construction was underway for the Täby Park project, which comprises 226 residential units and several commercial premises. Production is proceeding according to plan and being implemented by New Living, which was acquired by Titania during the year. Completion of the property is planned for the fourth quarter and occupancy will commence in December.

The timing of the next production start date is yet to be decided. The various planned project lead times are presented in the table on the preceding page. Which projects will be launched will depend on the progress of Titania's development processes and the outcome of various calculations.



Täby Park, Täby

SUMMARY OF INCOME STATEMENT

Notes on the Group's income statement

The Group recognises its investment properties at fair value in the balance sheet. These fair values correspond to the properties' market value. Changes in market values are recognised as changes in value in the income statement. The Group's property portfolio consists of completed investment properties, projects in progress, and development rights pertaining to projects aimed at the production of investment properties. All properties are leased with ownership rights or leasehold land rights, and consist of both residential properties and commercial premises.

Since the item 'investment properties' is comprised of various components, an analysis at an overall level could be misleading. For example, the fair value may be written down for certain components, but Titania may nevertheless report a positive effect under 'unrealised changes in value'. At the moment, the measurement of investment properties is more difficult than in previous periods, and we are adjusting the value upward or downward, based on data that we deem to be reliable, and which reflects the bid-ask spread.

The quarter July–September 2023

Income for the period totalled SEK 16,819 [155,634] thousand and consisted largely of rental income and the leasing of construction equipment. Income for the comparative quarter is mainly attributable to the sale of the property in Malibu, USA.

Rental income amounted to SEK 8,709 [7,997] thousand. The increase is in line with our objective of expanding our portfolio of rental properties over time, and is attributable to higher rents and additional tenants. Operating expenses totalled SEK 1,600 [2,282] thousand. Net operating income amounted to SEK 7,109 [5,715] thousand. The improvement is mainly the result of an increase in lettable residential units.

Operating profit before changes in value was SEK 1,154 [49,959] thousand. This includes capitalised work totalling SEK 117,210 [24,066] thousand and relates to costs incurred that have been capitalised as an asset in the balance sheet. The capitalised work is linked to the property development projects we have ongoing and largely pertains to the Tåby Park project, where construction is in progress.

Unrealised changes in value amounted to SEK 35,786 [-86,510] thousand. The changes in value are unrealised as they are not linked to an actual completed transaction and will fluctuate over time. The change in value of completed investment properties was SEK 0. This is partly attributable to the acquisition of part of the portfolio during the quarter, and to the market's marginally raised yield requirement on completed investment properties being offset by increased net operating income. Major impairment losses were recognised during the third and the fourth quarters of 2022, and Titania does not see any reason for further write-downs of the values. Projects in progress increased by SEK 35,786 thousand. The increase is primarily attributable to the Group receiving a larger allocation of rental properties.

Net financial items amounted to SEK -24,950 [-15,661] thousand. The higher financing costs are mainly attributable to increased borrowing and higher interest rates as a consequence of the market situation. Titania is subject to variable interest rates, but the interest rate risk attributable to Titania's bank financing is partly limited through an interest rate cap. This cap does not apply to the Group's bonds.

Profit/loss for the quarter was SEK 2,728 [-35,068] thousand.

The period January–September 2023

Income for the period totalled SEK 48,888 [194,868] thousand and consisted largely of rental income and the leasing of construction equipment.

The decrease compared with the first six months of 2022 is primarily attributable to sales of residential units during the comparative period, as well as a reduction in the leasing of construction equipment.

Rental income amounted to SEK 25,280 [22,413] thousand. The increase is in line with our objective of expanding our portfolio of rental properties over time. The increase is attributable to higher rents and additional tenants. Operating expenses totalled SEK 4,706 [5,190] thousand. Net operating income amounted to SEK 20,574 [17,223] thousand. The improvement is mainly attributable to an increase in lettable residential units and higher rental income during the year.

Operating profit/loss before changes in value was SEK -18,052 [38,181] thousand – the change is primarily attributable to sales of residential properties during the comparative period. This includes capitalised work totalling SEK 291,500 [73,184] thousand and relates to costs incurred that have been capitalised as an asset in the balance sheet. The capitalised work is linked to the property development projects we have ongoing and largely pertains to the Tåby Park project, where construction is in progress.

Unrealised changes in value amounted to SEK 30,296 [-33,591] thousand. The changes in value are unrealised as they are not linked to an actual completed transaction and will fluctuate over time. The change in value of completed investment properties was SEK 0. This is partly attributable to the acquisition of part of the portfolio during 2023, and to the market's marginally raised yield requirement on completed investment properties being offset by increased net operating income. Major impairment losses were recognised during the

third and the fourth quarters of 2022, and Titania does not see any reason for further write-downs of the values. Projects in progress increased by SEK 30,296 thousand. The increase is primarily attributable to the Group receiving a larger allocation of rental properties.

Net financial items amounted to SEK -64,576 [-40,735] thousand. The higher financing costs are mainly attributable to increased borrowing and higher interest rates as a consequence of the market situation. Titania is subject to variable interest rates, but the interest rate risk attributable to Titania's bank financing is partly limited through an interest rate cap. This cap does not apply to the Group's bonds.

Profit/loss for the period amounted to SEK -64,453 [-26,305] thousand. The greatest deviations in profit/loss in relation to the comparative period comprise unrealised changes in value, higher interest rates, and the sale of the property in Malibu, USA in the preceding year.

Notes on the Parent Company's income statement

The Parent Company's activities comprise the administration of all Group companies.

The quarter July-September 2023

The Parent Company's profit/loss for the quarter was SEK -13,795 [-12,692] thousand. The slight decline compared with the same period in the previous year is primarily attributable to increased interest expenses.

The period January-September 2023

The Parent Company's profit/loss for the period was SEK -43,091 [-54,210] thousand. The improvement from the previous year is mainly due to a negative result for investments in Group companies during the first quarter of 2022.

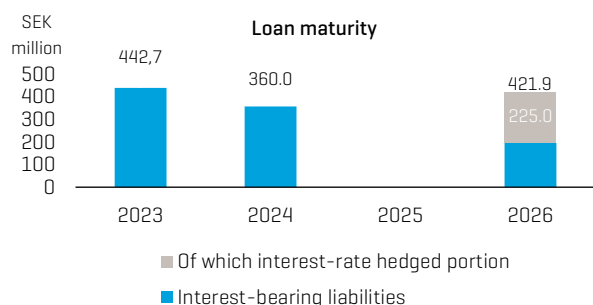


FINANCING

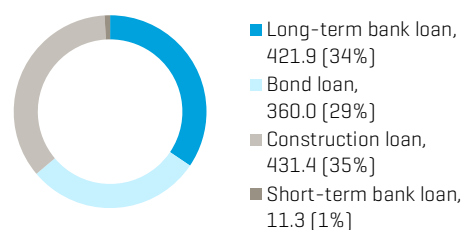
Total financing

Tied-up capital, SEK million									
Maturity	Property loans	Construction loans	Bonds	Total	Share, %	Interest rate cap, SEK million	Interest rate cap, %	Share of interest-rate-hedged loans, %	Interest, %
2023	11.3	-	-	11.3	1	-	-	-	Stibor 3M +1.4
2023	-	431.4	-	431.4	35	-	-	-	Stibor 3M +2.8
2024	-	-	360.0	360.0	29	-	-	-	Stibor 3M +8.0
2025	-	-	-	-	-	-	-	-	-
2026	421.9	-	-	421.9	34	225.0	5.0	18	Stibor 3M +1.4
Total	433.1	431.4	360.0	1,224.5	100			18	

The SEK 360 million bond has been admitted to trading on Nasdaq Stockholm and is reported net, together with attributable prepaid transaction costs, which are distributed over the bond's term until March 2024.

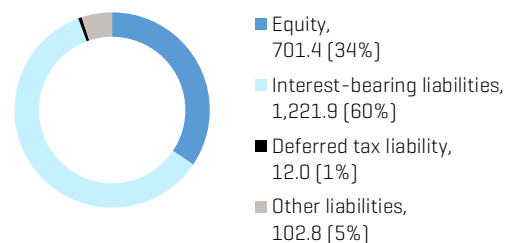


Tied-up capital, SEK million



Provision of capital	SEK million	Share, %
Equity	701.4	34
Interest-bearing liabilities	1,221.9	60
Deferred tax liability	12.0	1
Other liabilities	102.8	5
Total assets	2,038.2	100

Provision of capital, SEK million



34.4%

EQUITY/ASSETS RATIO
30 SEP 2023

54.3%

LOAN-TO-VALUE RATIO
30 SEP 2023

2,038,157

TOTAL ASSETS, SEK THOUSAND
30 SEP 2023

OTHER DISCLOSURES

Operating environment factors

To date, Titania has not noted any significant consequences on the company's operations due to war and the current change in the external situation. However, there is a potential risk that further interest rate hikes and price increases, continued delivery problems and an economic downturn could adversely affect the company.

Risks and uncertainties

Risks in ongoing projects

Although the Group is active in the property market and has expertise throughout the value chain, its operations essentially comprise property development projects. The ability to successfully implement property development projects is dependent on several factors, such as the Group's ability to obtain detailed development plans within the requisite deadlines, which could otherwise result in delays. Delays could also arise as a result of hitherto approved detailed development plans being appealed. The Group is also dependent on acquiring properties with the requisite building rights relevant to the project concerned.

Risks in completed projects

There are also risks related to rental income and rental trends. In the event that one or more of these risks materialises, it could result in a reduction of the Group's rental income and lower occupancy rates, and adversely impact the Group's margins and earnings, as well as its operations and market value.

Market risk

If property market values were to fall, this would affect the valuation of our investment properties, which would have a significant impact on earnings. However, the assessment is that housing prices will increase over time, at least in line with inflation.

Financial risks

The Group is exposed to financial risks through its operations. The Group strives to minimise any unfavourable effects on its financial performance. The Group's financial operations are aimed at ensuring that the Group can meet its payment obligations, securing access to requisite financing, optimising the Group's net financial items and handling financial risks, such as market risks, currency risks, interest rate risks, credit risks, liquidity risks and refinancing risks. The Board of Directors has ultimate responsibility for exposure, management and monitoring with regard to the company's risks. The Board of Directors determines what frameworks are applicable and revises them annually. The Board of Directors has delegated the responsibility for day-to-day risk management to the CEO. The Board of Directors may decide on temporary deviations from the adopted frameworks as needed.

All risks and uncertainties are applicable to the Parent Company as well as to the Group, and are described in detail on pages 59–60 of Titania's 2022 Annual Report.

Significant related-party transactions during the period

During the period, there were no significant transactions with related parties other than intra-Group transactions. See Note 7 for more information.

Disclosures about significant related-party transactions are applicable to the Parent Company as well as to the Group.

Share option programme

Share option programme outstanding	Number of options	Corresponding number of shares	Percentage of total shares	Exercise price	Redemption period
LTIP 2021 2021/2024:1	490,763	490,763	0.7%	29.1	31 Aug to 14 Sep 2024
LTIP 2021 2021/2024:2	669,222	669,222	0.9%	29.1	31 Aug to 14 Sep 2024
LTIP 2023 2023/2026:1	3,000,000	3,000,000	4.2%	6.4	15 May to 31 Aug 2026
LTIP 2023 2023/2027:1	400,000	400,000	0.6%	6.4	15 May to 31 Aug 2027
Total	4,559,985	4,559,985			

CONSOLIDATED INCOME STATEMENT

SEK thousand	Note	Jul-Sep		Jan-Sep		Full year
		2023	2022	2023	2022	2022
Income	2	16,819	155,634	48,888	194,868	206,765
Other operating income		371	134	1,740	703	744
Total		17,190	155,768	50,628	195,570	207,509
Contractor costs	3	-111,452	-108,701	-286,247	-169,472	-263,969
Property expenses		-1,600	-1,864	-4,706	-4,391	-5,743
Other external expenses		-9,850	-16,455	-37,085	-37,621	-53,143
Personnel expenses		-7,593	-1,924	-24,022	-13,388	-17,652
Depreciation and impairment of property, plant and equipment		-2,752	-930	-8,120	-5,701	-9,139
Capitalised work on own account		117,210	24,066	291,500	73,184	176,039
Operating profit/loss before changes in value		1,154	49,959	-18,052	38,181	33,903
Unrealised changes in value, investment properties		35,786	-86,510	30,296	-33,591	-151,509
Operating profit/loss after changes in value		36,940	-36,551	12,243	4,590	-117,606
Finance income		1,940	7	3,977	25	275
Finance costs		-26,890	-15,669	-68,554	-40,760	-54,223
Net financial items		-24,950	-15,661	-64,576	-40,735	-53,948
Profit/loss before tax		11,990	-52,213	-52,333	-36,145	-171,555
Current tax		24	-	16	-	-13,718
Deferred tax		-9,286	17,145	-12,136	9,840	52,587
Profit/loss for the period		2,728	-35,068	-64,453	-26,305	-132,686
Profit/loss for the period attributable to:						
Parent Company shareholders		2,728	-35,068	-64,453	-26,305	-132,686
Earnings per share before and after dilution, SEK		0.04	-0.49	-0.90	-0.37	-1.86
Average number of ordinary shares outstanding before and after dilution		71,500,000	71,500,000	71,500,000	71,500,000	71,500,000

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Profit/loss for the period	2,728	-35,068	-64,453	-26,305	-132,686
Other comprehensive income					
Items that have been or may be transferred to profit or loss					
Exchange-differences on translation of foreign operations	-	-1,654	-	6,880	16,079
Other comprehensive income for the period	-	-1,654	-	6,880	16,079
Total comprehensive income for the period	2,728	-36,722	-64,453	-19,426	-116,606
Total comprehensive income for the period attributable to:					
Parent Company shareholders	2,728	-36,722	-64,453	-19,426	-116,606

CONSOLIDATED BALANCE SHEET

SEK thousand	Note	30 Sep		31 Dec
		2023	2022	2022
ASSETS				
Non-current assets				
Intangible assets		14,210	808	731
Investment properties	4	1,590,428	1,272,090	1,212,416
Equipment		6,427	6,063	5,393
Right-of-use assets		20,346	26,272	23,736
Other non-current receivables		67,080	48,171	48,321
Total non-current assets		1,698,491	1,353,403	1,290,597
Current assets				
Development properties	5	184,687	61,517	106,096
Raw materials and consumables used		8,754	-	-
Trade receivables		9,822	359	3,965
Current tax assets		358	-	-
Other receivables		17,086	3,930	11,356
Prepaid expenses and accrued income		3,568	3,898	3,914
Cash and cash equivalents		115,392	366,891	255,212
Total current assets		339,666	436,595	380,542
TOTAL ASSETS		2,038,157	1,789,998	1,671,140

CONSOLIDATED BALANCE SHEET, CONT.

		30 Sep		31 Dec
SEK thousand	Note	2023	2022	2022
EQUITY AND LIABILITIES				
Equity				
Share capital		715	715	715
Reserves		16,039	6,840	16,039
Other contributed capital		424,990	422,137	422,137
Retained earnings including profit for the period		259,682	430,517	324,136
Total equity		701,427	860,208	763,027
Liabilities				
Non-current liabilities				
Interest-bearing liabilities	6	421,875	826,103	824,479
Lease liabilities		17,167	20,428	17,811
Provisions		2,407	1,936	-
Deferred tax liability		12,027	42,719	-
Total non-current liabilities		453,476	891,187	842,290
Current liabilities				
Interest-bearing liabilities	6	800,040	11,250	11,250
Lease liabilities		3,775	6,537	6,067
Trade payables		59,322	13,608	16,398
Current tax liability		-	210	561
Other current liabilities		3,318	790	842
Accrued expenses and deferred income		16,798	6,209	30,706
Total current liabilities		883,254	38,604	65,823
Total liabilities		1,336,730	929,790	908,112
TOTAL EQUITY AND LIABILITIES		2,038,157	1,789,998	1,671,140

CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Cash flow from operating activities					
Operating profit/loss after changes in value	36,940	-36,551	12,243	4,590	-117,606
Adjustment for non-cash items:					
- Depreciation/amortisation	2,752	930	8,120	5,701	9,139
- Provisions	151	-	300	-	-1,936
- Acquisition/divestment of subsidiaries	-	-	-5,745	-	-
- Changes in value of investment properties	-35,786	86,510	-30,296	33,591	151,509
- Unrealised currency effects	-	-1,654	-	6,839	16,278
Interest received	1,940	7	3,977	25	35
Interest paid	-26,893	-15,669	-68,553	-40,760	-54,222
Income tax paid	-133	42	-1,012	245	-13,094
	-21,029	33,616	-80,965	10,231	-9,897
Cash flow from changes in working capital					
Increase/decrease in development properties	-12,315	74,451	-60,989	34,254	-10,325
Increase/decrease in operating receivables	-4,592	3,016	-7,741	237,708	229,999
Increase/decrease in operating liabilities	16,595	-3,167	42,783	-18,195	9,142
Total change in working capital	-312	74,301	-25,946	253,767	228,816
Cash flow from operating activities	-21,341	107,916	-106,912	263,998	218,919
Cash flow from investing activities					
Investments in investment properties	-153,069	-28,840	-393,314	-291,133	-349,533
Increase in non-current financial investments	-	-	-	-3,899	-4,049
Decrease in non-current financial investments	5,150	-	5,150	658	658
Cash flow from investing activities	-147,919	-28,840	-388,164	-294,374	-352,924
Cash flow from financing activities					
Proceeds from borrowings	134,652	-	366,628	95,877	95,877
Repayment of liabilities	-2,813	-2,834	-8,438	-7,435	-10,226
Repayment of lease liabilities	-1,752	-	-2,935	-	-5,258
Cash flow from financing activities	130,087	-2,834	355,256	88,442	80,393
Cash flow for the period	-39,173	76,242	-139,820	58,065	-53,614
Cash and cash equivalents at beginning of period	154,565	290,649	255,212	308,826	308,826
Cash and cash equivalents at end of period	115,392	366,891	115,392	366,891	255,212

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	Attributable to Parent Company shareholders				
	Share capital	Translation reserve	Other contributed capital	Retained earnings incl. profit for the period	Total equity
Opening balance, 1 January 2023	715	16,039	422,137	324,136	763,027
Profit/loss for the period	-	-	-	-64,453	-64,453
Share-related incentive programme	-	-	2,853	-	2,853
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,853	-64,453	-61,600
Closing balance, 30 September 2023	715	16,039	424,990	259,682	701,427

SEK thousand	Attributable to Parent Company shareholders				
	Share capital	Translation reserve	Other contributed capital	Retained earnings incl. profit for the period	Total equity
Opening balance, 1 January 2022	715	-40	422,137	456,822	879,634
Bonus issue	-	-	-	-	-
New share issue	-	-	-	-	-
Profit/loss for the period	-	-	-	-26,305	-26,305
Other comprehensive income for the period	-	6,880	-	-	6,880
Total comprehensive income for the period	-	6,880	-	-26,305	-19,426
Closing balance, 30 September 2022	715	6,840	422,137	430,516	860,208

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Income	131	565	430	1,696	1,839
Operating expenses					
Other external expenses	-602	-2,165	-4,211	-7,766	-9,077
Personnel expenses	-1,126	-1,080	-3,437	-4,356	-5,560
Operating profit/loss	-1,597	-2,679	-7,218	-10,426	-12,798
Profit/loss from financial items					
Profit/loss from investments in Group companies	-14	-	-14	-15,468	-49,759
Interest and similar income	1,224	-	2,378	-	-
Interest and similar expenses	-13,409	-10,013	-38,238	-28,316	-39,145
Total financial items	-12,198	-10,013	-35,873	-43,783	-88,904
Profit/loss after financial items	-13,795	-12,692	-43,091	-54,210	-101,702
Appropriations	-	-	-	-	-2,743
Profit/loss for the period	-13,795	-12,692	-43,091	-54,210	-104,445

BALANCE SHEET, PARENT COMPANY

SEK thousand	Note	30 Sep		31 Dec
		2023	2022	2022
ASSETS				
Financial assets				
Investments in Group companies		129,341	164,168	129,876
Total non-current assets		129,341	164,168	129,876
Current assets				
Receivables from Group companies		640,491	690,840	687,987
Prepaid expenses and accrued income		171	257	132
Other receivables		13	-	28
Cash and bank balances		2,688	86,911	75,022
Total current assets		643,363	778,007	763,170
TOTAL ASSETS		772,704	942,175	893,046

SEK thousand		30 Sep		31 Dec
		2023	2022	2022
Restricted equity				
Share capital		715	715	715
Total restricted equity		715	715	715
Unrestricted equity				
Share premium reserve		424,990	422,137	422,137
Retained earnings		28,740	177,201	177,206
Profit/loss for the year		-43,091	-54,210	-104,445
Total unrestricted equity		410,639	545,129	494,898
Total equity		411,354	545,844	495,613
Non-current liabilities				
Interest-bearing liabilities	6	-	393,000	394,167
Total non-current liabilities		-	393,000	394,167
Current liabilities				
Interest-bearing liabilities	6	357,427	-	-
Trade payables		509	415	59
Liabilities to Group companies		-	231	-
Tax liability		175	120	167
Other liabilities		1,857	216	169
Accrued expenses and deferred income		1,383	2,350	2,873
Total current liabilities		361,350	3,332	3,267
Total liabilities		361,350	396,332	397,434
TOTAL EQUITY AND LIABILITIES		772,704	942,175	893,046

NOTES

All amounts in this report are presented in SEK thousands unless otherwise indicated. Rounding errors may occur in tables that aggregate several amounts.

'Quarter' refers to the most recent quarter of the interim report. 'Period' refers to all quarters of the interim report, accumulated.

Note 1 – Accounting policies

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9, Interim Reports, of the Swedish Annual Accounts Act. For the Group and the Parent Company, the accounting policies and calculation methods are the same as those applied in the most recent Annual Report. Disclosures required under IAS 34.16A are provided in the financial statements and related notes, as well as in other parts of the interim report.

Investment properties measured at fair value

The value of properties is measured at the end of every quarter. At least once a year, the measurement is performed by an independent evaluator. For the quarters in which the measurement is performed internally, a dialogue is conducted with an independent property evaluator. Classifications are made pursuant to the requirements of IFRS 13, and investment properties are measured at fair value in accordance with IAS 40. The measurement of investment properties may include fair values for development rights/future development rights.

Development properties

Gains on development properties are recognised on divestment and closing of the transaction.

Measurement of financial instruments

The carrying amount of receivables, cash and cash equivalents, trade payables, interest-bearing liabilities and other liabilities constitute a reasonable approximation of their fair value.

Accounting estimates

There were no changes to any accounting estimates during the period. See Note 4 of the 2022 Annual Report.

Note 2 – Distribution of income

	Jul-Sep		Jan-Sep		Full year
Distribution of income	2023	2022	2023	2022	2022
Rental income	8,709	7,997	25,280	22,413	30,031
Divestment of tenant-owner properties	-	-	-	12,800	12,800
Divestment of individual residential units	-	143,538	-	143,538	143,538
Lease of construction materials	5,403	4,067	12,483	15,832	20,186
Other	2,706	32	11,125	285	210
Total income	16,819	155,634	48,888	194,868	206,765

Note 3 – Distribution of contractor costs

	Jul-Sep		Jan-Sep		Full year
Distribution of contractor costs	2023	2022	2023	2022	2022
Contractor costs for investment properties	108,139	14,129	268,807	36,940	121,970
Contractor costs for development properties	3,313	7,113	17,441	31,367	40,835
Divestment of development properties (inventory costs)	-	87,459	-	101,164	101,164
Total contractor costs	111,452	108,701	286,247	169,472	263,969

Note 4 – Investment properties

Titania recognises its investment properties at fair value in the balance sheet. These fair values correspond to the properties' market value. Changes in market values are recognised as changes in value in profit or loss. The Group's portfolio comprises completed investment properties and projects in progress. All properties are leased with ownership rights and comprise residential properties and commercial properties. The item 'Investment properties' includes development rights pertaining to projects aimed at the production of investment properties.

	30 Sep		31 Dec
	2023	2022	2022
Opening balance, 1 January	1,212,416	1,013,198	1,013,198
Purchases	321,360	292,483	350,727
Sales	-	-	-
Unrealised changes in value recognised in profit or loss	30,296	-33,591	-151,509
Reclassification from development properties	26,356	-	-
Closing balance	1,590,428	1,272,090	1,212,416

	30 Sep		31 Dec
	2023	2022	2022
Changes in value, investment properties			
Unrealised changes in value	30,296	-33,591	-151,509
Total	30,296	-33,591	-151,509

Note 5 – Development properties

The cost of development properties includes the purchase consideration and subsequent costs incurred during the development period.

	30 Sep		31 Dec
	2023	2022	2022
Opening balance, 1 January	106,096	96,493	96,493
Purchases	104,947	34,752	79,357
Sales	-	-69,728	-69,754
Reclassification to investment properties	-26,356	-	-
Closing balance	184,687	61,517	106,096

Note 6 – Borrowings

	30 Sep		31 Dec
	2023	2022	2022
Non-current			
Bonds	-	392,978	394,167
Liabilities to credit institutions	421,875	433,125	430,313
Total	421,875	826,103	824,479
Current			
Bonds	357,427	-	-
Liabilities to credit institutions	442,613	11,250	11,250
Total	800,040	11,250	11,250

Current liabilities are calculated as the portion of borrowings due for repayment within one year.

The SEK 400 million bond and acquisition of own bonds for a nominal amount of SEK 40 million are reported net, together with attributable prepaid transaction costs distributed over the bond's term.

The bond is admitted to trading on Nasdaq Stockholm, with a maturity of 3 years.

Note 7 – Related-party transactions

The Group is under the control of Einar Janson Invest AB. Related parties are defined as subsidiaries, the Parent Company and the Group's senior executives and their related parties. Transactions exist in the form of loans, rent for premises and management fees between Group companies. No fees were paid to related parties during the period.

Note 8 – Operating segments

Titania's financial reporting is prepared in two segments: 'Completed projects' and 'Projects in progress & miscellaneous'. Completed projects essentially refer to property management, while 'Projects in progress' comprise business development, projects in progress and production. The following figures for the period are reported under 'Miscellaneous' in the 'Projects in progress & miscellaneous' segment: income, SEK 12,483 thousand, profit/loss for the period, SEK -295 thousand and assets, SEK 8,844 thousand.

Segment reporting

INCOME STATEMENT

SEK thousand	Jan-Sep 2023			Jan-Sep 2023		
	Completed projects	Projects in progress & miscellaneous	Total	Completed projects	Projects in progress & miscellaneous	Total
Income	8,710	8,108	16,819	25,280	23,608	48,888
Other operating income	2	369	371	735	1,005	1,740
Total	8,712	8,477	17,190	26,015	24,613	50,628
Contractor costs	-	-111,452	-111,452	-	-286,247	-286,247
Property expenses	-1,600	-	-1,600	-4,706	-	-4,706
Other external expenses	9	-9,859	-9,850	-238	-36,847	-37,085
Personnel expenses	-	-7,593	-7,593	-	-24,022	-24,022
Depreciation and impairment of property, plant and equipment	-	-2,752	-2,752	-	-8,120	-8,120
Capitalised work on own account	-	117,210	117,210	-	291,500	291,500
Operating profit/loss before changes in value	7,121	-5,968	1,154	21,071	-39,123	-18,052
Unrealised changes in value, investment properties	-	35,786	35,786	-	30,296	30,296
Operating profit/loss after changes in value	7,121	29,819	36,940	21,071	-8,827	12,243
Finance income	7	1,933	1,940	15	3,962	3,977
Finance costs	-6,052	-20,838	-26,890	-16,572	-51,981	-68,554
Net financial items	-6,046	-18,904	-24,950	-16,557	-48,019	-64,576
Profit/loss before tax	1,075	10,915	11,990	4,513	-56,846	-52,333

SEK thousand	Jul-Sep 2022			Jan-Sep 2022		
	Completed projects	Projects in progress & miscellaneous	Total	Completed projects	Projects in progress & miscellaneous	Total
Income	7,997	147,637	155,634	22,413	172,455	194,868
Other operating income	10	124	134	20	683	703
Total	8,007	147,761	155,768	22,432	173,138	195,570
Contractor costs	-	-108,701	-108,701	-	-169,472	-169,472
Property expenses	-1,864	-	-1,864	-4,391	-	-4,391
Other external expenses	-418	-16,037	-16,455	-798	-36,823	-37,621
Personnel expenses	-	-1,924	-1,924	-	-13,388	-13,388
Depreciation and impairment of property, plant and equipment	-	-930	-930	-	-5,701	-5,701
Capitalised work on own account	-	24,066	24,066	-	73,184	73,184
Operating profit/loss before changes in value	5,725	44,234	49,959	17,243	20,939	38,181
Unrealised changes in value, investment properties	-	-86,510	-86,510	-	-33,591	-33,591
Operating profit/loss after changes in value	5,725	-42,276	-36,551	17,243	-12,653	4,590
Finance income	-	7	7	-	25	25
Finance costs	-2,513	-13,155	-15,669	-8,789	-31,971	-40,760
Net financial items	-2,513	-13,148	-15,661	-8,789	-31,946	-40,735
Profit/loss before tax	3,212	-55,424	-52,213	8,453	-44,599	-36,145

BALANCE SHEET

SEK thousand	30 September 2023			30 September 2022		
	Completed projects	Projects in progress & miscellaneous	Total	Completed projects	Projects in progress & miscellaneous	Total
ASSETS						
Total non-current assets	727,200	971,291	1,698,491	715,000	638,403	1,353,403
Total current assets	104,402	235,264	339,666	115,577	321,018	436,595
TOTAL ASSETS	831,602	1,206,555	2,038,157	830,577	959,421	1,789,998
LIABILITIES						
Total non-current liabilities	431,618	21,858	453,476	454,118	437,069	891,187
Total current liabilities	23,845	859,409	883,254	842	37,762	38,604
TOTAL LIABILITIES	455,462	881,268	1,336,730	454,960	474,830	929,790

Declaration by the Board of Directors and the CEO

The Board of Directors and the CEO confirm that this interim report provides a true and fair view of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 15 November 2023

Titania Holding AB [publ], company registration number 556887-4274

Knut Pousette
Chairman of the Board

Einar Janson
CEO and Board member

Gunilla Öhman
Board member

This information constitutes inside information, which Titania Holding AB [publ] is obliged to publish under the EU Market Abuse Regulation [MAR]. The information was provided through the agency of the contact persons above for publication on 15 November 2023, at 8.00 a.m. CET.

Financial calendar

Year-end report January–December 2023	23 February 2024
Annual report January–December 2023	12 April 2024
Interim Report January–March 2024	16 May 2024
2024 Annual General Meeting	30 May 2024
Interim report January–June 2024	15 August 2024
Interim Report January– September 2024	14 November 2024

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This interim report has been reviewed by the company's auditor.



AUDITOR'S REVIEW REPORT

To the Board of Directors of Titania Holding AB [publ]

Company registration number: 556887-4274

Introduction

We have reviewed the condensed financial information [interim report] for Titania Holding AB [publ] as of 30 September 2023 and for the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs in focus and has substantially less scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. Consequently, the procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, a conclusion based on a review does not provide the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Report was not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group, and with the Annual Accounts Act for the Parent Company.

Stockholm, 15 November 2023

KPMG AB

Fredrik Sjölander

Authorised Public Accountant

RECONCILIATION OF KEY PERFORMANCE MEASURES

Some of the financial measures that Titania presents in the interim report are not defined under IFRS. It is the company's opinion that these measures provide valuable complementary information to investors and the company's management, as they enable evaluation of the company's performance. As not all companies calculate performance measures in the same way, the measures are not always comparable with those used by other companies. The measures should therefore not be viewed as replacements for those defined under IFRS.

The table below presents the alternative performance measures considered to be relevant. The performance measures are based on the statements of income, financial position, changes in equity and cash flow. If the performance measures cannot be directly attributed to the above statements, their derivation and calculations are indicated below.

	Jul-Sep		Jan-Sep		Full year
	2023	2022	2023	2022	2022
Earnings per share before and after dilution*, SEK	0.04	-0.49	-0.90	-0.37	-1.86
Profit/loss for the year/period	2,728,463	-35,067,675	-64,453,357	-26,305,424	-132,685,617
Average number of shares	71,500,000	71,500,000	71,500,000	71,500,000	71,500,000
Number of ordinary shares**	71,500,000	71,500,000	71,500,000	71,500,000	71,500,000
* Measure defined under IFRS					
** In December 2021, the company was listed on the stock exchange and increased its number of shares to 71,500,000. In 2021, Titania's key personnel and Board of Directors subscribed for 1,159,985 warrants. In 2023, Titania's key personnel and Board of Directors subscribed for 3,400,000 warrants. Further details can be found in Other disclosures.					
Net operating income, SEK thousand	7,109	5,715	20,574	17,223	23,840
Rental income	8,709	7,997	25,280	22,413	30,031
Operating expenses	-1,600	-2,282	-4,706	-5,190	-6,191
Return on equity, %	0.4	-4.0	-8.8	-3.0	-16.2
Profit/loss	2,728	-35,068	-64,453	-26,305	-132,686
Equity, opening balance	695,845	887,109	763,027	879,634	879,634
Equity, closing balance	701,427	860,208	701,427	860,208	763,027
Average equity	698,636	873,658	732,227	869,921	821,330
Equity/assets ratio, %	34.4	48.1	34.4	48.1	45.7
Equity	701,427	860,208	701,427	860,208	763,027
Total assets	2,038,157	1,789,998	2,038,157	1,789,998	1,671,140
Loan-to-value ratio, %	54.3	26.3	54.3	26.3	34.7
Interest-bearing liabilities	1,221,915	837,353	1,221,915	837,353	835,729
Cash and cash equivalents	115,392	366,891	115,392	366,891	255,212
Interest-bearing liabilities less cash and cash equivalents	1,106,523	470,463	1,106,523	470,463	580,517
Total assets	2,038,157	1,789,998	2,038,157	1,789,998	1,671,140
Interest coverage ratio, times*	neg	neg	neg	neg	neg
Operating profit/loss before changes in value	1,154	49,959	-18,052	38,181	33,903
Net financial items	-24,950	-15,661	-64,576	-40,735	-53,948
*As the interest coverage ratio is negative, no amount is recognised					
Net asset value per ordinary share, SEK	9.98	12.63	9.98	12.63	10.67
Assets	2,038,156,882	1,789,998,204	2,038,156,882	1,789,998,204	1,671,139,841
Liabilities	1,336,729,877	929,790,377	1,336,729,877	929,790,377	908,112,441
Deferred tax liability	12,027,340	42,718,691	12,027,340	42,718,691	-
Number of shares:	71,500,000	71,500,000	71,500,000	71,500,000	71,500,000
Equity adjusted for deferred tax liabilities	713,454,344	902,926,519	713,454,344	902,926,519	763,027,400

DEFINITIONS

Definitions of alternative performance measures

Return on equity, %	Profit/loss for the year/period as a percentage of average equity at the beginning and end of the period. Purpose: A relative measurement of the company's ability to generate returns on its equity, expressed as a percentage.
Total assets	Equity and liabilities Purpose: Indicates the company's financial position.
Loan-to-value ratio, %	Current and non-current interest-bearing liabilities less cash and cash equivalents, as a percentage of total assets at the end of the reporting period. Current and non-current interest-bearing liabilities exclude lease liabilities under IFRS 16. Interest-bearing liabilities consist of current and non-current interest-bearing liabilities. Purpose: The loan-to-value ratio is a measure of the company's capital structure. The loan-to-value ratio is an important measure of the company's financial risks, and a key metric for banks and other lenders.
Net operating income	Rental income less property expenses, such as contributions for heating, water supply and sewer system, electricity, property upkeep, as well as continuous and planned maintenance. Purpose: Net operating income is used to indicate the company's surplus from property management.
Earnings per share before and after dilution, SEK	Profit for the period/year attributable to the Parent Company's shareholders, divided by the weighted average number of shares outstanding during the period. Purpose: This performance measure shows the development of profit/loss for the year/period, taking into account shares outstanding.
Interest coverage ratio, times	Operating profit/loss before changes in value in relation to net financial items. Purpose: The interest coverage ratio is used to illustrate the sensitivity of the company's earnings to changes in interest rates.
Equity/assets ratio, %	Total equity at the end of the period as a percentage of total assets at the end of the period. Purpose: The equity/assets ratio indicates what proportion of the balance sheet total is financed by equity and enables investors to assess the company's capital structure.
Net asset value per ordinary share	Total equity at the end of the period, with deferred tax liability added back, divided by the number of ordinary shares. Purpose: Net asset value per ordinary share is used as a performance measure to provide stakeholders with information about Titania's net asset value per ordinary share.
Profit/loss for the year/period before tax	Profit/loss before tax. Purpose: Profit/loss for the year/period is used as a measure of the company's profitability.

Other definitions

GFA	GFA is an abbreviation of Gross Floor Area. The gross area is the total area of all the floors within a building, up to and including its exterior walls.
GFA above ground (Gross floor area above ground)	GFA above ground is the usual area specification used for development rights and entails the exclusion of gross floor areas in dark spaces, such as garages.
RFA	RFA refers to the residential floor area – the building's floor space that is used for residential units.
UFA	UFA refers to the usable floor area, which is the total area of all the floors and is limited by the building's enclosing parts.
CFA	CFA refers to commercial floor area – floor space earmarked for utilities (UFA), for purposes other than usage as a residential space. Examples of such spaces are store and restaurant premises.
Interest-rate cap	An interest-rate cap is a guarantee of interest expenses for part of the company's interest-bearing bank debts. The cap entails that Titania will never pay more than the set interest rate, even if market interest rates are higher.

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