GRAPHISOFT PARK SE

Interim Management Report – Fourth Quarter 2022

February 21, 2023

Executive Summary

In 2022, with a **rental revenue of 15.54 million euros**, we achieved a **pro forma net result of 6.02 million euros**, which is more than 400 thousand euros higher than the forecast published last November and 24% higher than our previous year's result. The significantly better result than the forecast is due to the following factors:

(1) The contractual indexation of rents brought higher revenue due to higher than expected European price indices,
(2) we realized small savings in operating costs,
(3) the result of other income was also more favorable, due to one-off items.
(4) the interest realized on free forint and euro funds increased significantly in the fourth quarter,

Based on all of this, the Board of Directors plans to propose to the General Meeting a dividend payment of approximately 5.4 million euros, corresponding to 90% of the 2022 pro forma result, which is approximately **54 euro cents dividend per ordinary share**.

Considering the 2022 results and the changes in the economic environment, we also modify our **forecast for 2023**: in addition to the higher indexation of rents, taking into account the possible need to reduce space due to increased energy prices, the **revenue** forecast has been increased by 300 thousand euros to **16.3 million euros**, which means an increase of nearly 5% compared to the previous year. The **utilization of the office park** is still exceptionally high, at the end of 2022 it was **97%**, the drastic price increase in the market of energy carriers has not caused any significant vacancy so far. Tenants of Graphisoft Park are mostly technology and knowledge-based companies employing highly qualified employees, therefore personnel costs still make up a significant part of the total costs, so the increased utility costs represent only a small proportion of the total cost structure for the majority of tenants. At the same time, we are increasing the Company's operating cost forecast for 2023 by an additional 100 thousand euros: in addition to the inflationary price increase of services, we are also counting the costs of projects that support tenant needs and promote energy efficiency, energy consumption and operation optimization, which we plan to implement in accordance with our ESG strategy that is currently being developed. Based on the above - maintaining the previous forecast for depreciation and for the net financial result - we expect a **pro forma net result of 6.3 million euro** for the year 2023.

Listing of shares in euros and plan for paying dividends in euros

The Company has convened an extraordinary general meeting for November 29, 2022, in which it requests the authorization of the General Meeting to carry out the necessary technical amendments for the listing of the Company's shares in euros and the payment of dividends in euros. Taking into account that the Company has published its results and declared its dividend proposal in euros, the amendments would make the Company's operation even more transparent. Following the approval of the General Meeting, the Company submitted its request to the Budapest Stock Exchange regarding the modification of the trading currency of the Company's shares in the product brochure, and the changeover (start day of euro-based trading) date of February 15, 2023, also considering the IT and administrative tasks arising at the organizations managing securities accounts. In accordance with the relevant decisions of the Budapest Stock Exchange, HUF-based trading ended on February 10, 2023. Then, after the two-day suspension necessary for the transition and the smooth settlement of transactions still concluded in HUF, trading in euros started on February 15, 2023. The conditions for the payment of the dividend in euros are still under investigation, the Company will publish information on the related processes later.

Property portfolio and fair value of net assets

At the end of 2022, the independent valuer estimated the **fair value of the real estate portfolio at 231 million euros**, which represents a decrease of more than 10 million euros compared to the end of 2021.

The **fair value of** the completed and delivered **properties decreased by 3 million euros** compared to the previous year end. As a result of the drastic jump in energy prices, rising inflation and general market uncertainty, risk factors and the yield that quantifies them have increased, however, thanks to the stable tenant base of the office park and the stably high utilization of the buildings, this caused a moderate (1%) decrease in the value of the properties.

At the same time, the **value of the development lands decreased by** more than **7 million euros**. The decrease is primarily due to the further uncertainty of the remediation of the Northern Development Area (refer to our announcements on June 21, 2022, and on January 2, 2023). The value of the development lands is also reduced by the significant increase in the expected cost and time requirements of future developments. The well-known reason for this is the drastic increase in raw material prices and labor costs.

Due the previously persistently low interest rates in the eurozone, which are not expected to decrease significantly in the next 1-2 years, the **fair value of the interest rate swap hedging transactions** concluded by the Company to fix the interest rates of its euro-based loans **has increased significantly**[1]**, by around 9 million euros** compared to prior year, which increase is reflected in equity (net asset value). In the meantime, the Company's outstanding **loan portfolio** continued to decrease, **from over 97 million euros** at the end of last year **to below 91 million euros**. In addition to the loan repayments and the approximately 4.4 million euro dividends paid during 2022, the Company's **cash balance** increased to nearly **12 million euro by the end of the year**, which ensures the long-term safe operation of the company, the financing of individual tenant designs, building upgrades and renovations, and also forms a reserve for the possible negative effects of the changing economic environment.

As a result of all this, despite the **decrease in the fair value of the real estate portfolio by around 10 million euros**, the **net asset fair value** of the Company **exceeded the previous yearend's value by more than 7 million euros and reached 157.6 million euros**.

[thousands of EUR]

	Dec 31, 2021	March 31, 2021	June 30, 2022	Sept 30, 2022	Dec 31, 2022
Completed, delivered properties	218,256	218,383	217,928	216,575	215,105
Development lands	22,860	22,860	16,340	16,220	15,760
Estimated fair value of the entire property portfolio	**241,116**	**241,243**	**234,268**	**232,795**	**230,865**
Net asset value at estimated fair value	**150,876**	**157,347**	**151,620**	**156,018**	**157,577**
Net asset value at fair value per share (EUR)	15.0	15.6	15.0	15.47	15.63

[1] The fair value of hedges is intended, among other things, to estimate how much more expensive (in the case of a negative fair value, cheaper) a similar loan could be obtained today. In addition to the current market interest rate environment, the fair value is influenced by several external factors (HUF/EUR exchange rate, monetary policy measures or future interest rate expectations). The development of these factors may result in a significant and in some cases unpredictable changes in the direction and degree of change in the fair value.

Pro forma results and forecast

Our 2022 “pro forma” results developed more favorable than expected: rental revenue reached 15.54 million euros due to the stable occupancy level and higher than expected indexation, which means an increase of about 760 thousand euros (5%) compared to 2021. In 2023, in addition to the higher indexation of rents, we plan a further moderate growth of 5% and expect a rental income of 16.3 million euros, also considering smaller area reduction needs due to the economic situation and uncertainty. In 2022, the increase in operating costs was largely related to personal payments (among other things, the Company's employees received a one-time inflation-compensating payment in the third quarter of 2022), at the same time, the increase in fees for certain services was offset by the weakening of the forint during the year. When planning the operating costs for 2023 - which, according to our current estimates, may exceed this year's costs by nearly 400 thousand euros - in addition to the further inflationary increase in the price of services, we also take into account the costs of other tasks arising in accordance with our ESG strategy (projects that optimize the efficiency of building operations and energy consumption, developments enabling the measurement and analysis of the data required for these), which is currently being developed. Most of the other income reflects the result of constructions and renovations of rental properties ordered by tenants, which are not expected to change significantly compared to previous years. Based on the above, in 2022 the EBITDA reached 14.76 million euros, almost 6% higher than the previous year's level, and in 2023 it may increase further and reach 15 million euros. Depreciation in 2022 - due to the depletion of some older assets - decreased by around 160 thousand euros, and in 2023 it is expected to decrease by another 100 thousand euros. As a result of regular loan repayments, the interest to be paid on the outstanding debt is reduced, and the interest income realized on free funds is also favorable, but at the same time, due to the volatility of the forint, the exchange rate loss on forint denominated assets may reduce the financial result. In 2022, changes in the interest rate environment resulted in a significant 11% reduction in the net financial costs. At the same time, in 2023, taking into account the expected significant exchange rate fluctuations, we expect a higher net financial cost of around 1.8 million euros. As a result of all this, the pro forma net result in 2022 increased by about 24% and reached 6.02 million euros, and in 2023, with further moderate growth, it may reach 6.3 million euros.

(million euros)	2021 actual	2022 actual	*2023 plan*
Rental revenue	**14.66**	**15.54**	***16.3***
Other income (net)	0.56	0.64	*0.5*
Operating expense	(1.27)	(1.42)	*(1.8)*
EBITDA	**13.95**	**14.76**	***15.0***
Depreciation	(7.17)	(7.01)	*(6.9)*
Operating profit	**6.78**	**7.75**	**8.1**
Net financial result	(1.92)	(1.71)	*(1.8)*
Profit before tax	**4.86**	**6.04**	***6.3***
Income tax expense	(0.02)	(0.02)	*(0.0)*
Net profit	**4.84**	**6.02**	***6.3***

We are right in our pursuit of the “micro Silicon Valley” concept articulated some 25 years ago. Even during recessionary economic prospects and long-term changing and transforming office use needs, it is worth focusing on a well-defined customer base in real estate development, in our case, domestic and international companies dealing with technological development. Attracting talent is the key to success in this area. This is greatly enhanced by the high-quality and environmentally conscious architecture, a uniquely quiet park rich in ancient trees, on the truly green bank of the Danube, surrounded by the monuments of the former Óbuda Gas Factory and preserved in a modern way.

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer

Financial highlights

IFRS, consolidated, thousand EUR

Results:

	Results	
	December 31, 2021	December 31, 2022
	12 months ended	
Rental revenue	**14,657**	**15,538**
Operating expense	(1,268)	(1,421)
Other income (net)	558	643
EBITDA	**13,947**	**14,760**
Depreciation and amortization	(7,168)	(7,013)
Operating profit	**6,779**	**7,747**
Net interest expense	(1,728)	(1,533)
Other financial result	(192)	(174)
Profit before tax	**4,859**	**6,040**
Income tax expense	(20)	(19)
Pro forma profit after tax (1)	**4,839**	**6,021**
Pro forma profit after tax per share (EUR) (2)	**0.48**	**0.60**
Valuation difference of investment properties	(721)	(4,014)
Unrecognized depreciation	6,924	6,779
Profit after tax according to financial statements	**11,042**	**8,786**
Profit after tax per share according to financial statements (EUR) (2)	**1.10**	**0.87**

(1) “Pro forma” results show profit and loss according to the cost model.

(2) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2021	December 31, 2022
Fair value of properties	**218,256**	**215,105**
-from this book value (1)	*216,723*	*213,612*
Fair value of development lands	**22,860**	**15,760**
- from this book value (1)	*8,348*	*8,354*
Entire property portfolio at estimated fair value	**241,116**	**230,865**
Net asset value at estimated fair value (2)	**150,876**	**157,577**
Net asset value at cost (1)	*135,854*	*149,619*
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	**14.96**	**15.63**
Net asset value at book value per share (euro) (1) (3)	*13.47*	*14.84*

(1) Investment properties and investment properties under construction are fair valued in the financial statements, while development lands and owner-occupied property are stated at cost. Development lands are presented under “Investment properties” and owner-occupied properties under “(Owner-occupied) Property, plant and equipment” in the balance sheet. As a result, instead of accounting depreciation, current period change in fair value is presented in the profit or loss.

(2) Estimated net asset fair value contains both development lands and owner-occupied properties on fair value instead of cost.

(3) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 23 to the financial statements.

Detailed Analysis

In this business report, Graphisoft Park presents the progress made toward its goals in the following areas:

- 2022 results ("pro forma" results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for 2023.

"Pro forma" results of 2022

"Pro forma" results of 2022 changed compared to 2021 because of the following main factors:

- **Rental revenue** (2022: 15,538 thousand euros; 2021: 14,657 thousand euros) grew by 881 thousand euros, or 6% compared to last year, due to the increased utilization of the office park compared to prior year and the increasing euro-based indexation of tenant contracts.

- **Operating expense** (2022: 1,421 thousand euros; 2021: 1,268 thousand euros) increased by 153 thousand euros compared to previous year, mainly related to personal type expenses. The fees for certain services payable in forints also increased, however, due to the weakening of the forint, the value of other operating costs expressed in euros did not change significantly.

- **Other income** (2022: 643 thousand euros; 2021: 558 thousand euros) net amount was 85 thousand euros higher than last year. This is largely the result of the developments and refurbishments based on tenant requests.

- **Depreciation** charge (2022: 7,013 thousand euros; 2021: 7,168 thousand euros) is slightly, around 2% lower than in the previous year, mainly due to the depletion of some older assets.

- **EBITDA** (2022: 14,760 thousand euros; 2021: 13,947 thousand euros) grew by 813 thousand euros, which is 5.8%, while **operating profit** (2022: 7,747 thousand euros; 2021: 6,779 thousand euros) increased by 968 thousand euros, or 14.3% compared to the previous year.

- **Net interest expense** (2022: 1,533 thousand euros; 2021: 1,728 thousand euros) decreased by 195 thousand euros compared to prior year partly because of the declining principal amounts due to loan repayments, and partly as a result of the interest income on forint assets in current year**.**

- **Other financial result** (2022: 174 thousand euros loss; 2021: 192 thousand euros loss) is primarily influenced by the exchange rate difference of our forint-denominated assets, which in 2022, in addition to the hectic movement of the forint – and also considering the strengthening of the forint at the end of the year - is overall more favorable compared to the previous year.

- The balance of **income tax expense** (2022: 19 thousand euros; 2021: 20 thousand euros) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has "SzIT" status and as such is not subject to corporate income tax and local business tax.

- Overall, **net profit** (2022: 6,021 thousand euros; 2021: 4,839 thousand euros) is 1.182 thousand euros, or 24% higher compared to the same period of last year.

2022 results according to the financial statements

In 2022, results according to the financial statements are 2,765 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 6,779 thousand euros, while fair value losses decreased the results by 4,014 thousand euros. The energy price explosion is expected to affect the entire office market in the coming periods, just like the economic situation caused by covid before. According to the calculations of the independent appraiser, the already noticeable uncertainty and recession forecasts have resulted in a smaller decrease in fair value for now.

In 2021, results according to the financial statements are 6,203 thousand euros higher than the “pro forma” results: unrecognized depreciation expense of investment properties increased the results by 6,924 thousand euros, while fair value losses decreased the results by 721 thousand euros.

Details of changes in fair values are disclosed in Note 9 (Investment property) to the financial statements.

Utilization, occupancy

Occupancy rate of Graphisoft Park’s gross leasable area developed as follows (at the end of each quarter):

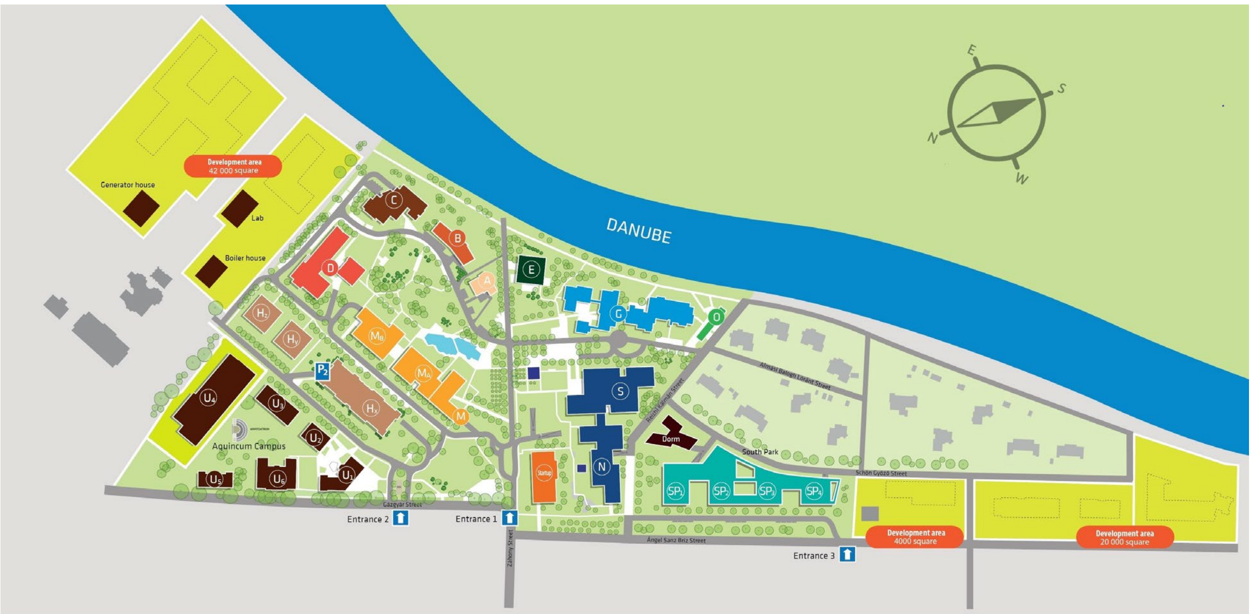
Period:	**2021Q1**	**2021Q2**	**2021Q3**	**2021Q4**	**2022Q1**	**2022Q2**	**2022Q3**	**2022Q4**
Occupancy of gross leasable area (%):	**94%**	**94%**	**95%**	**96%**	**97%**	**98%**	**98%**	**97%**
Gross leasable area (m^2):	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000

During 2020, the previously persistently high utilization rate declined slightly to 94%, partly due to the economic downturn caused by the coronavirus epidemic and partly to individual tenant needs. In the first half of 2021, despite the protracted crisis, the level of occupancy remained stable; the declining space requirements of some tenants when renewing due leases provided an opportunity to meet the growth needs of other tenants. In the second half of 2021, occupancy increased again, and this tendency also continued this year: it reached 98%, proving the significant and lasting need for an office park dominated by a green environment as a workplace. In the last quarter of 2022, due to the drastic increase in energy prices and the recessionary economic environment, some tenants optimized their office use and reduced a bit their need for space, therefore the occupancy rate closed at 97% at yearend.

Graphisoft Park’s tenants make longer commitments than the national average. The Park’s unique natural environment and its information technology focus (the “micro Silicon Valley” concept) provide the space in which globally acclaimed companies have settled as tenants and expanded continuously over time. Examples for these companies are Microsoft (from 1998), SAP (from 2005) or Servier (from 2007); and the Park’s naming tenant and founder, Graphisoft SE (from 1998), which now operates wholly independently as a software company. It is also important to highlight that smaller tenants are staying in the Park for more than 5 years on average and keep extending (average 1-3 years) their leases after expiration. Due to the peculiarities of the Park, we can meet the growth needs of the tenants: start-ups can become tenants of the Park even with a 1 year contract, and later they will also have the opportunity to expand in line with their growth path. The average lease term in the Park calculated with the starting date of current tenants’ earliest lease agreements (in certain cases lease agreements concluded with the predecessor of Graphisoft Park Group) is 14.8 years, and in case of existing lease contracts the weighted average lease term to expiry is 2.8 years.

Development and modernization plans

By the completion of the new developments from September 2018, Graphisoft Park has **82,000 m² gross leasable area** as well as **underground parking for** around **2,000 cars** available for its tenants, ensuring the green dominance in the Park.



In 2020 the Company submitted a tender for the acquisition of a development land located directly between the already built-in South Park I and the development area named South Park II. The tender for the cca. 1,200 m² (Budapest III. 19333/60 hrsz.) land was approved by Budapest Capital City III. district Óbuda-Békásmegyer Local Government Representative Body. The related sale and purchase agreement came into force in January 2021. This area, combined with the other plots already owned by the Company, enables the development of an additional 4,000 m² of leasable office space, for which we began preparations for the building permitting process in 2022. However, the Company will decide on the initiation of the project at a later date, taking into account the conditions and the possibilities of the construction, in particular the development of raw material and energy prices, the possible capacity limitations and the general economic prospects, in addition to the requests of the tenants.

In addition, the southernmost part of the southern development area, named South Park II, offer room for another 20,000 m² potential development. The preparatory works were finished in 2020 to deliver new buildings on this area even within 18 months if demand would arise.

In the northern area no further preparatory work or development is allowed until MVM Next Energiakereskedelmi Zrt. completes its mandated rehabilitation duties in the area (see details below in the “Main risk factors associated with the areas” section). After the remediation, this northern development area together with the unused part of the monument area will provide room for another 42,000 m² gross leasable area. Altogether this gives development potential of around additional 66,000 m² gross leasable area, and as such, the gross leasable area might increase to 148,000 m² in the whole Graphisoft Park.

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 25 years old office park. In 2017 and 2018 costs related the refurbishment of nearly 13,000 m² office space amounted to around 4 million euros and cca. 6 million euros have been invested by the tenants to implement their individual needs. In 2019-2022 we have refurbished several smaller office and service buildings, including engineering modernization on nearly 12,000 m², which amounted to nearly 2.5 million euro. Continuing this, from 2022 the technological refurbishment of certain buildings in the core area is planned to continue, at a cost of additional 0.5-1 million euro per year. Starting from 2023, we will focus our renovation and modernization programs on projects that will increase energy efficiency and will optimize energy consumption, and which we will implement in constant consultation with our tenants and in cooperation with them.

Key characteristic of the Graphisoft Park domestic „Silicon Valley" concept is the sustained synergy between teams of startup entrepreneurs, global IT and technology focused companies and higher educational institutions as leading edge „knowledge-factories". Partnering relationships based on tight collaboration between technology firms, start-ups and educational institutions have been shaped among these three main pillars of Graphisoft Park, resulting in mutual support and strengthening and stimulating cooperation. The enhanced physical proximity and meaningful collaboration act as an attractive force and is recognized as a convenient source by all the three sectors. Management of the Park is consciously supporting the balanced presence of all three pillars and application of the full potential offered by their collaboration. We are open to accommodate educational institutions that act as knowledge centers and knowledge factories and fit the Park's concept.

Creative work, research and educational activities are further supported by the Park's Management by sustainably ensuring inspiring environment. Our goals are the increase of comfort levels, thus the levels of productivity for all Park tenant's creative and productive staff, the development of tools for promoting communities, hosting of relevant events and programs for further improvement of creative work conditions for all our tenants. We also aim at developing conditions allowing for various leisure, recreational and sporting activities within the Park. We do all these consciously, in order to develop and sustain high levels of employee satisfaction and engagement, thus enhancing our tenant's competitiveness on the market. Management is committed to have the Park feel as a comfortable, pleasant second home for all resident employees, more than just a work-place.

Financing

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement Erste Bank made a 4 billion HUF (12.6 million euro) credit facility and another 3 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank made a 24 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

On November 30, 2017, we concluded a new euro-based, 10 years to maturity loan facility which is worth 40 million euro with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Aareal Bank AG. The remaining smaller part of the loan is used to finance the refurbishment of the older buildings of Graphisoft Park. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term; as a result the interest rate is fixed for the full term of the loan.

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million euro value with UniCredit Bank in order to optimize the Company's capital structure and to take advantage of the current very favorable borrowing conditions, which has been drawn on December 30, 2019. To fix the interest rate, the new loan facility was also complemented by an interest rate swap agreement (IRS) for its entire term.

At the end of the period the notional value of the outstanding loan liability amounted to 91 million euro, which is about 39.4% of the property fair value. After concluding the hedge agreements, all of the Company's outstanding loan liabilities have been switched to fixed interest rates for the 10 year loan term, which further strengthen the Park's stable operation. As of December 31, 2022, the average interest rate of the outstanding loan liabilities is 1.86% as a result of the concluded interest rate swaps. The increase in the positive fair value of interest rate swaps reflects the difference between the current financing conditions available in the higher interest rate environment and the Company's fixed interest rates.

Bank	Initial loan value	Due date	Outstanding loan amount on December 31, 2022
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	8,821
UniCredit Bank Hungary Zrt	24,000	23.12.2026	17,600
Erste Bank Hungary Zrt	40,000	31.12.2027	31,627
UniCredit Bank Hungary Zrt	40,000	15.12.2029	32,837
Sum	119,600		90,885

Forecast for 2023

Taking into account the currently extremely high occupancy level, indexed rents, and the domestic and European inflationary environment, we modify the Company's pro forma profit forecast for 2023 compared to our forecast published in November 2022 as follows:

- as a result of the higher than expected European price indices, rental revenue will increase by 300 thousand euros compared to previously indicated, exceeding the current year revenue by about 5%,
- in terms of operating costs, compared to the previously published increase of 200 thousand euros, we expect an additional increase of 100 thousand euros, taking into account the service fee increases caused by the inflationary environment, and also the costs of strategic projects launched to improve the energy efficiency of the office park,
- as a result of the above, the **pro forma result** is expected to **exceed the previously published forecast by 200 thousand euros**.

(million euros)	2021 actual	2022 actual	*2023 plan*
Rental revenue	14.66	15.54	*16.3*
Other income (net)	0.56	0.64	*0.5*
Operating expense	(1.27)	(1.42)	*(1.8)*
EBITDA	13.95	14.76	*15.0*
Depreciation	(7.17)	(7.01)	*(6.9)*
Operating profit	6.78	7.75	*8.1*
Net financial result	(1.92)	(1.71)	*(1.8)*
Profit before tax	4.86	6.04	*6.3*
Income tax expense	(0.02)	(0.02)	*(0.0)*
Net profit	4.84	6.02	*6.3*

- Considering the high level of occupancy and the increasing, euro-based indexation of rents, **rental revenue** of 16.3 million euros is expected in 2023, which exceeds the 2022 revenue by more than 800 thousand euros, or 5%. In 2023, in addition of further indexation of rents, we also take into account the smaller area reduction needs due to the economic situation and uncertainty.

- We count with no significant change of **other income (net)**, which mainly contain net result of developments and refurbishments based on tenant requests.

- In 2023, based on the significant increase in the fees for the services used, we expect an increase in **operating costs** of nearly 400 thousand euros, which exceeds the increase of the previous years. A significant part of this arises in forint, which is expected to suffer high inflation, but we do not expect that this increase would be offset by the weakening of the forint exchange rate. In the current inflationary environment, the fees for services continue to rise, and we also take into account the costs of projects arising during the year to optimize the operation of buildings and increase their energy efficiency. In parallel with all of this, we are also increasing personal payments, in addition, if necessary, we also count on the occurrence of payments during the year to compensate for the effects of inflation.

- As a combined effect of the above, according to our current calculations, **EBITDA** in 2023 is expected to exceed the previous year by around 240 thousand euros and will be 15 million euros.

- In 2023 **depreciation** (which does not affect the consolidated accounts according to the SzIT rules), due to the depletion of some older assets is expected to decrease by around 100 thousand euros compared to the previous year.

- **Net financial result** is expected to be favorable in 2023, due to the regular capital repayments and the interest income that can be realized on free funds. But at the same time, fluctuations in the HUF/EUR exchange rate may cause unexpected exchange rate losses. Overall, we expect net financial cost of 1.8 million euros in 2023.

- As a result, **pro forma net profit** is forecasted to be 6.3 million euros in 2023, which is by 300 thousand euros higher than in the prior year.

Main risk factors associated with the areas

Rehabilitation of the northern development area:

Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation.

On December 23, 2022, Government Decree of 566/2022 (XII. 23) was published, which deals with the establishment of rules related to certain administrative authority procedures. On the basis of this decree, the legal entity obliged to remediate became entitled to request an extension of the remediation deadline from the environmental protection authority. If the application was submitted, the authority was obliged to grant the deadline extension. MVM Next Energiakereskedelmi Zrt., which is obliged to remediate the damage, submitted its request for this on December 27, 2022, which request was granted by the authority on December 28, 2022. The decree ruled out the possibility of an appeal, so the currently valid new deadline for carrying out the remediation and submitting the final documentation is December 31, 2024, and the deadline for the remediation of certain sub-areas and for sub-surface water is April 30, 2026.

The actual remediation works have not started till the date of this Report, and we are not aware of the preparation of the works either. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

Flood risk:

Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

Economic environment:

Since the properties in Graphisoft Park are mainly rented by stable companies, operating in research & development, which are less affected by the crisis caused by the coronavirus epidemic, the utilization of the office park has decreased only slightly and temporarily as a direct effect of the crisis and is at 97% again in the end of 2022. At the same time, temporary or longer-term vacancies may occur again soon because of the change in tenant behavior due to the weakening of the forint, the increase in the inflation rate and the energy price explosion: this means that we must once again consider the demands for reducing office space and the permanent transformation of office use. Considering the risks affecting the rental revenue and the recession forecasts, we cannot exclude a more permanent devaluation of the property fair value either, as a result of the increasing market yield expectations.

***

Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. We will not try to predict the number or value of new lease contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only if they have given notice by the closing date of our business report.

Other factors significantly affecting results are changes in the HUF/EUR exchange rate (of which effects on the Company’s results are unpredictable due to year-on-year fluctuations), the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 400 HUF/EUR till the end of 2023, euro inflation rate of 9% and unchanged legal and taxation environment.

***Forward-looking statements** - The forward-looking statements contained in this Interim Management Report involve inherent risks and uncertainties, may be determined by additional factors, other than the ones mentioned above, therefore the actual results may differ materially from those contained in any forecast.*

***Statement of responsibility** - We declare that the attached Quarterly Report which have been prepared in accordance with the International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, February 21, 2023

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended December 31, 2022

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, February 21, 2023

Kocsány János
Chief Executive Officer

Farkas Ildikó
Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
DECEMBER 31, 2022

CONTENTS:

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2021	December 31, 2022
Cash and cash equivalents	3	10,066	12,236
Trade receivables	4	555	1,252
Current tax receivable	5	163	18
Other current assets	6	2,581	4,241
Current assets		**13,365**	**17,747**
Investment property	9	225,071	221,966
(Owner-occupied) Property, Plant and Equipment	7	1,441	1,256
Intangible assets	8	91	65
Long-term financial assets	13	26	8,118
Non-current assets		**226,629**	**231,405**
TOTAL ASSETS		**239,994**	**249,152**
Short-term loans	12	5,235	5,310
Trade payables	10	572	419
Current tax liability	5	304	459
Other short-term liabilities	11	3,131	5,855
Current liabilities		**9,242**	**12,043**
Long-term loans	12	89,392	83,533
Long-term financial liabilities	13	3,618	2,699
Other long-term liabilities	14	1,888	1,258
Non-current liabilities		**94,898**	**87,490**
TOTAL LIABILITIES		**104,140**	**99,533**
Share capital	1.3	250	250
Retained earnings		140,390	144,810
Treasury shares	22	(988)	(972)
Cash flow hedge reserve	12	(1,440)	7,937
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,039)	(3,087)
Shareholders' equity		**135,854**	**149,619**
TOTAL LIABILITIES & EQUITY		**239,994**	**249,152**

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
DECEMBER 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		12 months ended	
		Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Property rental revenue		3,695	3,944	14,657	15,538
Revenue	**15**	**3,695**	**3,944**	**14,657**	**15,538**
Property related expense	16	(24)	(31)	(97)	(117)
Employee related expense	16	(160)	(161)	(790)	(933)
Other operating expense	16	(79)	(100)	(381)	(371)
Depreciation and amortization	7, 16	(61)	(61)	(244)	(234)
Operating expense		**(324)**	**(353)**	**(1,512)**	**(1,655)**
Valuation (losses) from investment property	9	(270)	(1,629)	(721)	(4,014)
Other income	17	115	151	558	643
OPERATING PROFIT		**3,216**	**2,113**	**12,982**	**10,512**
Interest income	18	27	97	59	189
Interest expense	18	(441)	(426)	(1,787)	(1,722)
Exchange rate difference	19	(141)	11	(192)	(174)
Financial result		**(555)**	**(318)**	**(1,920)**	**(1,707)**
PROFIT BEFORE TAX		**2,661**	**1,795**	**11,062**	**8,805**
Income tax expense	20	6	(6)	(20)	(19)
PROFIT FOR THE PERIOD		**2,667**	**1,789**	**11,042**	**8,786**
Attributable to equity holders of the parent		2,667	1,789	11,042	8,786
Basic earnings per share (EUR)	21	0.26	0.18	1.10	0.87
Diluted earnings per share (EUR)	21	0.26	0.18	1.10	0.87

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
DECEMBER 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		12 months ended	
		Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Profit for the period		**2,667**	**1,789**	**11,042**	**8,786**
Cash-flow hedge valuation reserve*		406	82	1,797	9,377
Translation difference**		(12)	(23)	(6)	(48)
Other comprehensive income		**394**	**105**	**1,791**	**9,329**
COMPREHENSIVE INCOME		**3,061**	**1,894**	**12,833**	**18,115**
Attributable to equity holders of the parent		3,061	1,894	12,833	18,115

* Will be reclassified to profit or loss in subsequent periods.
** Will not be reclassified to profit or loss in subsequent periods.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	**Retained earnings**	***Treasury shares**	****Cash flow hedge reserve**	*****Revaluation reserve of properties**	**Accum. translation difference**	**Total equity**
December 31, 2020	**250**	**139,322**	**(972)**	**(3,237)**	**681**	**(3,033)**	**133,011**
Profit for the period	-	11,042	-	-	-	-	**11,042**
Translation difference	-	-	-	-	-	(6)	**(6)**
Revaluation reserve	-	-	-	1,797	-	-	**1,797**
Purchase of treasury shares	-	-	(18)	-	-	-	**(18)**
Dividend	-	(9,972)	-	-	-	-	**(9,972)**
Treasury share transfer	-	(2)	2	-	-	-	**-**
December 31, 2021	**250**	**140,390**	**(988)**	**(1,440)**	**681**	**(3,039)**	**135,854**
Profit for the period	-	8,656	-	130	-	-	**8,786**
Translation difference	-	-	-	-	-	(48)	**(48)**
Revaluation reserve	-	130	-	9,247	-	-	**9,377**
Treasury share transfer	-	(25)	25	-	-	-	**-**
Dividend	-	(4,341)	-	-	-	-	**(4,341)**
Purchase of treasury shares	-	-	(9)	-	-	-	**(9)**
December 31, 2022	**250**	**144,810**	**(972)**	**7,937**	**681**	**(3,087)**	**149,619**

* Treasury share details are disclosed in Note 22.
** Cash flow hedge transaction details are disclosed in Note 12 (Loans).
*** Revaluation surplus on leasing a part of owner-occupied property, i.e., transfers from owner-occupied property to investment property.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
OPERATING ACTIVITIES				
Income before tax	2,661	1,795	11,062	8,805
Fair value change of investment properties	270	1,629	721	4,014
Depreciation and amortization	61	61	244	234
Loss / (gain) on sale of tangible assets	17	(20)	17	(20)
Interest expense	441	426	1,787	1,722
Interest income	(27)	(97)	(59)	(189)
Bad debt provision	-	16	-	16
Unrealized foreign exchange (gain) / loss	(80)	82	(43)	(190)
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	221	(821)	(418)	(2,229)
(Decrease) / increase in liabilities	(375)	1,072	(64)	2,598
Corporate income tax paid	-	-	(25)	(16)
Net cash from operating activities	**3,189**	**4,143**	**13,222**	**14,745**
INVESTING ACTIVITES				
Purchase of investment property	(351)	(111)	(1,362)	(913)
Purchase of other tangible assets and intangibles	(27)	(33)	(70)	(63)
Sale of tangible assets	-	29	-	29
Interest received	26	94	58	187
Net cash used in investing activities	**(352)**	**(21)**	**(1,374)**	**(760)**
FINANCING ACTIVITIES				
Loan repayments	(1,443)	(1,444)	(5,774)	(5,840)
Interest paid	(440)	(402)	(1,783)	(1,691)
Treasury share purchase	-	-	(18)	(9)
Dividend paid	-	-	(9,972)	(4,341)
Net cash used in financing activities	**(1,883)**	**(1,846)**	**(17,547)**	**(11,881)**
Increase / (decrease) in cash and cash equivalents	954	2,276	(5,699)	2,104
Cash and cash equivalents at beginning of period	9,121	9,794	15,908	10,066
Exchange rate (loss) / gain on cash and cash equivalents	(9)	166	(143)	66
Cash and cash equivalents at end of period	**10,066**	**12,236**	**10,066**	**12,236**

(all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from the software development company Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding currently having five 100% owned subsidiaries.

The real estate development is performed by the owners of the properties, namely Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park Services Kft. is responsible for property operation tasks. On December 14, 2017, Graphisoft Park SE established Graphisoft Park Engineering & Management Kft., which entity is responsible for the Group's certain property management, engineering, and administration activities from January 1, 2018.

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 24 on December 31, 2022.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 25 years, 82,000 m^2 gross leasable area (offices, laboratories, educational area and auxiliary facilities) have been developed and occupied by tenants. Belonging to them underground parking facilities for around 2,000 cars are available. The remaining area provides the opportunity to develop an additional 66,000 m^2 of gross leasable area together with underground parking and auxiliary facilities.

The real estate is categorized as follows:

Area	Property	
Gross leasable area	Office area	58,000 sqm
	Laboratory	7,000 sqm
	Educational area	8,000 sqm
	Storage	6,000 sqm
	Service area	3,000 sqm
	Underground parking	2,000 pcs
Development area	Northern development area (after rehabilitation)	42,000 sqm
	Southern development area	24,000 sqm

(all amounts in thousands of euros unless otherwise indicated)

1.3. Stock information

Graphisoft Park SE's share capital consists of 10,631,674 class "A" publicly traded, marketable, registered ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.
Ordinary shares of the Company are publicly traded at Budapest Stock Exchange, currently in Premium category, from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

	December 31, 2021			December 31, 2022		
Shareholder	**Shares (pcs)**	**Share (%)**	**Voting right (%)**	**Shares (pcs)**	**Share (%)**	**Voting right (%)**
ORDINARY SHARES:	**10,631,674**	**100.00**	**94.23**	**10,631,674**	**100.00**	**87.92**
Directors and management	**1,789,082**	**16.83**	**16.72**	**1,789,082**	**16.83**	**15.60**
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	15.75	1,685,125	15.85	14.69
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.13	13,500	0.13	0.12
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.85	90,457	0.85	0.79
Shareholders over 5% share	**2,938,288**	**27.64**	**27.46**	**2,948,817**	**27.74**	**25.71**
HOLD Alapkezelő Zrt.	662,704	6.23	6.19	701,233	6.60	6.12
AEGON Magyarország Befektetési Alapkezelő Zrt.	775,584	7.30	7.25	747,584	7.03	6.52
B.N.B.A. Holding Zrt.	1,500,000	14.11	14.02	1,500,000	14.11	13.08
Other shareholders	**5,355,228**	**50.37**	**50.05**	**5,344,699**	**50.27**	**46.61**
Treasury shares*	**549,076**	**5.16**	**-**	**549,076**	**5.16**	**-**
EMPLOYEE SHARES:**	**1,876,167**	**-**	**5.77**	**1,876,167**	**-**	**12.08**
Kocsány János - Member of the BoD, CEO***	518,443	-	4.85	1,384,819	-	12.08
Bihari Sándor – CFO***	99,262	-	0.93	-	-	-
Employee treasury shares*	1,258,462	-	-	491,348	-	-
SHARES TOTAL:	**12,507,841**	**100.00**	**100.00**	**12,507,841**	**100.00**	**100.00**

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details refer to Note 22.
** Class „B" employee shares are not marketable, connected to employment, may be withdrawn by the Board of Directors at any time, have no voting rights in decisions that require qualified majority and bear reduced rights to dividend at the proportion of one third of their face value. In the financial statements of the Company these payments are accounted as employee related expense instead of dividend. The Articles of Association and the Management Share Ownership Plan govern all other matters related to the employee shares. The General Meeting of April 21, 2022, decided on the increase of one third to 50% of the dividend entitlement related to the Company's employee shares, which is being implemented.
*** As announced on March 21, 2022, the Company transferred 866,376 employee shares to Kocsány János, CEO and 392,086 employee shares to Bihari Sándor, CFO. Following this, based on the Company's announcement of June 30, 2022, Bihari Sándor's employee shares (491,348 pieces) have been bought back due to his retirement.

(all amounts in thousands of euros unless otherwise indicated)

1.4. Governance

The governing body of Graphisoft Park SE, Board of Directors (single-tier system) is composed of the following:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2026
Dr. Kálmán János	Member	August 21, 2006	May 31, 2026
Kocsány János	Member	April 28, 2011	May 31, 2026
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2026
Szigeti András	Member	July 21, 2014	May 31, 2026
Hornung Péter	Member	April 20, 2017	May 31, 2026

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Dr. Martin-Hajdu György and Hornung Péter. The Chief Executive Officer of Graphisoft Park SE is Kocsány János. According to the resolution of the AGM held on April 21, 2022, the members of the Board of Directors and the Audit Committee have been re-elected for additional 4 years, until May 31, 2026.

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Annual Financial Statements of 2021), with the following differences:

Seasonality of business

The Company’s business activities are not seasonal; revenues and expenses generally accrue at a constant rate during the financial year. Certain one-off transactions may affect the results from one quarter to the next.

Exchange rates used

Exchange rates used are as follows:

	12 months ended Dec 31, 2021	12 months ended Dec 31, 2022
EUR/HUF opening:	365.13	369.00
EUR/HUF closing:	369.00	400.25
EUR/HUF average:	358.52	391.33

(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2021	December 31, 2022
Cash in hand	1	1
Cash at banks	10,065	12,235
Cash and bank	**10,066**	**12,236**

4. Trade receivables

	December 31, 2021	December 31, 2022
Trade receivables	555	1,267
Provision for doubtful debts	-	(15)
Trade receivables	**555**	**1,252**

Trade receivables are on 8-30 day average payment terms.

5. Current tax receivables and liabilities

	December 31, 2021	December 31, 2022
Current tax receivables	163	18
Current tax liabilities	(304)	(459)
Current tax (liabilities), net	**(141)**	**(441)**

(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2021	December 31, 2022
Accrued income	264	251
Prepaid expense	78	1,546
Bank security accounts	2,227	2,313
Other receivables	12	131
Other current assets	**2,581**	**4,241**

7. (Owner-occupied) Property, Plant and Equipment

	(Owner-occupied) Property	Plant and Equipment	**(Owner-occupied) Property, Plant and Equipment**
Net value:			
December 31, 2020	1,102	518	**1,620**
Gross value:			
December 31, 2020	1,373	1,114	**2,487**
Addition	2	42	**44**
Scrapping	-	(13)	**(13)**
Translation difference	-	(8)	**(8)**
December 31, 2021	1,375	1,135	**2,510**
Depreciation:			
December 31, 2020	271	596	**867**
Addition	81	137	**218**
Scrapping	-	(13)	**(13)**
Translation difference	-	(3)	**(3)**
December 31, 2021	352	717	**1,069**
Net value:			
December 31, 2021	1,023	418	**1,441**

(all amounts in thousands of euros unless otherwise indicated)

Gross value:			
December 31, 2021	1,375	1,135	**2,510**
Addition	-	54	**54**
Sale	-	(56)	**(56)**
Scrapping	-	(3)	**(3)**
Translation difference	-	(63)	**(63)**
December 31, 2022	1,375	1,067	**2,442**
Depreciation:			
December 31, 2021	352	717	**1,069**
Addition	82	122	**204**
Sale	-	(47)	**(47)**
(47ÖScrapping	-	(3)	**(3)**
Translation difference	-	(37)	**(37)**
December 31, 2022	434	752	**1,186**
Net value:			
December 31, 2022	941	315	**1,256**

8. Intangible assets

	Software	**Intangible assets**		Software	**Intangible assets**
Net value:			***Net value:***		
December 31, 2020	93	**93**	**December 31, 2021**	91	**91**
Gross value:			***Gross value:***		
December 31, 2020	114	**114**	December 31, 2021	137	**137**
Addition	25	**25**	Addition	9	**9**
Translation difference	(2)	**(2)**	Translation difference	(10)	**(10)**
December 31, 2021	137	**137**	**December 31, 2022**	136	**136**
Depreciation:			***Depreciation:***		
December 31, 2020	21	**21**	**December 31, 2021**	46	**46**
Addition	26	**26**	Addition	30	**30**
Translation difference	(1)	**(1)**	Translation difference	(5)	**(5)**
December 31, 2021	46	**46**	**December 31, 2022**	71	**71**
Net value:			***Net value:***		
December 31, 2021	91	**91**	**December 31, 2022**	65	**65**

(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land*	Completed investment property*	**Investment property**
Book value:			
December 31, 2020	7,887	216,510	**224,397**
Addition	461	934	**1,395**
Change in fair value	-	(721)	**(721)**
December 31, 2021	8,348	216,723	**225,071**
Addition	6	903	**909**
Change in fair value	-	(4,014)	**(4,014)**
December 31, 2022	8,354	213,612	**221,966**

* 4,471 thousand EUR has been reclassified from the value of development lands to completed investment properties.

In 2022 additions in construction in progress of 909 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (198 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (605 thousand EUR) and
- other developments in progress (106 thousand EUR).

The independent valuation was prepared by ESTON International Zrt. with the Income approach applied for all periods presented. Properties with occupancy permits were valued based on the Discounted Cash Flow method, while properties under construction were valued based on the Residual Value method. Present value of cash flows from rental fees was calculated with a market-based discount factor reflecting the expected return from investors and creditors (cost of capital).

According to IAS 40 development lands are presented on cost.

(all amounts in thousands of euros unless otherwise indicated)

The key assumptions applied by the independent appraiser for the periods presented were the followings:

		December 31, 2021	December 31, 2022
Rental area	• office, laboratory, and related service areas	73,000 m^2	73,000 m^2
	• education area	6,000 m^2	6,000 m^2
	• Dormitory	3,000 m^2 / 85 persons	3,000 m^2 / 85 persons
Development lands	• rentable area which can be developed	66,000 m^2	66,000 m^2
Long term occupancy		80-95%	80-95%
Growth factor		1%	1%
Average discount factor		6.80%	7.16%

10. Trade payables

	December 31, 2021	December 31, 2022
Trade payables – domestic	572	419
Trade payables	**572**	**419**

11. Other short-term liabilities

	December 31, 2021	December 31, 2022
Amounts due to employees and related tax liabilities	81	77
Deposits from tenants	718	796
Fair value difference of loans*	604	548
Other payables and accruals	1,728	4,434
Other short-term liabilities	**3,131**	**5,855**

* Fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 12 (Loans).

(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2021	December 31, 2022
Short-term	5,235	5,310
Long-term	89,392	83,533
Loans	**94,627**	**88,843**

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2021	December 31, 2022
Short-term	729	719
Long-term	8,903	7,634
Loan 1 / Erste Bank Hungary Zrt.	**9,632**	**8,353**

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015, with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016, Erste Bank makes a 4 billion HUF (12.1 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are as follows: mortgage on real estate, revenue assignment and bank account pledge.

As of December 31, 2022, the outstanding capital of the forint-based facility amounts to 2.7 billion HUF (6,841 thousand EUR); and the euro-based facility amounts to 1,980 thousand EUR. The fair value of the loans (calculated using market interest rates) is 8,353 thousand EUR (see details under point 12.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016, covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. As of December 31, 2022, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 2,699 thousand EUR.

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2021	December 31, 2022
Short-term	1,907	1,964
Long-term	31,522	29,558
Loan 2 / Erste Bank Hungary Zrt.	**33,429**	**31,522**

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., which is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term. On December 31, 2022, the fair value of the IRS is 2,888 thousand EUR, which is presented among the long-term financial assets.

The original facility is worth 40 million EUR. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

Loans provided by UniCredit Bank Hungary Zrt.:

Loan number 1. (Unicredit)

	December 31, 2021	December 31, 2022
Short-term	1,194	1,223
Long-term	16,269	15,046
Loan 1. / UniCredit Bank Hungary Zrt.	**17,463**	**16,269**

The Company executed a 24 million EUR loan facility agreement with UniCredit Bank Hungary Zrt. on December 18, 2016, with 10 years maturity to finance the ongoing development in the southern area. Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

As of December 31, 2022, the outstanding capital amounts to 17,600 thousand EUR, whose fair value was 16,269 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Unicredit)

	December 31, 2021	December 31, 2022
Short-term	1,405	1,404
Long-term	32,698	31,295
Loan 2./ UniCredit Bank Hungary Zrt.	**34,103**	**32,699**

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million EUR value with UniCredit Bank to optimize the Company's capital structure, which has been already drawn on December 30, 2019. To fix the interest rate, the loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On December 31, 2022, the fair value of the IRS is 5,230 thousand EUR, which is presented among the long-term financial assets.

Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

12.2. Analyses

Fair value of the loans:

	December 31, 2021	December 31, 2022
Erste Bank Hungary Zrt. Loan nr. 1.*	9,632	8,353
Erste Bank Hungary Zrt. Loan nr. 2.	33,429	31,522
UniCredit Bank Hungary Zrt. Loan nr. 1.*	17,463	16,269
UniCredit Bank Hungary Zrt. Loan nr. 2.	34,103	32,699
Loans at fair value*	**94,627**	**88,843**

* Calculated at a 2.5% market-based interest rate for the loans with preferential interest rate.

(all amounts in thousands of euros unless otherwise indicated)

Loans with preferential interest rate:

As part of its monetary policy instruments, National Bank of Hungary (MNB) launched its Funding for Growth Scheme (NHP) in 2013, Under NHP, the central bank provides refinancing loans at a preferential fixed interest rate of 0% with a maximum maturity of 10 years to credit institutions which the credit institutions lend further to small and medium sized enterprises with a capped interest margin. The following table shows loan liability for the loans borrowed by the Group within NHP broken down by amortized initial fair value (market rate loan liability) and amortized initial fair value difference (interest rate grant) elements as of December 31, 2022:

	Outstanding loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	8,821	468	8,353
UniCredit Bank Hungary Zrt.	17,600	1,331	16,269
Loans (NHP)	**26,421**	**1,799**	**24,622**

* Calculated at a 2.5% market-based fixed interest rate effective at the time of concluding the loan contract.

** Fair value difference of loans with preferential interest rate (government grant received through the Funding for Growth Scheme compensating expenses) are shown under other short-term liabilities (Note 11) and other long-term liabilities (Note 14) and amortized through profit and loss based on the effective interest rate method.

13. Fair value of hedges

	December 31, 2021	December 31, 2022
ERSTE Bank Hungary Zrt. loan nr. 1.	(2,221)	(2,699)
ERSTE Bank Hungary Zrt. loan nr. 2.	(1,397)	2,888
UniCredit Bank Hungary Zrt. loan nr. 2.	26	5,230
Fair value of hedges	**(3,592)**	**5,419**
Of which long term financial asset	26	8,118
Of which long term financial liability	(3,618)	(2,699)

The period end fair valuation of IRSs has been prepared by the financing banks.

(all amounts in thousands of euros unless otherwise indicated)

14. Other long-term liabilities

	December 31, 2021	December 31, 2022
Fair value difference of loans*	1,828	1,251
Warranty retention	60	7
Other long-term liabilities	**1,888**	**1,258**

* Fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 12 (Loans).

(all amounts in thousands of euros unless otherwise indicated)

15. Revenue

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Property rental revenue	3,695	3,944	14,657	15,538
Revenue	**3,695**	**3,944**	**14,657**	**15,538**

Property rental revenue consists solely of rental fees coming from the lease of real estate of Graphisoft Park.

16. Operating expense

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Property related expense	24	31	97	117
Employee related expense	160	161	790	933
Other operating expense	79	100	381	371
Depreciation and amortization	61	61	244	234
Operating expense	**324**	**353**	**1,512**	**1,655**

Other operating expense consists of the following items:

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Office and telecommunication	3	4	8	9
Legal and administration	27	45	161	156
Other	49	51	212	206
Other operating expense	**79**	**100**	**381**	**371**

(all amounts in thousands of euros unless otherwise indicated)

17. Other income (expense)

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Income from recharged construction expenses	23	31	252	401
Recharged construction expenses	(27)	(46)	(232)	(374)
Income from recharged operation expenses	1,502	1,769	5,216	6,106
Recharged operation expenses	(1,374)	(1,603)	(4,747)	(5,620)
Others	(9)	-	69	130
Other income	**115**	**151**	**558**	**643**

18. Interest income and interest expense

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Interest income	27	97	59	189
Interest expense on loans	(440)	(368)	(1,780)	(1,644)
Other interest expense	(1)	(58)	(7)	(78)
Net interest expense	**(414)**	**(329)**	**(1,728)**	**(1,533)**

19. Other financial result

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Exchange rate (loss) realized	(204)	(113)	(99)	(560)
Exchange rate gain / (loss) not realized	63	88	(93)	256
Ineffective part of hedge*	-	36	-	130
Other financial result	**(141)**	**11**	**(192)**	**(174)**

*Ineffective part of IRS deal relating to loan nr. 2. provided by Erste Bank Hungary Zrt.

(all amounts in thousands of euros unless otherwise indicated)

20. Income taxes

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Current income tax	6	(6)	(20)	(19)
Income tax benefit (expense)	**6**	**(6)**	**(20)**	**(19)**

Based on the business activity, Graphisoft Park Engineering & Management Kft does not operate under the "SzIT" regulation and therefore is subject to corporate income tax, local business tax and deferred income tax, if applicable. Applicable tax rates are as follow: corporate income tax at 9% and local business at tax 2% both in 2021 and 2022.

21. Earnings per share

Basic and diluted earnings per share amounts are calculated as follows:

	3 months ended		12 months ended	
	Dec 31, 2021	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**
Net profit attributable to equity holders	2,667	1,789	11,042	8,786
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	**0.26**	**0.18**	**1.10**	**0.87**
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	**0.26**	**0.18**	**1.10**	**0.87**

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined as described in Note 1.3 to the financial statements.

Share ownership details are disclosed in Note 1.3.

(all amounts in thousands of euros unless otherwise indicated)

22. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2021	**December 31, 2022**
Number of ordinary shares	549,076	549,076
Number of employee shares	1,258,462	491,348
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	36,151	20,808
Total value of treasury shares (at historical cost)	988	972

As announced on March 21, 2022, the Company transferred 866,376 employee shares to Kocsány János, CEO and 392,086 employee shares to Bihari Sándor, CFO. Following this, based on the Company's announcement of June 30, 2022, Bihari Sándor's employee shares (491,348 pieces) have been bought back due to his retirement.

23. Net asset value

Book value and fair value of assets and liabilities as of December 31, 2022:

	Note	**Book value Dec 31, 2022**	**Fair value Dec 31, 2022**	***Difference***
Investment property and other tangible assets*	7,9	223,222	231,180	*7,958*
Intangible assets	8	65	65	-
Current tax liabilities, net	5	(441)	(441)	-
Non-financial instruments		**222,846**	**230,804**	***7,958***
Cash and cash equivalents	3	12,236	12,236	-
Trade receivables	4	1,252	1,252	-
Other current assets	6	4,241	4,241	-
Other long term financial assets	12	8,118	8,118	-
Trade payables	10	(419)	(419)	-
Other short-term liabilities	11	(5,855)	(5,855)	-
Loans	12	(88,843)	(88,843)	-
Other long term financial liabilities	13	(2,699)	(2,699)	
Other long-term liabilities	14	(1,258)	(1,258)	-
Financial instruments		**(73,227)**	**(73,227)**	**-**
Net asset value		**149,619**	**157,577**	***7,958***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 230,865 thousand euros as of December 31, 2022.

(all amounts in thousands of euros unless otherwise indicated)

Book value and fair value of assets and liabilities as of December 31, 2021:

	Note	Book value Dec 31, 2021	Fair value Dec 31, 2021	*Difference*
Investment property and other tangible assets*	7,9	226,512	241,534	*15,022*
Intangible assets	8	91	91	-
Current tax liabilities, net	5	(141)	(141)	-
Non-financial instruments		**226,462**	**241,484**	***15,022***
Cash and cash equivalents	3	10,066	10,066	-
Trade receivables	4	555	555	-
Other current assets	6	2,581	2,581	-
Other long term financial assets	12	26	26	-
Trade payables	10	(572)	(572)	-
Other short-term liabilities	11	(3,131)	(3,131)	-
Loans	12	(94,627)	(94,627)	-
Other long term financial liabilities	13	(3,618)	(3,618)	-
Other long-term liabilities	14	(1,888)	(1,888)	-
Financial instruments		**(90,608)**	**(90,608)**	**-**
Net asset value		**135,854**	**150,876**	***15,022***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 241,116 thousand euros as of December 31, 2021.

24. Remediation of the northern development area

Due to the prior gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation.

On December 23, 2022, Government Decree of 566/2022 (XII. 23) was published, which deals with the establishment of rules related to certain administrative authority procedures. On the basis of this decree, the legal entity obliged to remediate became entitled to request an extension of the remediation deadline from the environmental protection authority. If the application was submitted, the authority was obliged to grant the deadline extension. MVM Next Energiakereskedelmi Zrt., which is obliged to remediate the damage, submitted its request for this on December 27, 2022, which request was granted by the authority on December 28, 2022. The decree ruled out the possibility of an appeal, so the currently valid new deadline for carrying out the remediation and submitting the final documentation is December 31, 2024, and the deadline for the remediation of certain sub-areas and for sub-surface water is April 30, 2026.

The actual remediation works have not started till the date of this Report, and we are not aware of the preparation of the works either. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

25. Events after the balance sheet date

Following the approval of the extraordinary general meeting of November 29, 2022, the Company submitted its application to the Budapest Stock Exchange regarding the modification of the trading currency in the product brochure of the Company's shares. We set the transition date, i.e. the start day of euro-based trading, as February 15, 2023, taking into account the IT and administrative tasks arising at the organizations managing the securities accounts. The information regarding the transition date was published by the Company back on December 16, 2022. In accordance with the relevant decisions of the Budapest Stock Exchange, HUF-based trading ended on February 10, 2023. Then, after the two-day suspension necessary for the transition and the smooth settlement of transactions still concluded in HUF, trading in euros started on February 15, 2023. The decisions of the Budapest Stock Exchange (Decision No. 37/2023 on amending the Product List, Decision No. 38/2023 on the 2-day suspension of trading) were published on February 6, 2023, summarizing which the Company also published its extraordinary announcement on the same day.

26. Approval of financial statements, dividend

On April 21, 2022, the Annual General Meeting of Graphisoft Park SE approved the 2021 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 239,994 thousand EUR and a profit for the year of 11,042 thousand EUR. Together with the approval of the consolidated financial statements for issue, the AGM approved dividend distribution of 160 HUF per ordinary share, 1,613,216 thousand HUF in total (4,341 thousand EUR on the MNB exchange rate of April 21, 2022), and in total 100,118 thousand HUF on employee shares (269 thousand EUR on the MNB exchange rate of April 21, 2022). The starting date for dividend payments was May 11, 2022. The Company paid out the dividends to the shareholders identified by shareholder's registration as of May 4, 2022.

27. Declaration

Statement of responsibility *- We declare that the Quarterly Report which has been prepared in accordance with International Financial Reporting Standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*